

INNOVATION AND CAPITAL PROTECTION

Dear Investor



It's been another busy and exciting year at Liontamer. Over the last 12 months, a number of our funds have successfully matured and Liontamer has launched six new funds covering a range of different opportunities, including; commodities, the Australian sharemarket and both emerging and developed markets. We have also introduced a number of new innovations in the form of our Emerge-smart Index and Unprotected units, as well as a brand new gold fund – there's more information on that on the back page of this bulletin.

While we have been busy delivering some innovative new funds, the past 12 months have been demanding for other reasons

too; in particular due to continuing volatility in the aftermath of the global financial crisis, a worldwide recession and ongoing uncertainty over Europe's sovereign debt problems. Fortunately, as you are an investor in at least one of Liontamer's capital protected funds, you have taken steps to guard against major market events like these and protected your capital from actual losses. While a number of funds launched at the tail end of the crisis have taken advantage of the dip in market values and are performing well, you will see that some of the fund valuations on the following page are at the capital protection level, demonstrating that during a very tumultuous period in investment markets your original capital has been sheltered from any losses while you continue to have exposure to future gains.

We believe that the last few years of unprecedented market volatility have provided an even stronger case for including capital protected funds in a diversified investment portfolio, because whatever the market climate, capital protected funds can be considered an 'all-weather' investment option. For more information on what the markets have been doing this year please read the commentary later in the bulletin.

Thank you very much for your support in 2010 and we look forward to helping you reach your investment goals in the future.

Best wishes

Janine Starks
CO-MANAGING DIRECTOR

Laetitia Peterson
CO-MANAGING DIRECTOR

UNDERSTANDING CAPITAL PROTECTION

While it is reassuring to know that Liontamer is New Zealand's most experienced provider of capital protected products, having launched over 35 funds in the last seven years, it's also good to know that your investment with us is backed by a large and well-known bank. Liontamer only uses banks that are experienced at working with capital protected investment products and who have strong credit ratings issued by recognised international ratings agencies, such as Standard & Poor's. With Liontamer's funds to date, protection has been provided by international banks such as Barclays Bank, Deutsche Bank, KBC Bank, Morgan Stanley, and UBS.

It is important to remember that the bank that provides the underlying financial asset that each fund invests in has a legal obligation to repay the original value of that investment upon maturity. For perspective, the bank owes the same legal obligations to our funds as it does to their depositors, so when a fund has capital protection the bank providing that must repay the capital regardless of market conditions*.

This legal obligation provides the capital protection feature to the fund and ultimately to you, our investors. Clearly, an important consideration is the bank's ability to repay that obligation, therefore the bank's credit rating is significant as this is a key indicator of the bank's ability to meet its ongoing credit commitments i.e. a bank with a strong credit rating is deemed to have a lower likelihood of default. However, credit ratings are just one factor in our selection process.

At Liontamer, we also consider a number of other important criteria when deciding which bank to use as the counterparty for each of our funds, including its history, market capitalisation, recent financial results, credit default swap spreads, level of national importance and how vigorously regulated it is in its home market. Given their importance, Liontamer have monitored the banks behind our funds throughout the global financial crisis and will continue to do so. There is now a page on our website where you can see the latest credit ratings for each of the banks we use, and this is updated every time a rating changes.

Bank counterparty credit ratings

	Standard & Poor's	Moody's Investors Service	Fitch Ratings
Barclays Bank	AA- (Negative)	Aa3 (Stable)	AA- (Stable)
Deutsche Bank	A+ (Stable)	Aa3 (Stable)	AA- (Negative)
KBC Bank	A (Stable)	Aa3 (Negative)	A (Stable)
Morgan Stanley	A (Negative)	A2 (Negative)	A (Stable)
UBS	A+ (Stable)	Aa3 (Negative)	A+ (Stable)

Source: Standard & Poor's and bank websites. Ratings shown are for long-term senior debt as at 31 May 2010. *There is a more detailed description of capital protection in the Investment Statement for the funds and the limited circumstances where capital protection may not be available.

NEWS

LETTER

INVESTMENTS



LIONTAMER

FUND PERFORMANCE UPDATE

Trust No.	Fund Name	Maturity date	Hold-to-maturity value	Trust No.	Fund Name	Maturity date	Hold-to-maturity value
1	EASY Series 1 MSCI Index	30-Jul-2010	\$1.1853	22	TIGER Series 3 Tiger Index Booster units	11-Jan-13	\$1.0000
2	EASY Series 2 MSCI Index	12-Nov-11	\$1.0013	23	GLOBAL Series 4 Global Index Giga-booster units	9-Jan-13	\$1.0000
3	SUPER Series 1 MSCI Index	12-Nov-11	\$1.0023	24	GLOBAL Series 5 Global Index Booster units	9-May-13	\$1.0000
4	EASY Series 3 MSCI Index	11-Feb-12	\$1.0000	24	GLOBAL Series 5 Global Index Super-booster units	9-May-13	\$0.9000
5	SUPER Series 2 MSCI Index	11-Feb-12	\$1.0000	25	EMERGE Series 1 Emerge Index Base units	9-Nov-13	\$1.0000
13	GLOBAL Series 1 Global Index Booster units	23-Nov-10	\$1.0000	25	EMERGE Series 1 Emerge Index Booster units	9-Nov-13	\$0.9000
13	GLOBAL Series 1 Global Index Minimum return units	23-Nov-10	\$1.1500	26	FALLEN ANGELS Series 1 Fallen Angels Index Tracker units	25-Jan-14	\$1.4109
15	TIGER Series 2 Tiger Index Booster units	11-May-11	\$1.0000	26	FALLEN ANGELS Series 1 Fallen Angels Index Booster units	25-Jan-14	\$1.4341
16	GLOBAL Series 2 Global Brands Index Super-booster units	24-Aug-10	\$0.9000	27	COMBI Series 5 Combi Index Booster units	25-Jan-14	\$1.0000
16	GLOBAL Series 2 Global Brands Index Booster units	7-Sep-11	\$1.0000	28	KNOCKOUT Series 1 DJ Euro Stoxx 50 Index Jumper units	3-Oct-13	\$1.0000
17	COMBI Series 3 Rainbow Index Tracker units	13-Apr-12	\$1.0639	29	GLOBAL Series 6 Global Index Tracker units	14-Nov-14	\$1.4401
17	COMBI Series 3 Rainbow Index Booster units	13-Jun-11	\$0.9831	30	Alternative Energy Series 1 Alternative Energy Index Base units	14-May-14	\$1.0000
18	BRICK Series 1 BRICK Index Base units	16-May-12	\$1.1177	30	Alternative Energy Series 1 Alternative Energy Index Booster units	14-May-14	\$0.9000
18	BRICK Series 1 BRICK Index Booster units	16-May-12	\$1.0569	32	Australia Series 1 Australia Index Protected units	21-Aug-15	\$1.0000
19	GLOBAL Series 3 Global Index Booster units	15-Feb-13	\$1.0000	32	Australia Series 1 Australia Index Unprotected units	21-Aug-14	\$0.9254
19	GLOBAL Series 3 Global Index Super-booster units	17-Feb-12	\$0.9000	33	COMBI Series 6 Combi Index Protected units	30-Oct-15	\$1.0000
20	COMBI Series 4 Commodities Index Booster units	17-Oct-11	\$1.0000	33	COMBI Series 6 Combi Index Unprotected units	30-Oct-14	\$0.9549
21	WATER Series 1 Water Index Booster units	15-Nov-12	\$1.0000	34	EMERGE Series 2 Emerge Smart Index Protected units	15-Jan-16	\$1.0000
21	WATER Series 1 Water Index Super-booster units	15-Nov-11	\$0.9000				

All valuations as at 30 June 2010. Gaps in Trust numbering are due to Trusts that have matured. 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. Investors in a customised fund can visit www.liontamer.com and use their password to access valuations for those funds.

ECONOMIC AND MARKET COMMENTARY

Overview

The last 12 months have seen the global economy slowly recover from perhaps its most serious threat since the great depression of the 1920s. The events leading up to and including the global financial crisis have been well documented but it's possible the damaging effects may last for several more years yet as governments around the world implement (and in some cases unwind) tough measures to bring their respective economies back up to speed. Of particular importance is just how fast central banks and governments remove the stimulatory measures that were put in place during the height of the crisis, i.e. when will they begin to raise interest rates and ease up on the government spending, which has largely been debt-fuelled. Fortunately, the New Zealand economy appears to have weathered the storm reasonably well. Both business and consumer confidence is improving, which means that Kiwi firms are once again prepared to invest in order to grow.

The global downturn and subsequent recovery have highlighted just how volatile investment markets can be. Unfortunately for many New Zealand investors whose investments are exposed to exchange rate fluctuations (i.e. unhedged), returns may have been negatively impacted by the strong Kiwi dollar, which has continued to appreciate against the US dollar over the last 12 months, helping to erode any unhedged gains made by international markets during this time. It is worth noting that the strong Kiwi dollar did not have an effect on your Liontamer investment, as all Liontamer funds are fully hedged to the New Zealand dollar.

US

The US economy has emerged from the recession of 2009 and is expected to grow at a steady rate throughout 2010. Current forecasts show growth of around 3.6% this year and 3.5% in 2011 as the effects of tax cuts, government spending and easy borrowing conditions stimulate the US economy and create much needed jobs. Focus now turns to next year when, under current law, the tax cuts implemented by the Bush administration expire and much of the stimulus spending runs out. However, the US Congress is expected to approve various extensions to the stimulus measures and make many of the Bush-era tax cuts permanent.

The US sharemarket, which recovered strongly in 2009 (as measured by the S&P 500) is down marginally for the year to date at -5.2%. There appear to be three main headwinds facing US companies at the moment, including: weak domestic consumption, fears that the Federal Reserve will start raising interest rates sooner than expected, and foreign sovereign debt issues combined with some severe belt-tightening in Europe expected to result in less demand coming from that region.

Europe

Over the last few months investment markets have been firmly focused on Europe amid ongoing concern that a sovereign debt crisis in Greece could spread to other indebted nations – in particular Spain and Portugal. The negative news has taken its toll on sharemarkets with the EuroStoxx 50 Index down by 14.5% for the year to date, effectively wiping out much of the gains made in 2009. Debt problems in Greece have dominated financial headlines; however, according to the European Central Bank (ECB) the risk of it actually defaulting on its credit obligations have been overstated, in large part due to the measures undertaken by the ECB and the International Monetary Fund to ring-fence the issue to just a few countries.

Greece has since been forced to implement some unpopular, but necessary, economic policies designed to improve its budget deficit position and get the country back on a growth track. Other countries have been encouraged to follow suit. The Spanish government has introduced a raft of labour reforms to try and curb unemployment running at near 20%. France's unemployment rate is also high at just under 10% and France has also recently announced some politically

unpopular reforms of its own, including lifting the retirement age from 60 to 62 and increasing taxes in a move aimed at salvaging the nation's indebted pensions system and safeguarding its sovereign debt rating.

Japan

Despite being the second largest economy in the world and located on the doorstep of China, Japan has been unable to capitalise on strong regional demand and has continued to struggle to lift its economy out of a prolonged economic slump. While its Asian neighbours take the foot off the gas pedal of monetary stimulation to slow their economies, Japan's central bank is not yet in a position to consider raising interest rates from the current very low levels. Low interest rates mean that consumers and businesses are able to borrow at low cost; however, deflation is causing them to defer making purchases as they ask themselves, "why buy now, when prices may well be lower next month or next year?" This means that the economy can't count on domestic demand and must look to an export-led recovery to lift growth, but Japanese companies are finding it difficult to compete with their Asian neighbours. This generally uncertain economic outlook has been reflected in the Japanese sharemarket, which is down by over 9% for the year to date and is virtually flat for the last 12 months.

Emerging markets

Many of the problems currently affecting developed markets, such as high unemployment, debt concerns and (in the case of Europe) devalued currencies are more often associated with emerging markets, but so far it is the developing economies of South America and Asia that have best withstood volatile global conditions. After dipping slightly in 2009, the Chinese economy is expected to grow by over 10% in 2010, while India (8.8%), Singapore (9.5%) and Brazil (7.3%) are also expected to maintain strong growth paths. Many emerging economies are demonstrating some fiscal responsibility and are tightening monetary policy in an effort to avoid overheating their economies, while China is also implementing policies designed to deflate its worrisome property bubble. Meanwhile, there remains some concern about the sustainability of this rapid industrialisation and the effect weaker than expected demand from developed markets, especially Europe, may have on exports in the short term.

Commodities

Commodity prices have been particularly unstable over the course of the last three months as markets priced in uncertainty over the global growth outlook. For example, as the European debt crisis unfolded throughout May, Brent Crude oil tumbled 21% on the back of anticipated slower European demand and a strengthening US dollar. As the economic recovery becomes more defined, it is expected that demand for commodities will recover, particularly in developed countries as they start to restock and rebuild their manufacturing capacity.

As a major purchaser of global resources, many eyes will be on China to see just how successful that country is at tightening monetary policy and therefore maintaining growth at sustainable levels. One major concern, which is particularly important for commodities markets, is a fear that the property market bubble in China could deflate. While Chinese policy makers are tackling this issue, if the bubble bursts rather than deflates slowly, it could lead to a steep contraction in the demand for construction and energy-related commodities from within China. However, while commodity prices tend to be volatile by nature, provided that broader emerging markets continue to deliver sustainable growth over the long term prices are widely expected to be supported by the lengthy process of industrialisation and ongoing supply constraints.

GOLD SERIES 1

Add some protection to your portfolio

Gold has been used for thousands of years as a store of wealth for governments, central banks and individual investors alike. The precious metal has some unique characteristics that have traditionally made it very appealing as an asset class; it is both tangible and durable and it is easily traded across global markets.

Gold has also been widely used as a safe haven investment option, especially when economic conditions become unstable and during times of political uncertainty and periods of high inflation.

This may explain why we have seen renewed interest in gold as an investment option over the last few years. The global financial crisis and worldwide recession of 2008/09 has been compounded by continued uncertainty in 2010 as major concerns surfaced over European sovereign debt and the potential breakup of the Euro zone. During this time many investors have sought to protect their portfolios and hedge themselves against the possible effects of monetary destabilisation and inflation by buying gold.

GOLD Series 1 is designed for New Zealand investors who are seeking to allocate a portion of their investment portfolio to gold, or who wish to preserve recent gains from any future downturn in the gold price. The fund offers investors a boosted exposure to any increase in the price of gold plus the comfort of 100% capital protection at maturity*. For more information please read the GOLD Series 1 Investment Statement and talk to your financial adviser or investment broker.



GOLD SERIES 1 AT A GLANCE

Name	GOLD Series 1
Issuer	Liontamer Investment Management Pty Limited
Capital protection	100% capital protection at maturity*
Growth	120% of the rise in the Liontamer Gold Index
Maximum return	There is a maximum return of 100% i.e. the potential to double your investment#
Liontamer Gold Index^	Linked to the price performance of raw gold
Withdrawals	Monthly exits available
Minimum investment	\$5,000
Entry Fee	3% (rebatale by your financial adviser)
Closing date	3 September 2010

WHAT DRIVES THE PRICE OF GOLD?

JEWELLERY DEMAND



Over the last five years the jewellery industry has accounted for around 68% of global gold demand; far more than that required by the investment sector¹. Much of this comes from India and China where a burgeoning middle class with cultural traditions surrounding gold have continued

to buy jewellery amidst continuing strong economic growth. Meanwhile, in Europe and the US, demand is expected to recover slowly, driven initially by the need to build up inventories after stocks have been run down to very low levels. Sales of gold for jewellery purposes is often very seasonal, especially in Asia and the Middle East, where gold is frequently gifted for weddings and religious holidays.

ECONOMICS



All over the world governments and central banks use gold as a foreign exchange reserve, i.e. as an asset to back up their own currency. Gold is particularly suited to form part of a central bank's reserves as over the long term gold tends to maintain its value in terms of real purchasing power. In contrast, due to the effect of inflation, paper currencies tend to lose value over time. Most of the world's sovereign gold reserves are currently held by the United States, Germany, Italy and France but China has recently been purchasing (and mining) gold in vast quantities and is now the fifth largest holder of gold².

INVESTMENT DEMAND



Increasing worldwide demand for gold for investment purposes during the global financial crisis has recently pushed the gold price up; however, in inflation-adjusted terms, gold still has some way to go to reach the highs of 1980. Much

of this current demand has come about due to the emergence of new investment vehicles, like exchange traded funds, through which investors can access gold. With gold now a more accessible investment option, investors have been able to build their exposure to the precious metal in order to help protect their portfolios during times of market and economic uncertainty.

SUPPLY



The earth has a finite supply of gold, and the increasing difficulty involved with retrieving it from the ground is making it steadily harder to keep up with demand. Global gold production has been falling every year since 2001 and some historic gold producers are now believed to be exhausting their reserves¹. South Africa, for example, produced around 70% of the world's gold 40 years ago, but that has now dropped to 19%¹. In part this is due to a higher gold price driving new mining projects, mostly in emerging markets. However, this may not ease the tight supply as these economies (China in particular) tend to use domestic gold production to boost their own foreign exchange reserves.

Full details are contained in the Investment Statement and registered Prospectus, provided by Liontamer Investment Management Pty Ltd (ABN 23 104 174 325). Copies are available upon request from Liontamer by calling 0800 210 450.

*Capital protection at maturity means you will receive back 100% of the combined amount invested and early bird interest (earned during the offer period) less any entry fee charged (up to 3%) and any exit fee. Capital protection only applies at maturity. Early withdrawals may result in investors receiving back significantly less than they put in, due to market movements, the exit fee and the fund's establishment costs. There is a more detailed description of capital protection in the Investment Statement and the limited circumstances when capital protection may not be available. #A more detailed description of the maximum return is available in the Investment Statement. ^The Liontamer Gold Index is linked to the price performance of raw gold. For more information on the Index see the Investment Statement. 1. World Gold Council data, September 2009. 2. World Gold Council data, March 2010.