



FALLEN ANGELS Series 1

Bargain hunting at the global stock-take sale

Everyone loves a bargain; the feeling that comes from knowing you could get a good price can be, well...priceless. Sometimes bargains are to be had due to unfortunate circumstances like a business closing down, mortgagee auction or fire sale. Savvy buyers use these opportunities to purchase goods at prices often well below their true market value.

Current financial market conditions could be likened to a worldwide stock-take sale. International sharemarkets have been sold down due to the events in the subprime mortgage market (lending at a higher interest rate to borrowers who are less credit-worthy), which has in turn led to a 'global credit crunch'. We believe financial stocks have been heavily discounted despite many continuing to show underlying financial strength. The negative sentiment spilled over to affect a wide range of other sectors, resulting in a prolonged period where solid companies with well known brands have been sold down along the way.

Finding value in oversold markets

Liontamer has carefully selected a basket of 16 global companies, which in our view have been oversold relative to their underlying value.

These 'fallen angels' have been packaged into a capital protected fund designed specifically for New Zealand investors. The index-linked basket contains companies that operate in a range of industries and a spread of sectors.

Smart-start and capital protection

Like other sales, there's sometimes that nagging feeling that maybe prices will get knocked-down further tomorrow, that maybe today's price is still not the best price. FALLEN ANGELS Series 1 has a unique feature called 'Smart-start' that allows investors to benefit even if the index falls in value in the first six months of the investment term.

FALLEN ANGELS Series 1 also has two other very important features: capital protection at maturity and a booster unit option. You have a choice of two different unit types; both have an exposure to the basket of fallen angel stocks, plus either full or partial capital protection at maturity*. Tracker units do as they say, and track the index return, while booster units provide 1.3 times the exposure to the index, allowing you to really accelerate your potential returns.

fallenangelsseries1



5.5 year term

TRACKER UNITS

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

TRACKER UNITS EXPLAINED

When you invest in tracker units, you will receive 100% of the rise in the Fallen Angels Index at maturity. This simply means your units will track the Index over the investment timeframe.

Example: Over the investment period the Fallen Angels Index rises 50% in value (after accounting for the Smart-start feature). Your return is calculated as 100% of that gain. So, a gain of 50 cents is added to the \$1.00 of protected capital, giving \$1.50 at maturity.

$$\begin{aligned} \$1.00 + (100\% \text{ of rise in the index}) &= \text{total return} \\ \$1.00 + 50\% &= \$1.50 \end{aligned}$$

fallenangelsseries1



5.5 year term

BOOSTER UNITS

- **GROWTH:** 130% of the rise in the Liontamer Fallen Angels Index (i.e. 1.3 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 Fallen Angels Index[†]
- **MINIMUM INVESTMENT:** \$5,000
- **CURRENCY:** NZ dollars

BOOSTER UNITS EXPLAINED

When you invest in booster units you will receive 130% of the rise in the Fallen Angels Index at maturity. Another way of explaining this is that your returns get boosted by 1.3 times. When the Fallen Angels Index goes up, your return goes up by even more.

Example: Over the investment period the index rises 50% in value (after accounting for the Smart-start feature). 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.

$$\begin{aligned} 90c + (\text{rise in the index} \times \text{booster}) &= \text{total return} \\ 90c + \$1 \times (50\% \times 1.3) &= \$1.55 \end{aligned}$$

***Capital protection at maturity:** means you will receive back 100% for tracker 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.

†**Fallen Angels Index:** levels are averaged monthly in the final year, which will protect you from any sharp falls in the index. In a rising market averaging lessens returns.

FALLEN ANGELS INDEX

The Liontamer Fallen Angels Index tracks 16 companies operating across a variety of industries around the world. The index has a 50% weighting towards the financial sector, where our research has identified eight banking stocks that we believe have been oversold but which retain strong fundamentals supporting future growth. The remaining eight companies have been caught up in the general market sell-off; however they remain global leaders in their fields with strong potential for recovery. The spread of these companies across growth sectors such as technology, media, manufacturing and pharmaceuticals provides additional diversification.

Each of these firms has been screened, researched and evaluated to form a basket of stocks all trading at a discount of more than the average market fall (as measured by the MSCI World Index).

Company	Sector	Share price fall
Banco Santander	Financial	-16.53%
Bank of Ireland	Financial	-47.00%
BNP Paribas	Financial	-26.68%
Cisco Systems	Technology	-6.80%
Commerzbank	Financial	-40.36%
Credit Suisse	Financial	-42.24%
Eli Lilly	Pharmaceuticals	-4.17%
Fortis	Financial	-45.15%
General Electric	Consumer goods	-6.12%
ING	Financial	-33.37%
Pfizer	Pharmaceuticals	-15.51%
Philips	Technology	-7.52%
SAP	Technology	-9.27%
Time Warner	Media	-25.18%
Toyota	Automotive	-31.14%
UBS	Financial	-57.55%
MSCI World Index		-4.02%

Source: Reuters at 7 March 2008. 12 month share price fall in local currency.

THE SMART-START ADVANTAGE

With our new Smart-start feature investors can benefit even if the Fallen Angels Index drops in value during the first six months of the investment term. Smart-start finds the lowest point at three intervals during the first six months (initial start date, three months and six months) and re-sets the initial opening value of the index to that lowest point. So, even if prices keep falling during the early stages of the investment period, the Smart-start feature means investors can still benefit.



OUR COMMUNICATION WITH YOU

- Within a week of your application form and cheque arriving, we'll send you a confirmation letter
- Ten days after the start date of the fund, we send you an investment certificate
- Each month the hold-to-maturity value of your fund is updated on our website www.liontamer.com
- Each quarter we launch a new fund and have an optional service where we'll let you know about it
- Each year, in early July we issue our annual newsletter
- Within 30 days of the end of the financial year we will send you a notice detailing year-end market values for tax purposes
- When the fund matures we will send you a confirmation letter

IMPORTANT: This document is for information purposes only and is only 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. Neither KBC Bank NV, KBC Asset Management NV nor KBC Group NV guarantees repayment of the investment amount or any returns on the investment nor do either of them accept any liability to investors. However, as the Fund Asset Provider, KBC Bank NV is legally liable to pay to Liontamer as trustee of the fund certain amounts. Neither KBC Group NV nor any other member of the KBC Group guarantees the obligations of KBC Bank NV. May 2008.

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 that are either 90% or 100% capital protected at maturity by KBC Bank. KBC Bank is known as the 'Fund Asset Provider'. Regardless of how the Index performs, KBC Bank is legally liable to repay 90% or 100% (as applicable) of the original value of the investments owned by the fund. KBC Bank is a Global Fortune 500 company (ranked 246 in 2007) 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 \$1.60, they will be terminated and the fund will mature early. This provides a way for investors to exit if there is exceptional performance.

EARLY EXIT: this is intended as 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 market 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 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 and brokers can contact Liontamer on 0800 210 450 or email adviser_relations@liontamer.com.

LIONTAMER'S CREDENTIALS

Having launched 30 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

