



AUSTRALIA Series 1

Two exciting strategies to benefit from a potential sharemarket recovery

Like most economies, Australia has been significantly affected by the global downturn and the local sharemarket has in turn fallen dramatically – at the end of May 2009 the S&P/ASX 200 Index was down around 40% from its peak in 2007¹. However, Australia is known as the 'lucky country' for good reason. It is abundantly rich in natural resources and superbly located close to the world's factory floor, Asia. The Australian Government has acted swiftly to implement a comprehensive stimulus package backed by the lowest cash lending rates in its history –

all measures designed to help Australia rebuild sustainable economic growth over the coming few years.

For investors who believe the bounce will return to the market over the next five to six years, AUSTRALIA Series 1 provides two exciting, yet quite different, investment options. The first offers 100% capital protection at maturity and exposure to all the market gains (Protected Units)*. The second option has no capital protection, but rewards investors with significantly boosted returns if the sharemarket grows in value (Unprotected Units).

Option 1 FULL CAPITAL PROTECTION*

Suitable for the more cautious investor

Option 2 NO PROTECTION; BOOSTED RETURNS

Suitable for the more adventurous investor

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6 year term

PROTECTED UNITS

- **GROWTH:** 100% of the rise in the Liontamer Australia Index (i.e. 1.0 times the rise)
- **100% CAPITAL PROTECTION** at maturity*. This means for each \$1 unit, \$1 is repaid at maturity
- **TERM:** 6 years
- **INDEX:** Liontamer Australia Index[†]
- **MINIMUM INVESTMENT:** \$5,000
- **CURRENCY:** New Zealand dollars

PROTECTED UNITS EXPLAINED

When you invest in Protected Units, you will receive 100% of the rise in the Liontamer Australia Index and 100% capital protection at maturity.

Example: Over the investment term the Index rises 50% in value. Your return is calculated as 100% of that gain, which is equivalent to 1.0 x the rise.

$$\text{\$1.00} + (\text{the rise in the Index} \times 100\%) = \text{total return}$$

$$\text{\$1.00} + (50\% \times 1.0) = \text{\$1.50 per unit}^\wedge$$

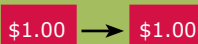
Market up by 50%

\$1.00 unit grows to \$1.50

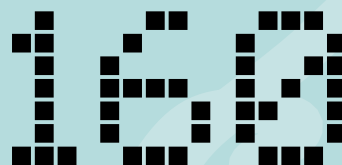


Market down by 50%

100% capital protection results in no loss



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5 year term

UNPROTECTED UNITS

- **GROWTH:** 160% of the rise in the Liontamer Australia Index (i.e. 1.6 times the rise)
- **NO CAPITAL PROTECTION** at maturity. The units are exposed to any falls in the Index. For each 1% fall there is a 1% loss
- **TERM:** 5 years
- **INDEX:** Liontamer Australia Index[†]
- **MINIMUM INVESTMENT:** \$5,000
- **CURRENCY:** New Zealand dollars

UNPROTECTED UNITS EXPLAINED

When you invest in Unprotected Units, you will receive 160% of the rise in the Liontamer Australia Index at maturity and there is no capital protection (your capital is fully at risk).

Example: Over the investment term the Index rises 50% in value. Your return is calculated as 160% of that gain, which is equivalent to 1.6 x the rise.

$$\text{\$1.00} + (\text{the rise in the Index} \times 160\%) = \text{total return}$$

$$\text{\$1.00} + (50\% \times 1.6) = \text{\$1.80 per unit}^\wedge$$

Market up by 50%

\$1.00 unit grows to \$1.80



Market down by 50%

Units mirror the loss and fall in value to 50 cents



1. Source: Thompson Reuters. *Capital protection at maturity only applies to the Protected Units and 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, or if the early maturity feature is triggered. 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. †Liontamer Australia Index: Initial Index levels are averaged monthly over the first six months for the Protected Units and over the first three months for the Unprotected Units. Final Index levels are averaged monthly in the last year for both unit types. Averaging will protect you from any sharp falls in the index; however, in a rising market averaging lessens returns. ^Less fees (if applicable).

THE DRIVERS OF A POTENTIAL RECOVERY IN THE AUSTRALIAN SHAREMARKET

Resources. Australia's resource-based economy is well positioned to benefit from any lift in demand. Australia has massive natural reserves of essential energy inputs like coal and uranium. It is also a major producer of iron ore, copper, nickel, zinc and gold. Agricultural production includes wheat, barley, sugar cane and huge cattle and sheep industries.



Economic stimulus. Early on in the financial crisis the Australian Government acted quickly to introduce measures intended to stimulate the economy. So far more than A\$50 billion has been targeted to build new infrastructure, create jobs and encourage consumer spending. The package will take time to take effect but is designed to stimulate growth over the medium term.



Location. Located on the doorstep of the fastest growing economies in Asia (India and China), Australia is ideally positioned geographically to fuel the factories and feed the workers of the world's 'factory floor'. Any pick-up in demand for resources from Asia (and the signs are already encouraging) would be a significant boost for the Australian economy.



Monetary policy. The Reserve Bank of Australia has lowered the cash lending rate to an all time low in a concerted effort to kick-start credit markets. This means that businesses are able to borrow to invest in new technologies, finance expansion and rollover debt cheaper than ever before. Consumers also have lower mortgage payments and more money to spend.



LIONTAMER AUSTRALIA INDEX

The Liontamer Australia Index is made up of the largest 200 companies by market capitalisation in the Australian sharemarket. The Index includes a diverse range of big Australian companies, many of which are household names in New Zealand, including ANZ Bank, Qantas, Westpac, BHP Billiton and Woolworths. It also provides a broad coverage of different industries and sectors including health care, media, banking, utilities, energy and resources.

BARCLAYS BANK¹

Liontamer has selected leading UK banking institution, Barclays Bank, to provide the financial instruments that form the underlying structure for AUSTRALIA Series 1. Barclays Bank is known as the 'Fund Asset Provider' and plays an important role in providing the capital protection feature for the Protected Units, as well as being the counterparty for the Unprotected Units².

During the credit crisis and ensuing financial market upheaval Barclays Bank has raised additional capital, reported strong earnings results and maintained a robust financial position. Barclays, unlike some of its peers, has also retained its independence, having not required any intervention or capital assistance from the UK Government.

Barclays Bank overview¹

Headquarters	London, England
Market cap	£24.06 billion
2008 pre-tax profits	Over £6 billion
Number of employees	156,300

Credit rating

A credit rating is an indicator of a bank's financial strength and its ability to meet its obligations. A strong credit rating is important because it indicates a bank's ability to repay any capital protection it has promised and the formula of returns.

Below we see how three of the world's leading credit ratings agencies rate Barclays' long-term credit risk.

Credit ratings for Barclays Bank PLC

Standard & Poor's	AA-
Moody's Investors Service	Aa3
Fitch Ratings	AA-

Protected Units

The Protected Units are 100% capital protected at maturity by Barclays Bank. Regardless of how the Liontamer Australia Index performs, Barclays Bank is legally liable to repay 100% of the original value of the investments owned by the fund.

WHAT ELSE DO I NEED TO KNOW?

EARLY EXITS: this is a hold-to-maturity investment and the benefit of any applicable capital protection and the formula of returns only apply at the end of the term. However, early exits are possible (see below).

LIQUIDITY: early exits are available on a quarterly basis at the discretion of Liontamer.

1. Protected Units: the amount you will receive depends on:

a) Exceptional circumstances: in situations such as death or financial hardship, the early exit value of the units will mirror the value of the assets in the fund, less a 2% exit fee. This value could be above or below \$1.00.

b) No exceptional circumstances: the early exit value of the units is restricted to a maximum value of \$1.00, less a 2% exit fee. The value will be less than \$1.00 if the assets within the fund are below \$1.00. By withdrawing early you will get back less than you invested.

2. Unprotected Units: unit holders can request an early exit for any reason based on the current value of the assets in the fund (this could be above or below \$1.00) less a 2% exit fee. The restrictions for Protected Units described above do not apply to the Unprotected Units.

EARLY MATURITY FEATURE: the Protected Units have an early maturity feature. If the financial instruments underlying the Protected Units reach a value of \$1.60 per unit within the first three years, Liontamer will seek to sell the financial instruments and the Protected Units will mature early. This provides a way for investors in the Protected Units to exit if there is exceptional performance.

EARLY BIRD INTEREST: during the offer period, your investment will be kept on deposit and earn a competitive market rate of interest which is used to purchase additional units of the relevant unit type for you.

ENTRY FEE: 3%, unless rebated by your financial adviser. This is a charge paid by you.

ANNUAL MANAGEMENT FEE: none.

EXIT FEE: a fee of 2% applies to early withdrawals before maturity and all repurchases.

CURRENCY: this is a New Zealand dollar investment. Your investment has no exposure to currency fluctuations between the New Zealand dollar and the Australian dollar.

ISSUE PRICE OF UNITS: \$1.00

CLOSING DATE: this is a limited offer; speak to your financial adviser about the closing date.

CONTACT DETAILS: financial advisers and brokers can contact Liontamer on 0800 210 450 or email adviser_relations@liontamer.com.