

Capital protected investment program providing investors with innovative solutions for investing in international financial markets



Two new commodities funds

INVEST WITH THE BENEFIT OF HINDSIGHT

Have you ever wished you could invest with the benefit of hindsight? Imagine being able to look back at investment outcomes and put more money into the top performers. While it might sound impossible, our new commodities fund does just that. We've introduced a brand new feature called the 'rainbow' - also known as 'perfect hindsight'.

When the fund matures, we look back at the performance of each commodity in our index and allocate more money to the top performers. The rainbow feature even allows us to invest nothing in the worst performer. That's right, we give the worst performer a 0% weighting. The objective is to create better returns for investors (a bigger pot of gold at the end of the rainbow). As no one can be sure which commodities will have the highest or the lowest returns, investing with hindsight is an outstanding feature for investors.

At Liontamer, we're experts at re-engineering investment risks and returns. If you're already familiar with our funds, you'll know that we provide investors with capital protection at maturity. That means our funds have quite a different level of risk, when compared to other actively managed or indexed funds. The rainbow feature is simply another example of how we can engineer different returns for investors.

Commodities are an excellent way of diversifying your portfolio. Our two funds detailed below give the opportunity to invest for a 4 or 5 year period, with either 'booster' or 'tracker' returns linked to our Rainbow Index. There's also the choice of two different levels of capital protection.

combi series 3



5 year term

RAINBOW-TRACKER UNITS

- **TERM:** 5 year investment[†]
- **COMMODITIES INDEX:** Liontamer Rainbow Index (oil, aluminium, copper, nickel and soft commodities)
- **MINIMUM INVESTMENT:** \$5,000
- **TRACKER GROWTH:** 100% of the rise in the Rainbow Index at maturity (i.e. all of the rise)
- **FULL CAPITAL PROTECTION:** at maturity*. This means for each \$1 unit, \$1 is repaid at maturity

TRACKER GROWTH EXPLAINED

When you invest in rainbow-tracker units, you will receive 100% of the rise in the Rainbow Index (a commodities index) at maturity. This simply means your units will track the Rainbow Index when the prices of commodities go up.

Example: The Rainbow Index rises 50% in value. Your tracker units will pay all of the rise in the index. For a \$1 unit, this is a 50 cent gain, giving \$1.50 at maturity.

\$1	+	rise in the index	=	total return
\$1	+	\$1 x (50% x 1.0)	=	\$1.50

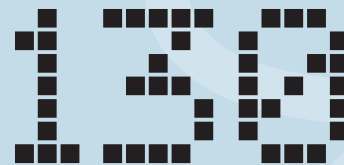
BALANCED OR DYNAMIC APPROACH?

The rainbow-tracker units should suit those investors who want the peace of mind of knowing their capital is fully protected at maturity. The rainbow-booster units will appeal to those who prefer a shorter term and a more aggressive approach. There is a lower level of capital return (90%) in conjunction with greater potential growth. If commodity prices rise strongly, the booster units will outperform the tracker units.

[†]Liontamer has the discretion to reduce or increase the maturity date by 6 months, depending on market movements during the offer period. The term will be set on or before the strike date. Investors will be advised of the term on their investment certificate.

*Capital protection at maturity, means you will receive back 100% for rainbow-tracker units, or 90% for rainbow-booster units, of the combined amount invested and early bird interest (earned during the offer period) less any entry fee charged (up to 3%).

combi series 3



4 year term

RAINBOW-BOOSTER UNITS

- **TERM:** 4 year investment[†]
- **COMMODITIES INDEX:** Liontamer Rainbow Index (oil, aluminium, copper, nickel and soft commodities)
- **MINIMUM INVESTMENT:** \$5,000
- **BOOSTER GROWTH:** 130% of the rise in the Rainbow Index at maturity (i.e. 1.3 times the rise)
- **CAPITAL PROTECTION:** 90% at maturity*. This means for each \$1 unit, 90 cents is repaid at maturity. The extra 10 cents is used to obtain a boosted level of growth

BOOSTER GROWTH EXPLAINED

When you invest in rainbow-booster units you will receive 130% of the rise in the Rainbow Index (a commodities index) at maturity. Another way of explaining this is that your returns get boosted by 1.3 times. When the prices of commodities go up, your return goes up by even more.

Example: The Rainbow Index rises 50% in value. This means your return is boosted by 1.3 times to 65%. A gain of 65 cents is added to the 90 cents of protected capital, giving \$1.55 at maturity.

90c	+	(rise in the index x booster)	=	total return
90c	+	\$1 x (50% x 1.3)	=	\$1.55

LIONTAMER'S EXPERTISE

COMBI Series 3 is the third in our series of commodities offers to NZ investors. Our first commodities funds were launched around 2½ years ago and gained international attention for providing investors with access to the commodities markets with capital protection. Many similar funds have now been launched in the UK and Europe and have been immensely popular with investors.

www.liontamer.com



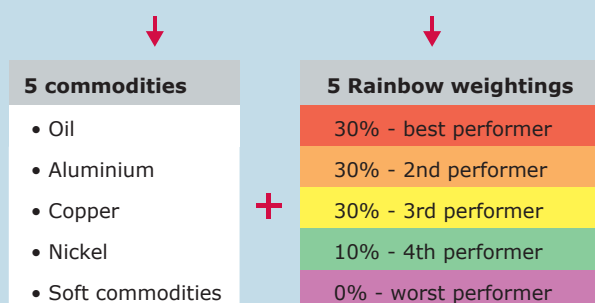
THE LIONTAMER RAINBOW INDEX

Investing with the benefit of hindsight

The Liontamer Rainbow Index is made up of five different commodities (listed below). Plus, there are five pre-set rainbow weights, as shown on the right hand side of the diagram. When we calculate your returns at maturity, we are able to do so with the benefit of hindsight. That means we allocate the highest weights to the commodities which have performed the best and the lowest weights to the poor performers. The worst performer is removed from the basket altogether.

Other commodities investments simply don't have the flexibility to do this. For example, if a fund manager buys oil and the price goes down, they can't 'un-do' their investment. Likewise, an index has set allocations to each commodity and these can't be changed with the benefit of hindsight.

The Rainbow Index



Putting the rainbow to the test

To put the rainbow feature to the test, we looked at how the basket of commodities would have performed over the last five years. First, we gave each of the five commodities a fixed 20% weighting. Then we applied the rainbow weights and compared the results. Our calculations show investors' returns would have been almost 50% larger using the rainbow feature.

Please bear in mind that the figures above are based on a period of past performance and should not be used as a guide to the future.

Source: Barclays Capital, five year period to 24 August 2006.

HOW AM I PROTECTED?

The capital protection is possible because the fund will own investments which are either 100% or 90% protected at maturity by the UK bank 'Barclays' (known as 'the note issuer'). The financial strength of a bank is vital, as the investment is subject to Barclays' credit risk. They have a Standard & Poor's credit rating of AA (similar to major New Zealand banks). They are legally liable to repay the investments owned by the fund and all returns made by those investments.

WHAT ELSE DO I NEED TO KNOW?

EARLY MATURITY FEATURE: if the financial instruments underlying either fund reach a value of \$1.60 in the first 3 years, those financial instruments will be liquidated and that fund will mature early. This provides a way for investors to exit if there is exceptional performance

EARLY EXIT: this is a hold-to-maturity investment and the level of capital protection only applies at the end of the term. Early exits are possible at the redemption value of the notes in exceptional circumstances and you may get back less than you invested. An exit fee of 2% will apply. You should contact your financial adviser in these circumstances

EARLY BIRD INTEREST: during the offer period, your investment will be kept on deposit and earn interest which is used to purchase additional units for you

FIXED RETURN: 0.05% p.a. paid annually on 30 June each year. This is paid on both the rainbow-tracker and rainbow-boosters units. Equivalent to \$2.50 p.a. on each \$5,000 invested

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 is not exposed to fluctuations in currencies

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 can contact Liontamer on 0800 210 450 or email adviser_relations@liontamer.com

ENERGY, INDUSTRIAL METALS AND SOFT COMMODITIES

In the Rainbow Index, you will find there is exposure to five commodities - oil, aluminium, copper, nickel and 'soft' commodities. We get exposure to soft commodities via the Goldman Sachs Agriculture Index, which contains items such as wheat, sugar, corn and coffee.

A great diversifier

The commodities asset class has traditionally been very difficult for investors to access - but it is widely used by big superannuation funds and other investment professionals to diversify their portfolios. Commodities move in different directions to shares and bonds at different times. This is known as 'negative correlation'. In addition, COMBI Series 3 has more diversification than our first two funds as we've added soft commodities to the mix. The prospects for this sector look positive, given corn, sugar and soybeans are now being used as alternative energy sources to produce ethanol and bio-diesel.

What is driving the commodities markets?

1. On-going supply problems and limited resources
2. Emerging market demand, due to increasing wealth and industrialisation
3. Large structural shifts in commodity prices

Oil: prices are expected to remain very strong due to capacity constraints and on-going geo-political risks such as Iran. Despite sustained periods above US\$60 a barrel, there are limited short term supply solutions with this limited resource. Demand for oil is being driven by the emerging market areas of China, India, Eastern Europe and Latin America.

Industrial metals: the supply-side squeeze continues. Prices remain buoyant due to a range of issues including labour disputes, skill and equipment shortages, high energy costs, lack of attractive mining deposits and environmental factors.

Soft commodities: demand from China and demand for bio-fuel is driving prices. Corn and sugar prices are being fuelled by the use of alternative energy such as ethanol. In Brazil, 40% of cars are driven on ethanol. Prices of cocoa, coffee, cotton and sugar are 'income responsive' and are rising as wealth increases in emerging economies. Mass migration to cities is causing developing economies to become net importers of soft commodities. Lack of arable land and irrigation restricts China's production. Chinese corn imports have increased 400% in 2004/05 and cocoa imports have doubled. China is the world's largest cotton importer and needs to import 35% of its consumption*.

Important: This document is for information purposes only and is a brief summary of the key facts. Full details are contained in the Investment Statement and Prospectus, which can be obtained from your financial adviser or Liontamer Investor Relations on 0800 210 451. Although the Note Issuer is legally liable to repay the investments owned by the trust and all returns on those investments, neither the Note Issuer nor any other entity guarantees the repayment of units or any returns on the units, nor accepts any other liabilities to unitholders. Past performance of commodities should not be used as a guide to future performance. *Source of commodities information: Barclays Capital (Q2 2006) and Agricultural Commodities (March 2006).