

FUNDS MANAGEMENT

Liontamer investor leaves the ring

Financial services investment fund turns fallen angel

Sarah McDonald

Boutique funds management firm Liontamer has axed its second Fallen Angels Fund and undergone a management buyout, with Belgium bank KBC exiting its 51% shareholding.

Investors in the Fallen Angels Series 2 product will have their money returned to them after Liontamer decided the fund wasn't viable in the current climate.

The proceeds of the issue were to be invested in a basket of financial services stocks, including giants such as Bank of America, Citigroup, ING Group, JP Morgan Chase, UBS and BNP Paribas.

Like all of Liontamer's funds, it was capital-



MBO: Janine Starks (left) and Laetitia Peterson have bought back a Belgian bank's majority holding in Liontamer

protected.

Liontamer investment director Janine Starks said Liontamer funds normally attract \$10-20 million.

However, the Fallen Angels II fund was only launched

in November, was still in its subscription period and had not received commitments of anywhere near that volume.

Mrs Starks said the fund's terms were that investors would have 90% exposure to

the selected basket of stocks – if there was a 10% rise in value, they would get 9% of the gain.

But the volatility of the markets and falling interest rates, which make it more

difficult for Liontamer to attain both capital protection and an acceptable return, meant the terms were not achievable.

"The only thing to do was be candid with investors and say 'it's not in your interests that we proceed with this product, because we're not going to be able to get the best deal for you,'" Mrs Starks said.

Fallen Angels 2 was heavily advertised, as was its predecessor Fallen Angels, which invested in global companies that suffered large share price drops like UBS, General Electric and ING.

Mrs Starks said Liontamer's next issue was likely to be in a few months and involve an index-based fund rather than banking stocks.

This month, Mrs Starks and fellow Liontamer founder Laetitia Peterson bought back the 51% stake in Liontamer they sold to KBC Asset Management in 2007.

The move was initiated by KBC after a global review of its operations.

"When KBC approached us, there was a small amount of surprise personally, but when you think about the market conditions out there, it's not really a surprise at all," Mrs Starks said.

"New Zealand is a very long way from Belgium."

Mrs Starks would not divulge the purchase price due to a confidentiality agreement with KBC.

"But we sold at the high, bought at the low, so we really can't complain," she said.

The sale will be settled on January 30.

With KBC on board, Liontamer expanded into Australia but the New Zealand operation has been split off and KBC still owns the Australian business.

It has not yet decided if it will sell this too.

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Board unlikely to get stolen money back

public alternative of discussing it on the phone.

"Look, I think it's very clear

Mr Ryall said district health boards around the country had become

Should Mr Ryall decide to make an example of Mr Thomson, he will have to

from the board altogether.

Mr Thomson might deserve more leniency from Mr Ryall and more

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Fonterra scoffs at bailout talk

hugely damaging to Fonterra and to New Zealand"

of consumer sales underpin these resolutions" he said