

EMERGE Series 1



Spread your wings into new markets

Seek the potential of the world's emerging economies and spread your wings in 2008. EMERGE Series 1 combines the powerhouse markets of Brazil, Russia, India and China (known as BRIC), together with the growing force of South Korea and the successful emerging European economies of Poland, Hungary and the Czech Republic – and packages them all up with the added benefit of capital protection at maturity.

Energising Europe

Cadbury announced their move in October 2007, following others such as Gillette, Fiat, Black & Decker, Suzuki, Lego and VW. Where are they off to? All have shifted manufacturing plants from Western to Central Europe. Poland attracted the iconic British chocolate company Cadbury and the Czechs enticed the Danish to make Lego further afield. Hungary was too hard to resist for Suzuki. On joining the EU in 2004, lower wage and production costs have attracted foreign investment. Central Europe is now poised to take the next step. Eventual conversion to the Euro will open more doors as will marketing themselves as service providers with intelligent graduates from good education systems.

The four engines of Asia - food, fuel, factories and funds

The massive populations of India and China continue to drive up the prices of basic commodities such as oil, metals and food. Their industrialisation is changing the global economy and attracting huge amounts of foreign investment funds.

The commodity rich nations of Russia (with oil and gas) and Brazil (agriculture, steel and cement) are on the other side of the Asian transaction, as suppliers of commodities.

Today, China has over 7,000 steel factories, twice 2002 numbers; this giant economy relies heavily on the rest of the world's resources and the demand is increasing. The energy sector is crucial to growth, powering factories and industry which export to the world and allows the Chinese to embrace consumerism.

Predictions from the International Energy Agency (2007)

- Currently 900 million cars on the road – 2.1 billion expected by 2030
- By 2030, 42% of the increased demand for oil will come from India and China
- Coal is India's most important fuel and use will triple by 2030
- India will overtake Japan by 2025 to be the third largest net importer of oil
- China will be the world's largest energy consumer soon after 2010 (overtaking the US)
- US \$3.7 trillion in energy-supply infrastructure is needed in China between 2006 and 2030 (three quarters in the power sector)

emergeseries1



5.5 year term

BASE UNITS

- **GROWTH:** 90% of the rise in the Liontamer Emerge Index (i.e. 0.9 times the rise)
- **100% CAPITAL PROTECTION** at maturity* This means for each \$1 unit, \$1 is repaid at maturity
- **TERM:** Five and half year term (+/- 6 months#)
- **INDEX:** Liontamer Emerge Index
- **MINIMUM INVESTMENT:** \$5,000
- **CURRENCY:** NZ dollars

BASE UNITS EXPLAINED

When you invest in base units you will receive 100% capital protection and 90% of the rise in the Emerge Index at maturity.

Example: Over the investment term the Emerge Index rises 50% in value. Your return is calculated as 90% of that gain. So, 50% x 0.9 would equal a return of 45%. A gain of 45 cents is added to the \$1.00 of protected capital, giving \$1.45 at maturity.

$$\begin{aligned} \$1.00 + (90\% \text{ of rise in the index}) &= \text{total return} \\ \$1.00 + \$1.00 \times (50\% \times 0.9) &= \$1.45 \end{aligned}$$

emergeseries1



5.5 year term

BOOSTER UNITS

- **GROWTH:** 120% of the rise in the Liontamer Emerge Index (i.e. 1.2 times the rise)
- **90% CAPITAL PROTECTION** 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
- **TERM:** Five and a half year term (+/- 6 months#)
- **INDEX:** Liontamer Emerge Index
- **MINIMUM INVESTMENT:** \$5,000
- **CURRENCY:** NZ dollars

BOOSTER UNITS EXPLAINED

When you invest in booster units you will receive 120% of the rise in the Emerge Index at maturity. Another way of explaining this is that your returns get boosted by 1.2 times. When the Emerge Index goes up, your return goes up by even more.

Example: Over the investment term the Emerge Index rises 50% in value. This means your return is boosted by 1.2 times to 60%. A gain of 60 cents is added to the 90 cents of protected capital, giving \$1.50 at maturity.

$$\begin{aligned} 90c + (\text{rise in the index} \times \text{booster}) &= \text{total return} \\ 90c + \$1 \times (50\% \times 1.2) &= \$1.50 \end{aligned}$$

***Capital protection at maturity:** means you will receive back 100% for base units, or 90% for booster units, of the combined amount invested and early bird interest (earned during the offer period) less any entry fee charged (up to 3%). Capital protection only applies at maturity. Early withdrawals may result in investors receiving back significantly less than they put in, due to market movements 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.

#**Term:** Liontamer has the discretion to reduce or increase the maturity date by six 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.

EMERGING, BUT BY NO MEANS SMALL

The markets chosen for EMERGE Series 1 represent some of the most dynamic and exciting areas of the globe. Below you can see a selection of key statistics that provide some perspective on the scale of these developing new economies.

Country	Population ¹ (millions)	GDP ² (\$NZ billion)	GDP growth ³ (pa%)	Income Per Person ⁴	Inflation ⁵ (pa%)
Brazil	189	\$1,387	4.9%	\$6,143	4.1%
Russia	142	\$1,280	7.4%	\$7,506	9.0%
India	1,109	\$1,177	8.5%	\$1,065	5.9%
China	1,311	\$3,465	11.4%	\$2,610	4.7%
S. Korea	48	\$1,153	4.8%	\$22,974	2.5%
Poland	38	\$439	6.5%	\$10,636	2.1%
Hungary	10	\$145	2.1%	\$14,220	7.8%
Czech Rep.	10	\$183	5.7%	\$16,468	2.6%
NZ	4	\$134	3.0%	\$35,390	2.5%
USA	299	\$17,144	2.0%	\$58,403	2.7%
World	6,517	\$62,655	5.2%	\$9,661	n/a

Source: 1. World Bank: World Development Indicators database. 2. World Bank: Gross Domestic Product. 3. CIA World Factbook: 2007 (est). 4. World Bank: Average Gross National Income per person, per year. 5. CIA World Factbook: 2007 (est).

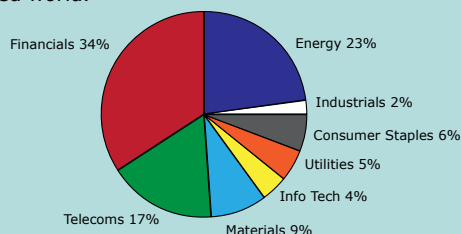
Figures converted from US\$ to NZ\$ at a rate of 0.77 cents.

THE LIONTAMER EMERGE INDEX

The Liontamer Emerge Index tracks eight key emerging markets via their major indices. The fund allocates an exposure to each market according to a fixed weighting.

50% Central Europe: Poland, Hungary, Czech Republic
40% BRICK: Brazil, Russia, India, China
10% Korea

Importantly, within those geographical regions there is a spread of sectors, covering a broad range of industries. Financial stocks provide the largest weightings. We see significant opportunities in this sector as share prices currently represent good value due to these banks generally having less exposure to the sub-prime issues than in the developed world.



In addition, the energy, utilities and telecommunications sectors present investors with a portfolio of defensive stocks with huge growth potential.

Levels of the Liontamer Emerge Index are averaged monthly in the final year*.

KEY STOCKS BY COUNTRY

Company	Country	Sector
Petroleo Brasileiro	Brazil	Energy
Cia Vale do Rio Doce	Brazil	Materials
Gazprom	Russia	Energy
Lukoil	Russia	Energy
Infosys Technologies	India	Technology
ICICI Bank	India	Financial
China Mobile	China	Telecom
China Life Insurance	China	Financial
Samsung Electronics	South Korea	Technology
POSCO	South Korea	Materials
Bank Pekao	Poland	Financial
PKO Bank Polski	Poland	Financial
MOL Hungarian Oil and Gas	Hungary	Energy
OTP Bank	Hungary	Financial
CEZ	Czech Republic	Energy
Erste Bank der Oester Spark	Czech Republic	Financial

CAPITAL PROTECTION

One of the concerns that many investors express to us is the risk of eroding their capital. For that reason alone, some feel they can't afford to invest in the sharemarkets, even though they'd love to access the potential returns which can be made. At Liontamer, we specialise in taking the fear out of investing and opening up a world of new opportunity with capital protected investments.

Who provides the protection?

A capital protected investment gives you peace of mind because the fund will own investments which are either 90% or 100% protected at maturity by KBC Bank (based in Belgium). KBC Bank are known as the 'Fund Asset Provider'. Regardless of how the sharemarkets perform, KBC Bank are legally liable to repay 90% or 100% of the original value of the investments owned by the fund. KBC Bank is a Global Fortune 500 (2007 ranking of 246) company with a Standard & Poor's credit rating of AA-.

WHAT ELSE DO I NEED TO KNOW?

EARLY MATURITY FEATURE: if the financial instruments underlying the fund reach a value of \$1.80, they will be liquidated and the 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 capital protection only applies at the end of the term. Early exits are possible on a quarterly basis at the discretion of Liontamer. Unless there are exceptional circumstances behind the reason for your withdrawal (or the early maturity feature is triggered) the maximum value of your units prior to maturity is \$1 (less any break costs of the underlying investments held by the fund and a 2% early exit fee). By withdrawing early, you will get back less than you invested.

EARLY BIRD INTEREST: during the offer period, your investment will be kept on deposit and earn a high rate of interest which is used to purchase additional units 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 currencies of the indices in the Liontamer Emerge Index.

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.

LIONTAMER'S CREDENTIALS

Having launched 25 capital protected funds for thousands of investors, we believe our depth and breadth of experience and skills are unmatched in the New Zealand retail market. Liontamer is majority owned by KBC Asset Management, a member of the KBC Group – a Global Fortune 500 company.



LIONTAMER IS A MEMBER
OF THE KBC GROUP

www.liontamer.com

