

FINANCIAL PRODUCT

Product: Lontamer Global series 3.

Provider: Lontamer Investments.

Offer dates: Now, closes to new investment on July 20.

How it works: Lontamer is a Kiwi firm which makes capital-protected investments. These let people put their cash into certain riskier investments, but guarantee they will get at least 90% of their capital back, no matter how badly markets get unstuck. This particular investment exposes investors to the returns of shares on six global sharemarkets split between the US (25%), Europe (25%), UK (15%), Switzerland (5%), Japan (25%) and Hong Kong (5%). But, and here's the really attractive aspect, the return investors can expect is either 150% (the booster units with 100% capital protection are locked in for five years) or 200% (the super-booster units with 90% capital protection are locked in for four years) of the return of the indices. The catchphrase is "twice the gain, limit the pain". In return investors have to hold the investment until maturity. Early exit compromises the capital protection and attracts a 2% exit fee. Lontamer says the pricing is now attractive due to high NZ interest rates and low market volatility. Minimum investment is \$5000. Units are worth \$1 each at issue, and if they reach \$1.80 in the first three years, the units will be repaid.

What we like: Most fund managers cannot guarantee you won't make losses, so for the nervous, Lontamer funds are attractive.

What we don't like: Remember, if things go wrong you may get the \$5000 back in five years, but its buying power will have been eroded. Lontamer is also about to enter a new tax environment, under the PIE regime.

Conclusion: Lontamer has built a following, and this one will fly off the shelves.