



GUIDE FOR ADVISERS

STEPPING STONES FOR DEPOSIT INVESTORS

? WHAT IS A CAPITAL PROTECTED INVESTMENT

It is an investment where the customer's original deposit is protected and will be repaid to them at maturity. There are a lot of similarities with a term deposit.

There are three simple key features:

- ➔ Customers invest their savings for a fixed term
- ➔ Instead of earning a rate of interest, returns are linked to the growth in the sharemarket or other markets like commodities
- ➔ The customer's original investment will be repaid to them at maturity, even if the markets go down in value

? WHAT ARE THE BENEFITS FOR CUSTOMERS

- ➔ Knowing they will get their savings back at the end of a fixed term (the 'sleep at night factor')
- ➔ Being able to invest in new areas with greater potential returns than deposits
- ➔ Only a small lump sum investment of \$5,000 is required

? WHAT IS THE KEY MESSAGE FOR CUSTOMERS

“ There are alternatives to term deposits, which protect your savings in the same way. The returns have greater potential than deposits and you don't have to worry about losing money, because of the capital protection at maturity. ”

? WHAT ARE THE BENEFITS FOR ADVISERS

- ➔ **Greater share of wallet** – customers often invest elsewhere and this gives the adviser a chance to get more of their business
- ➔ **Add value** – customers see the adviser providing them with new opportunities and feel you are adding value
- ➔ **Relationship** – advisers know their customers will get their money back. Capital protection also provides relationship protection
- ➔ **Lead generation** – advisers get new leads and they may be able to help the customer with a number of other products
- ➔ **Increasing profits** – advisers can charge an entry fee of up to 3% plus they get brokerage of 2% on each investment

? HOW OFTEN ARE THESE INVESTMENTS AVAILABLE

At Liontamer, we usually make four offers a year. Each offer has a sales period of around 8-10 weeks. After that date we can't accept new investors. We then open a new issue with different terms. Once one issue closes, it is only a short wait before another is available.

? HOW DOES IT COMPARE TO A TERM DEPOSIT

	Term deposit	Capital protected investment
Type?	Deposit with a bank	Unit trust which invests in deposits with a global bank
Fixed term?	Yes (usually 1 month to 5 year terms)	Yes (usually 4-5 year terms)
Return?	Fixed rate of interest	Returns rise as the markets rise. A set formula is used
Do returns change?	Yes, fixed rates go up and down	Yes, each new issue has different terms
Risk?	Credit risk of the bank	Credit risk of a global bank (credit rating very similar to NZ banks)
Limited offer?	Term deposits are always available	Yes, offer period lasts around 8 weeks
Broken early?	Typically break fees apply to the interest rate	2% exit fee on unit price. Breaking can cause you to get back less than you invested
Tax?	Resident withholding tax (RWT) withheld from interest payments	The returns on capital protected investments may be taxed at a lower rate overall than term deposits (see below)
Minimum?	Usually \$5,000	\$5,000

? HOW DO THE TAX RULES APPLY

Individuals with offshore investments costing:

\$50,000 or less: depending on your circumstances, any gains on the repurchase of your units may be a capital gain, not subject to tax.

More than \$50,000: a reasonable view is that the market value of Liontamer units is a maximum of \$1 until maturity. Under the new Fair Dividend Rate rules, 5% of the market value of your portfolio is taxable each year (unless you can show that the dividends you received and the movement in the value of your offshore portfolio is less than the 5%).

Investors need to seek tax advice relevant to their individual circumstances.

? WHICH DEPOSIT CUSTOMERS COULD THIS SUIT

- ➔ A customer with a maturing term deposit
- ➔ A customer with term deposits which continually roll over, so there is no need for short term access
- ➔ Customer has deposits or investments with other banks or institutions
- ➔ Customers' with sizeable balances who could consider putting part of it into a protected investment, while keeping some in cash deposits for short term needs
- ➔ Capital protection can be suitable for nearly all types of investors. Examples include those saving for retirement, in retirement or saving for a child's education



HOW DOES LIONTAMER INVEST THE MONEY

We invest in deposits with a global investment bank. Instead of paying us interest, these deposits pay a return based on the sharemarkets or other markets like commodities. The bank who sells the deposit to Liontamer is legally responsible for repaying the original investment plus the returns we earn (in the same way that a bank is responsible for paying interest and repaying the principal to its term deposit customers).

Examples of the banks we have used are Barclays (UK bank), UBS (Swiss bank), Morgan Stanley (US bank) and Deutsche (German bank). These banks have solid credit ratings. As an example, Barclays has an 'AA' credit rating, whereas most NZ banks have a slightly lower AA- rating from Standard & Poor's.



SOME EXAMPLES OF LIONTAMER INVESTMENTS

1. Our regional equity funds



Our BRICK Series invests in the markets of Brazil, Russia, India, China and South Korea.

We also have three funds linked to Asia sharemarkets, including the TIGER Series and our JAPAN Series.

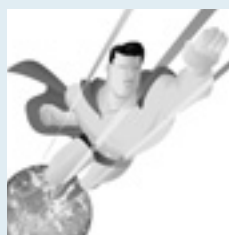
2. Our commodities funds



We have three funds in our COMBI Series.

COMBI stands for Commodities Basket Index. Our COMBI Series 3 offer was a rainbow fund linked to oil, metals and soft commodity prices.

3. Our global sharemarket funds



We have 8 funds linked to the global sharemarkets.

Some invest in well known sharemarket indices and others invest in carefully selected baskets of shares. Recently, we've been able to offer booster returns.

Levels of protection: some Liontamer investments have partial capital protection. For example, investors prepared to take more risk in return for higher potential gains, may choose 90% capital protection at maturity.



Important notes: this guide is intended as a brief summary of the key facts. It is for use by professional advisers and bank staff only and is not to be distributed to any member of the public. Full details of each Liontamer fund are contained in the relevant Investment Statement and Prospectus. Capital protection at maturity means you will receive back the relevant level of capital, plus any early bird interest earned in the offer period, less any entry fee charged (up to 3%). Although the note issuer (the global investment bank) 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.



WHO ARE LIONTAMER

We are an investment management company who specialise in capital protected investments. Our expertise in this area is the backbone of our business. We believe our depth and breadth are unmatched in the NZ retail market.



AWARDS AND ACCOLADES

Exciting: voted one of NZ's most exciting financial services companies by the NBR

Influential: our Managing Director was voted as one of the most influential people in financial services by ASSET Magazine

Leading: quoted as a "leading" NZ provider by the international magazine 'Structured Retail Products'

Successful: quoted as a "roaring success" by the international magazine 'Risk'

Ground breaking: we are NZ's first specialist provider of capital protected investments



WHY ARE YOU CALLED LIONTAMER

We are called 'Liontamer' because it reflects exactly what we do. The 'Lion' symbolises the financial markets – often volatile and aggressive. And we are 'taming' the markets by providing investors with capital protection.



WHAT IS YOUR TRACK RECORD

We've launched 18 retail funds in NZ over the last 4 years. Our two principals have over 30 years combined experience in the financial markets, in structured products, investment banking and personal finance.

Capital protected investments like ours have a long track record overseas. For example, in the UK, Europe, and Asia most banks and building societies offer their customers these investments via their branches.



CONTACT DETAILS

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APPLICATION FORMS SENT TO?

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