

ANOTHER BUSY YEAR AT LIONTAMER



Dear Investor

We are pleased to enclose your distribution statement for the year ended 30 June 2008.

It's been a busy 12 months for us at Liontamer since we last wrote to you. Highlights have included the successful launch of eight new capital protected funds, all of which were well supported by you. Along with the Belgium Ambassador we launched our first 'Eco' themed fund; the actively managed Global Water Fund at a media event in Sydney late last year. And finally, we added four new tamers to the team as the business continues to grow both in New Zealand and Australia.

We are also very pleased to note that our strategic relationship with the KBC Group is going extremely well. You may remember from our last newsletter that KBC Asset Management bought a 51% stake in Liontamer in 2007*. Since then KBC have been a great asset to our business enabling us to benefit from the huge experience and resources they have. Most importantly they continue to provide us with valuable research and pricing power which helps us provide an excellent range of funds to New Zealand investors. We look forward to bringing more of these to you over the coming year.

2008 has been another busy year for both investors and advisers; the collapse of various finance companies, volatile investment markets, skyrocketing food and fuel prices and falling house prices has meant that Kiwi investors have had to keep one eye on their portfolio and the other on the deluge of media reports predicting in most instances doom and gloom.

Fortunately, as an investor in Liontamer's range of capital protected products you can have some peace of mind, knowing that at the end of the relevant investment period, at the very least, the amount of capital you opted to have protected will be returned to you. This allows you to ride out the bumps of current market conditions, ready for future market recoveries.

Thank you very much for your support this year and we look forward to helping you reach your investment goals over the long term.

Best wishes
Janine Starks
INVESTMENT DIRECTOR

Laetitia Peterson
MANAGING DIRECTOR

BECOMING A TOP PLAYER IN 'ECO' THEMED FUNDS

We are pleased to announce our plans to launch further funds in the 'Eco Series' in October this year. This will be an exciting new focus for Liontamer as we look to grow and expand our current product range. The actively managed Eco Series will include two new Eco themed funds; an Alternative Energy Fund and a Climate Change Fund. These funds will be added to the already available Global Water Fund, which will complete the Eco Series range. 'Eco' themed or Socially Responsible Investing (SRI) funds are proving to be very popular in the US, the UK and Europe and we are looking forward to being able to offer these types of funds to Kiwi investors.

KBC, our parent company*, is at the forefront of SRI investing in Europe, and it is due to their expertise that we are able to bring these funds closer to home. We will keep you and your adviser updated as we get closer to the launch of these funds.

* KBC Asset Management does not guarantee repayment of units, nor does it accept any liability to unitholders.

globalwaterfund TAP INTO THE INVESTMENT POTENTIAL

Global Water Fund 'Recommended'

Last month we were pleased to hear that our KBC Global Water Fund maintained its 'Recommended' rating from Lonsec, one of Australia's leading research houses. This rating accompanies the 4 star rating the fund has already received from Morningstar Research.

The actively managed KBC Global Water Fund provides investors with an opportunity to access the growth potential of the global water industry. We have been offering this fund in the market now since last November and it has attracted a lot of attention.

The 'Recommended' rating from Lonsec indicates that the fund can continue to achieve its objectives and outperform peers over an appropriate investment timeframe. The report comments that the fund has a number of competitive advantages in terms of its people, process and product design. The investment is a recommended entry point to access this asset class or strategy.

Units in the KBC Global Water Fund are issued by Liontamer Investments Limited ABN 71 121 832 157; AFSL 306682 through a product disclosure statement (PDS) which is available by calling Liontamer on 0800 210 451

WATER PROJECT IN TANZANIA

Liontamer is delighted to support World Vision through a specific water project that the charity runs in Tanzania, Africa. By donating a small portion of our own management fee from our water themed funds; WATER Series 1 and the Global Water Fund, we hope to help people in developing communities throughout the country. This year the funds will be used to purchase and install rainwater harvesting systems on the roofs of local schools in the Kagera region. The systems not only provide clean drinkable water, but also due to their close proximity to the villages, they give children who would otherwise have to travel miles to collect water each day, more time to attend school and get a good education.



Brett Oetgen, World Vision Ambassador, and Laetitia Peterson

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INVESTMENTS



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FUND PERFORMANCE UPDATE

Trust No.	Fund name	Start date	Hold-to-maturity value	Trust No.	Fund name	Start date	Hold-to-maturity value
1	EASY Series 1 MSCI Index	30-Jul-03	\$1.5241	16	GLOBAL Series 2 Global Brands Index Super-booster units	24-Aug-06	\$0.9000
2	EASY Series 2 MSCI Index	12-Nov-03	\$1.3548	16	GLOBAL Series 2 Global Brands Index Booster units	4-Sep-06	\$1.0000
3	SUPER Series 1 MSCI Index	12-Nov-03	\$1.6212	17	COMBI Series 3 Rainbow Index Tracker units	11-Dec-06	\$1.6000
4	EASY Series 3 MSCI Index	11-Feb-04	\$1.2346	17	COMBI Series 3 Rainbow Index Booster units	11-Dec-06	\$1.6000
5	SUPER Series 2 MSCI Index	11-Feb-04	\$1.4110	18	BRICK Series 1 BRICK Index Base units	16-May-07	\$1.1094
6	COMBI Series 1 Commodities Index	1-Apr-04	Matured at \$3.2744	18	BRICK Series 1 BRICK Index Booster units	16-May-07	\$1.0459
7	EASY Series 4 MSCI Index	21-May-04	\$1.3426	19	GLOBAL Series 3 Global Index Booster units	15-Aug-07	\$1.0000
8	MONEY Series 1 Dynamic Carry Index	14-Jul-04	\$1.1168	19	GLOBAL Series 3 Global Index Super-booster units	15-Aug-07	\$0.9000
9	MONEY Series 2 Dynamic Carry Index Accumulation units	24-Nov-04	\$1.1430	20	COMBI Series 4 Commodities Index Booster units	17-Oct-07	\$1.0297
9	MONEY Series 2 Dynamic Carry Index Income units	24-Nov-04	\$1.1325	21	WATER Series 1 Water Index Booster units	15-Nov-07	\$1.0000
10	COMBI Series 2 Commodities Index	22-Dec-04	Matured early at \$1.40	21	WATER Series 1 Water Index Super-booster units	15-Nov-07	\$0.9000
11	MONEY Series 3 Dynamic Carry Index Accumulation units	4-May-05	\$1.1231	22	TIGER Series 3 Tiger Index Booster units	11-Oct-07	\$1.0000
11	MONEY Series 3 Dynamic Carry Index Income units	4-May-05	\$1.1293	23	GLOBAL Series 4 Global Index Giga-booster units	9-Jan-08	\$1.0000
12	TIGER Series 1 Tiger Index (Asia)	8-Aug-05	Matured early at \$1.50	24	GLOBAL Series 5 Global Index Booster units	9-May-08	\$1.0000
13	GLOBAL Series 1 Global Index Booster units	23-Nov-05	\$1.0013	24	GLOBAL Series 5 Global Index Super-booster units	9-May-08	\$0.9000
13	GLOBAL Series 1 Global Index Minimum return units	23-Nov-05	\$1.1500	25	EMERGE Series 1 Emerge Index Base units	9-May-08	\$1.0000
14	JAPAN Series 1 Japan Index	22-Dec-05	\$1.0000	25	EMERGE Series 1 Emerge Index Booster units	9-May-08	\$0.9000
15	TIGER Series 2 Tiger Index (Asia) Tracker units	4-May-06	\$1.0164	26	FALLEN ANGELS Series 1	closed 11 July	
15	TIGER Series 2 Tiger Index (Asia) Booster units	4-May-06	\$1.0197	27	COMBI Series 5	closed 11 July	

MANAGED FUND

Fund name	Start date	Unit price
KBC Global Water Fund	20-Nov-07	A\$0.8732

All valuations as at 30 June 2008. The hold-to-maturity (HTM) values shown on the table above are not a net asset value or a value at which investors can exit the fund. The HTM value represents what the value of each unit would be assuming it was maturing today and had been held for the full term. By making these assumptions, we can provide a hypothetical value which reflects the relevant level of capital protection plus the formula of returns which apply at maturity. To avoid any misinterpretation, where an early maturity feature applies, each fund will apply the pre-set growth target as the maximum HTM value during the early maturity period. Investors should note that an early maturity will only occur where the actual net asset value achieved by liquidating the assets of the fund (not the HTM value) is equal to the pre-set growth target.

Units in the KBC Global Water Fund are issued by Liontamer Investments Limited ABN 71 121 832 157; AFSL 306682 through a product disclosure statement (PDS) which is available by calling Liontamer on 0800 210 451. This is the pre-distribution (if any) unit price.

Investors in a customised fund can visit www.liontamer.com and use their password to access valuations for those funds.

ECONOMIC AND MARKET COMMENTARY

World overview

The panic in the first months of 2008 made way for a sense of relief in the second quarter of this year. Following the rescue of the Bear Stearns investment bank in the middle of March on the initiative of the US Federal Reserve, the doomsday scenarios about the global financial system could be safely put back in the box. Together with indications that the US economy was not going into free fall, this prompted some enthusiasm on the financial markets. A new surge in the oil price soon threw a spanner in the works, however. The oil price has leapt by a further 32% since April and, in combination with rising food prices, this is driving up inflation just about everywhere in the world.

The main Western economies are clearly slowing down. The US has been in recession for several months, and recession is now not far off in the UK. The European countries in the EMU and Japan may well avoid a recession, though these economies, too, are also slowing down significantly. The situation in the emerging economies is different. Here, the rise in oil and food prices in recent months has taken place against the background of strong domestic economies.

The higher oil and food prices, the remaining effects of the credit crunch, and above all, the measures taken in the battle against inflation by central banks will result in a more widespread slowdown in growth throughout 2008. Ironically, the US, the weak link in the global economy in recent years, could well be the first to show signs of recovery on the other side.

US

After the somewhat violent market swings in the first months of the year, the second quarter ushered in a period of (very) relative calm. Economic growth indicators fell back further to recession-like levels, but certainly do not point to a collapse of the economy. As anticipated, the bad news continues to come from the housing market and consumers. The latter are confronted with a sharp fall in house prices, a more difficult labour market and relatively high inflation.

The situation for businesses is rather more hopeful. Thanks to the solid export performance and very modest pay increases, businesses are keeping their heads above water reasonably well. However, they too are not immune to the higher raw materials prices, softening domestic demand and more stringent credit conditions. This combination of negative factors suggests that businesses too will have to cut their spending further. This will be reflected in lower corporate investments, but above all on the labour market. Around 65,000 jobs have been lost on balance each month since the beginning of the year.

American recessions tend to last for an average of around ten months. For the time being then, the present situation looks to be a 'normal', albeit a fairly mild, recession. On the assumption that the recession began in January, it should last until October. This implies around another four months of deteriorating macro-economic data.

Europe

The euro area got off to a solid start in 2008 with real annualised GDP growth of 3.2% in the first quarter, after ending 2007 at 1.3%. This strong performance was the tenth successive quarter of above-potential growth since the spring of 2005. The stronger growth figure in the first quarter of 2008 was due mainly to the German economy, which recorded its best growth figure for 12 years, at 6.3%. However, the risks that have been plaguing the European economy for some time and which are depressing the general sentiment are still ever-present. They include high energy and food prices, the deteriorating external outlook, the strong euro, the more stringent financial conditions and the problems on the housing markets in some member states. Confidence indicators point to a sharp correction of economic growth in the coming quarters, but that's not exactly unexpected given the global situation.

Japan

The global economic boom in recent years was also reflected in robust growth figures for Japan. In 2007, however, the engine began to falter. More than half the growth in the Japanese economy in 2007 (1.9%) was driven by net exports, and this was also the case in the first months of the current year. However, the cooling of the global economy means that exports face a number of difficult quarters. Moreover, the Japanese export sector has for many years benefited from a steadily depreciating yen, which has lost more than a third of its value in real trade-weighted terms since 2000. This favourable trend came to an abrupt end in mid-2007. The inevitable slowdown in net exports will throw the spotlight even more on the weak domestic demand.

Emerging markets

Asia (including China and India) is and remains the leading growth market at the moment. Many of its markets have a high technology component and the region boasts very well-balanced macroeconomic fundamentals. The Chinese economy in particular continued to perform well in the early part of 2008, even if growth in Q1, at 10.6%, was lower than in the two previous quarters (11.5% and 11.2% respectively). Domestic demand was once again the major driver. However, even the mighty Chinese economy is not immune from the ongoing cooling of the economic situation in Europe and the recession in the US, and these factors will continue to weigh on all emerging markets this year despite their own internal markets offering strong fundamental support.

Commodities

Our commodity funds have been one of the strongest performing asset classes in the Liontamer stable and the last 12 months have seen continued gains across most markets. Oil has been the star performer of the commodities market having almost doubled in value from its price this time last year. The year to May has seen Brent oil rise from US\$67 to US\$126 a barrel. Aluminium and copper were the other winners. Copper moved from US\$7,440 a tonne to US\$8,104, while Aluminium increased from US\$2,700 to US\$2,882 a tonne. Nickel saw another year of a sharp fall in price. The year to May saw Nickel fall from US\$50,895 to US\$22,125 a tonne. Lead and Zinc also fell in price. Unsurprisingly, the Goldman Sachs Commodity Index, which measures the performance of 'soft' commodities such as wheat, soya, corn, coffee etc, has jumped over 43% since the start of last year.

Money Funds

The Money funds invest in the Deutsche Bank Dynamic Carry Index. This is an investment strategy where the asset class is made up of various major currencies. It buys the currencies of countries where interest rates are high (currently Britain, Australia and New Zealand) and sells the currencies of low interest rate countries (currently Japan, Switzerland and Sweden). The strategy has had disappointing performance since the outset and the income payments have not been possible for those holding income units.

In the last 12 months the index has begun to improve and hold-to-maturity values now range between \$1.11 and \$1.14 across the funds. As performance improves, exposure increases, but it has been hampered by negative results in previous years driving down the amount invested (the 'reference amount'). Small improvements in this fund during the last year have made for a welcome turning point. Regular reports on the strategy are available from Deutsche Bank on our website www.liontamer.com.



OUR LATEST FUND IS A KNOCKOUT

Soon to be available, KNOCKOUT Series 1 is a new offer from Liontamer. The fund provides investors with the opportunity to receive an enhanced coupon return in an environment of falling interest rates. The fund is a five year investment with annual opportunities for early maturity and offers a 12% potential return for each year of the term.

How does it work?

Investors have the potential to earn a 12% coupon rate which accumulates over the five year term of the investment (not compounded). Payment of the coupon is dependent on the performance of a basket of Europe's 50 leading blue chip companies, as measured by the Dow Jones EURO STOXX 50 Index. The coupon will be paid if the Index is the same or higher than its starting level, on the annual anniversary of the fund. If this happens, the fund matures early and investors receive a full return of capital plus the coupon. We apply this test each year so there are five opportunities to receive the enhanced coupon.

The KNOCKOUT Series funds will be a new investment theme from Liontamer, and one we believe will complement the current product range. If you are interested in this fund it's important that you request an Investment Statement from your adviser and you read this in full prior to investing.



NEW LIONTAMERS

Since our last newsletter in 2007, Liontamer has continued to grow steadily in NZ and Australia. The new tamers all have extensive experience in the investment and financial planning industry in NZ, Australia, the UK and India.



Meaghan Unsworth joins us in the newly appointed position of General Manager for Australia. Meaghan has over 12 years' experience (based in Sydney).



Simon Padley is appointed as Head of Sales & Distribution and joins us from KBC Asset Management in Dublin (based in Sydney).



Sesha Srinivasan is Head of Operations & Client Services with over 20 years' experience in India, NZ and Australia (based in Sydney).



Nicola Fox joined the NZ operation in April as Marketing Manager bringing over ten years' experience in NZ financial services (based in Auckland).

KNOCKOUT Series 1 - Key Features

Issuer	Liontamer Investments
Potential coupons	Year 1: 12% or, Year 2: 24% or, Year 3: 36% or, Year 4: 48% or, Year 5: 60%
Sharemarket Index which the coupons are linked to	Dow Jones EURO STOXX 50 If the index is the same or higher on the annual anniversary, the coupon is paid and the fund matures early with a full return of capital
Capital protection*	Conditional capital protection. Investors protected from falls of up to 50% in the index
Investment term	5 years with an opportunity for early maturity (knockout) on an annual basis
Entry fee	Nil
Minimum investment	\$5,000
Offer period	Offer closes 12 September 2008

STAND OUT RETURNS FOR MATURING FUNDS

Triple returns for matured COMBI Series 1

We were delighted to note that investors in our first commodity fund, COMBI Series 1 saw a remarkable return when the fund matured late last year. All investors who held this fund to maturity trebled their money since its inception in April 2004 as the unit price increased from \$1 to \$3.2744.

Early maturity for TIGER Series 1

We are also pleased to confirm that TIGER Series 1, the first of our Asian share funds matured early with a value of \$1.50 per unit. Early maturity triggers have become a common feature of the Liontamer funds, their purpose being to provide an early exit opportunity when the fund has experienced exceptional performance.

Investors in this fund therefore received a 50% return on their initial investment and had the opportunity to exit the fund after only two years invested.

Important: this is just a brief summary of the key facts, please ensure you read the remainder of the Investment Statement in full before investing. Full details of KNOCKOUT Series 1 and all other Liontamer funds are contained in the relevant Investment Statement and registered Prospectus, provided by Liontamer Investment Management Pty Ltd (ABN 23 104 174 325)

* 100% capital protected where an Early Maturity Event occurs and 100% capital protected at final maturity unless the Final Index Level is less than the Starting Index Level, and the Index Level has fallen below the Capital Protection Threshold (50% of the Starting Index Level) on any Observation Date. There is a more detailed description of capital protection in the Investment Statement (including explanation of the terms used above) and the limited circumstances when capital protection may not be available.