



# WATER Series 1

Tap into the investment potential of the global water industry  
 Accelerated returns + capital protection

Growing demand for fresh water from a rapidly increasing global population, coupled with unrelenting demand from industry (in Asia in particular) has focused the world's attention on how our scarce water resources are managed. Not only is there huge demand for water, fresh water remains a limited resource thanks to climate change, pollution, delivery logistics and technology constraints. WATER Series 1 provides investors with an opportunity to gain exposure to a group of carefully selected companies involved in the global water industry that are well positioned to benefit from this exciting investment theme.

## waterseries1



5 year term

### BOOSTER UNITS

- **GROWTH:** 130% of the rise in the Liontamer Water Index (i.e. 1.3 times the rise)
- **100% CAPITAL PROTECTION** at maturity\*  
This means for each \$1 unit, \$1 is repaid at maturity
- **TERM:** 5 year term (+/- 6 months#)
- **INDEX:** Liontamer Water Index<sup>†</sup>
- **MINIMUM INVESTMENT:** \$5,000
- **CURRENCY:** NZ dollars

### 130% BOOSTER EXPLAINED

When you invest in booster units, the returns you earn will be accelerated. You will receive 130% of the rise in the Water Index at maturity. Another way of explaining this is that your returns are boosted by 1.3 times. Along the way, you have the comfort of knowing that your capital is fully protected.

**An example:** let's take an investor who buys 10,000 units (\$1 each) and assume the index increases by 60% in value. At maturity, the booster units will pay 1.3 times the return i.e. 60% growth is boosted to 78%.

The investment grows to \$17,800 at maturity:

1.3 x boost



60% growth

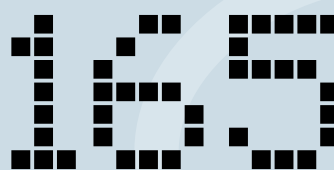


Full capital protection

\$1,800	} 60% x 1.3 =78% =\$7,800
\$6,000	
\$10,000	} \$10,000 of capital repaid
5 year term	

**Suitability:** the booster units are for investors who can tie up their money for a five year period and have a cautious or balanced approach to investing. There is the peace of mind of full capital protection at maturity.

## waterseries1



4 year term

### SUPER-BOOSTER UNITS

- **GROWTH:** 165% of the rise in the Liontamer Water Index (i.e. 1.65 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:** 4 year term (+/- 6 months#)
- **INDEX:** Liontamer Water Index<sup>†</sup>
- **MINIMUM INVESTMENT:** \$5,000
- **CURRENCY:** NZ dollars

### 165% SUPER-BOOSTER EXPLAINED

When you invest in super-booster units, the returns you earn will have an even higher level of acceleration. You will receive 165% of the rise in the Water Index at maturity. Another way of explaining this is that your returns are boosted by 1.65 times. This is possible because the units have less capital protection. For every \$1 unit, 90 cents is repaid at maturity.

**An example:** let's take an investor who buys 10,000 units (\$1 each) and assume the index increases by 60% in value. At maturity your super-booster units pay 1.65 times the return i.e. 60% growth is boosted to 99%.

The investment grows to \$18,900 at maturity:

1.65 x boost



60% growth



90% capital protection

\$3,900	} 60% x 1.65 =99% =\$9,900
\$6,000	
\$9,000	} \$9,000 of capital repaid
4 year term	

**Suitability:** the super-booster units are for investors who have a shorter four year horizon and a more aggressive approach (as the units have less protection). If the markets perform strongly, these units should outperform the booster units.

\***Capital protection at maturity:** means you will receive back 100% for booster units, or 90% for super-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, or if the early maturity feature is triggered. 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. **†Water 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.

## WHY WATER?

### Supply and Demand

In 1800, the total world population was 1 billion, by 1930 it was 2 billion, 70 years later in 2000 it was 6 billion. By 2025, it is estimated that the global population could be anywhere between 8 and 10 billion people<sup>1</sup>. This population growth combined with escalating agricultural needs and rapid industrialisation will continue to place an unrelenting demand on the one scarce commodity for which there is no available substitute; fresh water. Fresh water supplies are being destroyed at an alarming rate as surface water catchments are polluted and groundwater supplies, which make up 99% of available freshwater, are extracted beyond their natural rate of replenishment.

### The Geography of Water

Fewer than 10 countries possess 60% of the world's available fresh water supply. China, for example, makes up 21% of the world's population, but possesses only 7% of the renewable water resources<sup>2</sup>. New Zealand is fortunate to be in the top five countries in terms of water availability per person – and yet even in New Zealand we regularly have water shortages and droughts. At the moment around half of all people live in towns and cities. By 2030, it is estimated that nearly two-thirds of the world's population will exist in these urban areas, resulting in dramatically increased water demand on an already overstressed infrastructure system<sup>2</sup>.

### Ageing Infrastructure

Developed countries are struggling to maintain their ageing infrastructure, while developing countries still need basic water and wastewater systems. It is estimated that total spending on water infrastructure by developing countries will need to increase by a staggering 140% from the current level to around US\$180 billion annually, of which US\$99 billion is required for Asia and the Pacific<sup>2</sup>.

Sources: 1. Columbia University 2. Summit Global Management

## ACCESS TO THE GLOBAL WATER INDUSTRY

Companies which should benefit from this theme are involved in a variety of areas in the water cycle, from those who deliver fresh water, treat waste water, provide pipes, pumps and valves, through to companies involved in new technologies such as desalination (turning salt water into fresh water). WATER Series 1 provides an exposure to a basket of 15 water companies. Prior to being selected by Liontamer, all stocks have been extensively researched by KBC Asset Management, international leaders in active water fund management.

KBC has specialist knowledge of the water industry as one of only three managers worldwide with an actively managed water fund. KBC were one of the first investment managers to recognise this important global theme and have a proven track record of successful water fund management.

Company	Country
Aguas De Barcelona	Spain
Aqua America	US
Danaher	US
Geberit Ag-Reg	Switzerland
Millipore	US
Kelda Group	UK
Kurita Water Industries	Japan
Pennon Group	UK
Northumbrian Water Group	UK
Pentair	US
Severn Trent	UK
Suez	France
United Utilities	UK
Uponor	Finland
Veolia Environnement	France

## HOW AM I PROTECTED?

The capital protection is possible because the fund will own investments which are either 90% or 100% protected at maturity by 'UBS' a large global financial services company (known as the 'note issuer'). The financial strength of the note issuer is vital, as the investment is subject to UBS's credit risk. They have a Standard & Poor's credit rating of AA+ (higher than major New Zealand banks). They are legally liable to repay the investments owned by the fund and all returns made by those investments.

## WHAT ELSE DO I NEED TO KNOW?

**EARLY MATURITY FEATURE:** if the financial instruments underlying the fund reach a value of \$1.80 within the first three years, 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. Unless there are exceptional circumstances behind the reason for your withdrawal, 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 may 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.

**FIXED RETURN:** 0.05% p.a. paid annually on 30 June each year. Equivalent to \$2.50 p.a. on each \$5,000 invested.

**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 to all repurchases (before or at maturity).

**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 can contact Liontamer on 0800 210 450 or email [adviser\\_relations@liontamer.com](mailto:adviser_relations@liontamer.com)

## WORLD VISION DONATION

Currently 20% of the world's population (1.1 billion people) lack access to an adequate supply of drinking water. Liontamer is delighted to support World Vision water projects which are helping people in developing communities. We will donate 0.05% of the money raised for WATER Series 1 to this worthwhile cause. This is a direct donation by Liontamer from our own profits.



## LIONTAMER & KBC ASSET MANAGEMENT

At Liontamer we specialise in capital protected investments, so we aim to take the fear out of investing by 'taming' the financial markets. Liontamer is majority owned by the asset management arm of Europe's 11th largest bank, KBC Group. Belgian-based KBC have a market capitalisation that is bigger than New Zealand's top 50 companies combined. KBC operates across Europe and Asia with 11 million customers and over 50,000 employees. They are a Fortune 500 company with a Standard & Poor's credit rating of A+.



[www.liontamer.com](http://www.liontamer.com)

**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 210 450. Although the Note Issuer is legally liable to repay the investments owned by the trust and all returns on those investments, neither the Note Issuer, nor KBC Asset Management, nor any other entity guarantees the repayment of units or any returns on the units, nor accepts any other liabilities to unitholders. August 2007.