GIG Wealth

BUILDING GENERATIONAL WEALTH

Terms and Conditions

Introduction

GIG Wealth (Pty) Ltd is a registered Financial Service Provider and is a key entity in the GIG Movement to assist investors to embark on and complete the Generational Journey from Struggle to Significance for them and their families.

Apart from assisting individual families in their need for financial services (short term insurance, life and disability cover, pension plans and other services), it embarked on a search for suitable alternative investment products that will enable even an entry investor with only R500 to invest, access to sophisticated investment opportunities normally only available to high net-worth individuals.

The Investor program assists its individual investors and legal entities to embark on a structured investment program within their financial means and at their own pace.

The picture below summarises this journey:

The Process

Each individual (or legal entity) to onboard as a direct investor of GIG Wealth. This requires the completion of the KYC (Know Your Customer) document and supporting documentation.

Part of this initial application form is where the new investor gives GIG Wealth a discretionary mandate to act on behalf of the investor with regards the allocation of funds on the various available investment platforms.

Historically (since 2021), GIG Wealth achieved an average return of 14% pa for its investors!

It is assumed that most of the investors will start their investment journey at the **Crowd Investor** stage (between R500 and R5,000 invested). Should a new investor start at an investment level above R5,000, they can set up a specific mandate with GIG Wealth.

Investment Philosophy

In all its investments, GIG Wealth balances **Capital Preservation** with **Growth** and **Liquidity** whilst mitigating **Risks**.

While GIG Wealth will do everything in its power to adhere to the above principles in investing its members' funds, it is important to understand that ALL investments are exposed to risk. Risk can take various forms. There are **9 Types of Risk** when it comes to Investment:

1. Market risk

The risk of investments declining in value because of economic developments or other events that affect the entire market. The main types of market risk are equity risk, interest rate risk and currency risk.

- **Equity risk** – applies to an investment in **shares** (equity in a company on the stock exchange or private). The market price of shares varies all the time depending on demand and supply. Equity risk is the risk of loss because of a drop in the market price of shares.
- **Interest rate risk** – applies to debt investments such as **bonds** (investment that generate interest after a fixed period of time). It is the risk of losing money because of a change in the interest rate. For example, if the interest rate goes up, the market value of bonds will drop.
- **Currency risk** – applies when you own foreign investments. It is the risk of losing money because of a movement in the exchange rate. For example, if the SA Rand becomes less valuable relative to the US dollar, your Rand stocks will be worth less in US dollars.

2. Liquidity risk

The risk of being unable to sell your investment at a fair price and get your money out when you want to. To sell the investment, you may need to accept a lower price. In some cases, such as **exempt market*** investments, it may not be possible to sell the investment at all.

* Investing in the exempt market offers investors an opportunity to participate in early-stage companies. These are usually businesses that are not large enough to be a public company. It also provides investors with another option for diversifying their investment portfolios with asset classes

other than stocks, bonds and cash. There are many types of prospectus exemptions that allow individuals to invest in the exempt market. However, this kind of investing also comes with risks.

3. Concentration risk

The risk of loss because your money is concentrated in 1 investment or type of investment. When you diversify your investments, you spread the risk over different types of investments, industries and geographic locations.

4. Credit risk

The risk that the government entity or company that issued the bond will run into financial difficulties and won't be able to pay the interest or repay the principal at maturity. Credit risk applies to debt investments such as bonds. You can evaluate credit risk by looking at the credit rating of the bond. For example, long-term Canadian government bonds have a credit rating of AAA, which indicates the lowest possible credit risk.

5. Reinvestment risk

The risk of loss from reinvesting principal or income at a lower interest rate. Suppose you buy a bond paying 5%. Reinvestment risk will affect you if interest rates drop and you have to reinvest the regular interest payments at 4%. Reinvestment risk will also apply if the bond matures and you have to reinvest the principal at less than 5%. Reinvestment risk will not apply if you intend to spend the regular interest payments or the principal at maturity.

6. Inflation risk

The risk of a loss in your purchasing power because the value of your investments does not keep up with inflation. Inflation erodes the purchasing power of money over time – the same amount of money will buy fewer goods and services. Inflation risk is particularly relevant if you own cash or debt investments like bonds. Shares offer some protection against inflation because most companies can increase the prices they charge to their customers. Share prices should therefore rise in line with inflation. Real estate also offers some protection because landlords can increase rents over time.

7. Horizon risk

The risk that your **investment horizon**** may be shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time when the markets are down, you may lose money.

** Your time horizon is the length of time you expect to hold an investment until you want the money back. Will you need the money you want to invest in a few months, a few years, or a few decades? Your time horizon is a key consideration when choosing investments.

8. Longevity risk

The risk of outliving your savings. This risk is particularly relevant for people who are retired or are nearing retirement.

9. Foreign investment risk

The risk of loss when investing in foreign countries. When you buy foreign investments, for example, the shares of companies in emerging markets, you face risks that do not exist in your country, for example, the risk of nationalization.

GIG Wealth Investment Strategy

In all its investments, GIG Wealth balances **Capital Preservation** with **Growth** and **Liquidity** whilst mitigating **Risks**.

During the **Crowd Investor** stage, GIG Wealth only invests in SA investment opportunities (not publicly listed and usually only available to high net-worth individuals or entities) and with a time horizon (liquidity) of 6 months. This strategy allows an investor who make regular monthly investments, the ability to structure his own money market fund that pays out capital and growth monthly from the 7^{th} month!

Make Investment a Fun and Rewarding Journey!

Throughout the Investment Journey, the Investor will be rewarded with certificates and special events and opportunities related to his level of Investment achieved!

Next Step

Don't delay. Start Your Investment Journey Now! Go to www.gig-wealth.com and register as an Investor.

Once you're onboarded as an approved Investor, activate Your account and start the Journey.

You will receive a Welcome Letter that spells out the rest of Your Journey.

If You have any further questions, contact us at info@gig-wealth.com or phone us at 010 142 9240.