

## 2010 TAX NOTICE

As an investor holding one or more Liontamer trusts, we would like to provide you with a brief overview of the current tax rules in relation to our funds. However, for taxation advice relevant to your personal circumstances, we strongly recommend that you consult your tax adviser.

### Background

Each Liontamer fund is an Australian unit trust which should be treated as a "foreign company" for New Zealand tax purposes. This means that the Foreign Investment Fund (FIF) tax rules may apply to your Liontamer investment(s).

If you hold Liontamer investments that you purchased *before* 1 April 2009, you may need to establish the market value of each such investment as at 1 April 2009 and 31 March 2010 in order to calculate your tax liability for the 2009/10 income year.

### Trusts 1 - 31

Due to transfer restrictions imposed on your units before maturity (described in the relevant offer documents) the maximum amount you could receive for your units in these trusts prior to maturity is \$1.00, unless there are exceptional circumstances. Therefore, based on advice from our tax advisers, Liontamer believes it is reasonable to treat the market value of units in Trusts 1 – 31 as a **maximum of \$1.00**, until maturity.

You will find a table of values and annual distribution amounts for each fund as at 1 April 2009 and 1 April 2010 included with this notice. This table was prepared adopting the view that based on the transfer restrictions outlined in the relevant offer documents the value of the units in Trusts 1 -31 cannot exceed \$1.00 before maturity.

### Trusts 32-34

Please note, these funds were launched after 1 April 2009 and therefore do not need to be included in your FIF tax calculations for the 2009/10 tax year (unless you acquired and disposed of your units during that tax year). For your future reference, the Protected units for both Trust 32 and Trust 33 also have restrictions on transfer in place and so Liontamer believes it is reasonable to treat the market value of these units as a **maximum of \$1.00**, until maturity. It is worth noting that units in Trust 34 and the Unprotected units for Trust 32 and Trust 33 do not have any transfer restrictions, therefore Liontamer believes that the relevant **Net Asset Value** could reasonably be used to determine the market value for these units for tax purposes.

### Liontamer funds that matured during the tax year

A small number of Liontamer funds matured during the 2009/10 tax year. The relevant maturity price and the date the fund matured are shown in the attached Tax Table. How you will be taxed on your maturity proceeds will depend on whether or not you are a de minimus investor (see below) and also on the withdrawal method used at the time; repurchase or redemption. Liontamer recommends you consult with your accountant or tax adviser to confirm the appropriate tax treatment of your maturity proceeds.

### Brief recap of taxation rules

The FIF rules will not apply to you if you are classified as a de minimus investor, i.e. the total cost of all your foreign investments on a portfolio basis is \$50,000 or less (excluding the cost of certain Australian listed investments and certain other investments), and you are investing in your own capacity (i.e. not as a trustee or through a trust or company).

If the FIF rules do not apply to you then, in general, the proceeds from any maturing fund should be treated as a capital (non-taxable) gain (unless you are a revenue account holder or you selected to have your units redeemed at maturity). Revenue account holders are those who acquired their units with the purpose of resale, are in the business of dealing in units or shares, or acquired their units as part of a profit making undertaking or scheme. Any distribution of annual returns should be treated as taxable income.

If the FIF rules do apply to your foreign investments you need to use an authorised calculation method to determine the taxable income from your units, such as the Fair Dividend Rate method, Comparative Value (CV) method (for individuals or trustees) or the Cost Method.

Examples of how these methods work:

- Under the FDR method you would have taxable income each year of a total of 5% of the total market value of your foreign investments that are subject to the FIF rules at 1 April each year; or
- Under the CV method, taxable income is the net gain in the market value of your investments over the year plus distributions received and net sale proceeds.

Individuals or trustees that choose to apply the CV method must do so on a portfolio basis for all investments subject to the FIF rules.

The Inland Revenue Department (IRD) has issued a determination on 22 January 2008 which allows investors in units of Liantamer trusts which meet certain criteria contained in the determination to adopt the FDR method. We believe that all existing Liantamer trusts satisfy these criteria, with the exception of the GLOBAL Series 1 trust.

*Determination does not apply to investments in GLOBAL Series 1 – Minimum Return Units:*

The determination does not apply to investments in GLOBAL Series 1 minimum return units (MRUs). Investors in MRUs will be required to apply the CV method to investments in the MRUs from the beginning of the 2010 income year (generally 1 April 2009). The application of the CV method to your investment in MRUs will not prevent you from applying the FDR method to determine the taxable income from any other investments.

If you need further tax information about, for example, calculating the \$50,000 threshold or using an authorised calculation method and the rules around, and consequences of, using each method, refer to the offer documents for the investment you hold (available on our website [www.liantamer.com](http://www.liantamer.com)) and consult your tax adviser.

#### **Please note**

The information in this update is general and is not intended as specific taxation advice. All investors should seek independent tax advice in relation to their own individual circumstances.

## TABLE OF LIONTAMER FUND VALUES

Trust No.	Fund Name	Start Date	1/04/09 Market Value (\$/unit)	31/03/10 Market Value (\$/unit)	Annual Return (\$/unit)	Maturity Date (if during 2010 tax year)	Return at Maturity (\$/unit)
1	EASY Series 1	30/07/2003	\$1.00	\$1.00	\$0.01	-	-
2	EASY Series 2	12/11/2003	\$1.00	\$1.00	\$0.01	-	-
3	SUPER Series 1	12/11/2003	\$1.00	\$1.00	\$0.01	-	-
4	EASY Series 3	11/02/2004	\$1.00	\$1.00	\$0.01	-	-
5	SUPER Series 2	11/02/2004	\$1.00	\$1.00	\$0.01	-	-
7	EASY Series 4	21/05/2004	\$1.00	-	\$0.01	21/11/2009	\$0.9500
8	MONEY Series 1	16/07/2004	\$1.00	-	\$0.0005	14/07/2009	\$1.1092
9	MONEY Series 2 Accumulation Units	26/11/2004	\$1.00	-	\$0.0005	24/11/2009	\$1.1817
9	MONEY Series 2 Income Units	26/11/2004	\$1.00	-	\$0.0005	24/11/2009	\$1.16948
11	MONEY Series 3 Accumulation Units	6/05/2005	\$1.00	\$1.00	\$0.0005	-	-
11	MONEY Series 3 Income Units	6/05/2005	\$1.00	\$1.00	\$0.0005	-	-
13	GLOBAL Series 1 Minimum Return Units <sup>#</sup>	23/11/2005	\$1.00	\$1.00	\$0.0005	-	-
13	GLOBAL Series 1 Booster Units	23/11/2005	\$1.00	\$1.00	\$0.0005	-	-
14	JAPAN Series 1	22/12/2005	\$1.00	-	\$0.0005	22/12/2009	\$1.0000
15	TIGER Series 2 Tracker Units	4/05/2006	\$1.00	\$1.00	\$0.0005	-	-
15	TIGER Series 2 Booster Units	4/05/2006	\$1.00	\$1.00	\$0.0005	-	-
16	GLOBAL Series 2 Super Booster Units	24/08/2006	\$1.00	\$1.00	\$0.0005	-	-
16	GLOBAL Series 2 Booster Units	4/09/2006	\$1.00	\$1.00	\$0.0005	-	-
17	COMBI Series 3 Tracker Units	11/12/2006	\$1.00	\$1.00	\$0.0005	-	-
17	COMBI Series 3 Booster Units	11/12/2006	\$1.00	\$1.00	\$0.0005	-	-
18	BRICK Series 1 Base Units	16/05/2007	\$1.00	\$1.00	\$0.0005	-	-
18	BRICK Series 1 Booster Units	16/05/2007	\$1.00	\$1.00	\$0.0005	-	-
19	GLOBAL Series 3 Booster Units	15/08/2007	\$1.00	\$1.00	\$0.0005	-	-
19	GLOBAL Series 3 Super Booster Units	15/08/2007	\$1.00	\$1.00	\$0.0005	-	-

Trust No.	Fund Name	Start Date	1/04/09 Market Value (\$/unit)	31/03/10 Market Value (\$/unit)	Annual Return (\$/unit)	Maturity Date (if during 2010 tax year)	Return at Maturity (\$/unit)
20	COMBI Series 4 Booster Units	11/10/2007	\$1.00	\$1.00	\$0.0005	-	-
21	WATER Series 1 Booster Units	15/11/2007	\$1.00	\$1.00	\$0.0005	-	-
21	WATER Series 1 Super Booster Units	15/11/2007	\$1.00	\$1.00	\$0.0005	-	-
22	TIGER Series 3 Booster Units	17/10/2007	\$1.00	\$1.00	\$0.0005	-	-
23	GLOBAL Series 4 Giga Booster Units	9/01/2008	\$1.00	\$1.00	-	-	-
24	GLOBAL Series 5 Booster Units	9/05/2008	\$1.00	\$1.00	-	-	-
24	GLOBAL Series 5 Super Booster Units	9/05/2008	\$1.00	\$1.00	-	-	-
25	EMERGE Series 1 Base Units	9/05/2008	\$1.00	\$1.00	-	-	-
25	EMERGE Series 1 Booster Units	9/05/2008	\$1.00	\$1.00	-	-	-
26	FALLEN ANGELS Series 1 Tracker Units	25/07/2008	\$1.00	\$1.00	-	-	-
26	FALLEN ANGELS Series 1 Booster Units	25/07/2008	\$1.00	\$1.00	-	-	-
27	COMBI Series 5 Booster Units	25/07/2008	\$1.00	\$1.00	-	-	-
28	KNOCKOUT Series 1 Jumper Units	1/10/2008	\$1.00	\$1.00	-	-	-
29	GLOBAL Series 6 Tracker Units	14/11/2008	\$1.00	\$1.00	-	-	-
30	ALTERNATIVE ENERGY Series 1 Base Units	14/11/2008	\$1.00	\$1.00	-	-	-
30	ALTERNATIVE ENERGY Series 1 Booster Units	14/11/2008	\$1.00	\$1.00	-	-	-

#### Trusts 32 – 34

- AUSTRALIA Series 1 (Trust 32)
- COMBI Series 6 (Trust 33)
- EMERGE Series 2 (Trust 34)

These funds were launched after 1 April 2009 and therefore do not need to be included in FIF calculations for the 2009/10 tax year (unless you acquired and disposed of your units in those funds in that tax year).

# **GLOBAL Series 1 – Minimum Return Units:** please note that the Fair Dividend Rate (FDR) method of assessing tax is not applicable to these units. Investors will need to use the Comparative Value (CV) method. Under this method taxable income is the net gain in the market value over the year plus distributions received and net sale proceeds. Using CV will not prevent you from applying the FDR method to determine the taxable income from any other investments.

The values shown in the table above are market values for tax purposes based on the price that investors can exit the relevant fund. These values may differ from the hold-to-maturity (HTM) value published on our website. 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. The HTM value gives investors an indication of how their investment is performing at the time the calculation is made and does not represent the current market value.

