Everest
WEALTH

ALTERNATIVE INVESTMENTS

FAQ

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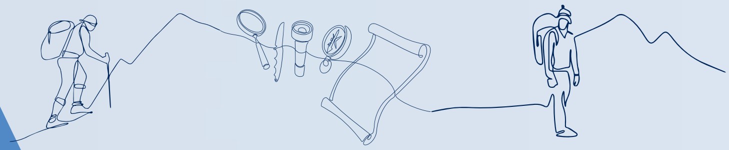


What is Private Equity?

Private Equity is a type of investment that involves investing in companies that are not publicly traded on a stock exchange. Private Equity firms raise money from accredited investors and institutional investors and use it to acquire companies, either outright or by taking a controlling stake. They then work with the management team to improve the company's performance and operations, with the goal of increasing its value so that it can be sold or taken public at a profit.

What is the difference between a Private and Listed Company?

Private Company

A private company is a company that is not publicly traded on a stock exchange. This means that its shares are not owned by the general public but are instead held by a small group of shareholders, such as the company's founders, employees, or other private investors.

Listed Company

A listed, or public, company is listed on any worldwide stock exchange. It has issued shared, or stock, which represents small portions of ownership of that company. These shares can be bought and sold by investors, which rise and fall in value according to their demand.

Why would a company become listed?

- Access to capital
- Brand recognition
- Liquidity for existing shareholders
- Capital for acquisitions
- Employee incentives
- Debt reduction
- Increased market valuation

Why would a company delist?

- Cost reduction
- Limiting regulations
- Enhanced privacy
- Changes in corporate structure

What is the difference between Venture Capital and Private Equity?

Venture Capital

Venture Capital (VC) is a type of Private Equity financing that is provided to high-growth start-ups with the potential to generate large returns on investment. VC firms typically invest in companies that are still in the early stages of development and need funding to scale their business.

Private Equity

Private Equity is investment in companies that are not publicly traded on a stock exchange, with the goal of increasing their value and selling them for a profit.

Is Private Equity more risky than Listed Equity?

Listed Equity is subject to risk due to the value of the share price is determined by external factors and is driven by investor speculation. Private Equity in general refers to a more subjective risk which is determined by the nature of the acquired asset. A Private Equity fund typically diversifies its portfolio with multiple acquisitions, mitigating any substantial risk and volatility.

What risk category do the Everest Wealth funds fall into?

Our funds are positioned in the moderate to high-risk category.

This risk is determined by the following:

- The probability of default on capital or return. Everest Wealth has an impeccable 8-year track record due the diversification of our assets.
- Volatility, or how often and by how much there has been a change in the return.
- Everest Wealth's return has only been altered once, being an increase in March 2017.
- Liquidity of investment – this is a subjective measurement, due to our clients' choosing various lock-in periods. Typically, Private Equity requires a longer time period to receive capital payments. Our terms are based on a 5-year period, with a notice period of 120 days.

What are the specific risks involved in Private Equity funds and how does Everest Wealth mitigate this risk?

Risk has several driving factors such as the level of security (asset backing) and the level of fluctuations throughout the investment period. Our investors benefit from a balance sheet of underlying portfolio assets. Regarding fluctuations – funds managed by Everest Wealth have been providing a consistent return for the past 8 years.

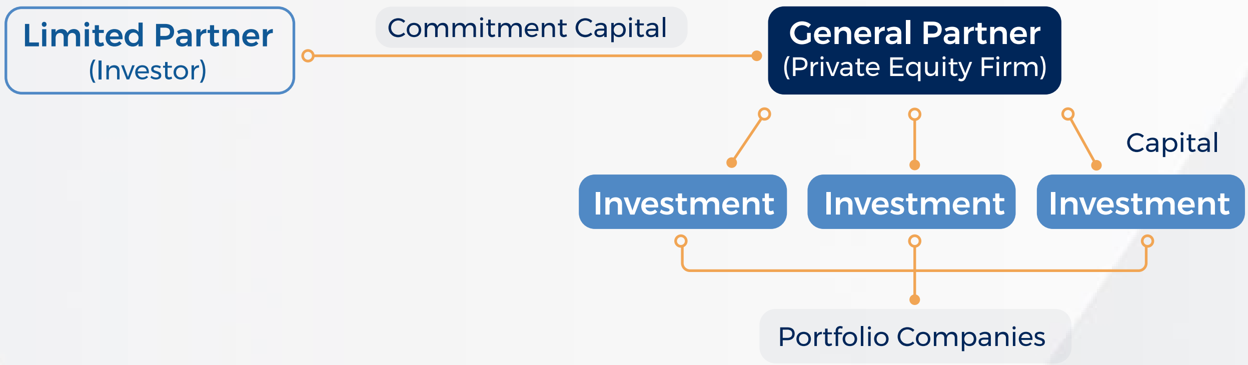
How does a Private Equity fund / investment work?

A typical Private Equity fund involves an “en commandite” partnership where there are limited partners (the investors) and a general partner (the investment manager). This structure typically caters to very high net worth individuals.

Funds managed by Everest Wealth, differ from a typical Private Equity fund by offering a consistent retail offering, and has a structured portfolio similar to a conventional unit trust, whereby there is a participatory interest (preferential share) is allocated to investors by the fund (private asset holding company), and managed by Everest Wealth (the investment manager).

Typical Private Equity Structures

Initial Investment Flow



Harvest Period Flow

Which assets are included in the funds that Everest Wealth manage?

The fund mainly invests in growth opportunities where businesses are established within their life cycle, already operational and profitable, but in need of a capital injection or operational expertise.

What is Everest Wealth’s investment strategy and philosophy?

It is our core philosophy to promote stable and secure investments for our clients.

Our portfolios promote:

- An established dividend return that is inflation driven - improving on tax efficiency.
- Returns that are anticipated, net of fees - promoting a clear expectation of returns and an investment term of 5 years - lowering transactional fees and improving stability.

What are the main benefits of investing in an Everest Wealth managed fund vs a Listed Equity fund?

Everest Wealth has 5 advantages over listed investments

1. Consistent Returns

Our returns are fixed and reviewable as opposed to listed solutions that experience daily capital volatility.

2. True ‘real’ returns

Since our inception, our local offerings have maintained a double-digit return, after fees and taxes, to our investors.

3. Diversification

Everest Wealth products exist in the alternative asset class, enabling you to diversify your investment portfolio independently to the traditional investment market. Your portfolio is diversified further across more than 10 business sectors within the alternative asset class.

4. Absorbed EAC

We structure our investment process in such a way that the investment costs are absorbed into the investment solution, as opposed to being deducted from our clients’ yield.

5. Efficient tax structures

Our solutions' returns are dividend-based, subject to a tax rate of 20% instead of interest returns, which are taxed at the client's marginal income tax bracket rate (0-45%).

Listed investments offer multiple opportunities through active trading methods and in-depth knowledge. Listed investments also fluctuate on a day-to-day basis, as each share is valued at the end of the business day, based on the volume of shares traded during that day, resulting in both higher, and lower than benchmark, returns on any given day.

What is the current size of the fund?

R2 480 000 000

What investment products/funds are available?

Strategic Income Portfolio

A solution for clients requiring a consistent income over 12-month periods, with no access to their capital during the 5-year term. Returns are fixed at 12.8% per annum, paid monthly.

Strategic Growth Portfolio

A solution for clients requiring a high and consistent return yield, but with no access to their capital during the 5-year term. Returns are 14.5% per annum, accumulated annually and pay at the earlier of redemption or maturity.

Strategic Global Property Portfolio

A solution for clients requiring a high and consistent annual return yield, with no access to their capital over the 5-year term. Capital is valued in ZAR but returns and linked to the GBP. Returns are 8% per annum, paid annually in GBP.

Strategic USD Income Portfolio

A solution for clients requiring consistent income over 12-month periods, with no access to their capital over the 5-year term. Capital is valued in ZAR, but returns are linked to the USD. Returns are 8%-10% per annum, paid monthly in USD.

What does a "fixed" return mean?

Fixed returns

Fixed returns are investment returns that are predetermined and do not fluctuate with the market. If an investment consistently generates higher-than-average total returns, it can set the quantum of capital from its own balance sheet and profitability and yields to different classes of investors.

Volatile returns

Where capital value is priced, and changes daily, the yields in the form of interest, dividends or rental income will fluctuate more frequently. Historically this risk has been compensated for with higher returns over the long term. However, this additional compensation has been far less prevalent over recent long-term cycles.

Guaranteed returns

Where capital value, as well as yields, are secured by the balance sheet of an institution, typically a bank. Important is that extreme events such as Covid and war has taught us that there is no such thing as a true guarantee, free of any risk, in our volatile global economic climate.

What is the difference between interest and dividends?

Interest

Interest refers to compensation for money being borrowed to an entity or individual in return for regular payments, taxed at their investor's marginal income tax bracket, post very small tax-free interest values from SARS of between R23 800 and R34 500.

Dividends

Dividends refer to the amount paid due to direct ownership of equity in an entity where the owner is subject to the profit share of that particular entity but taxed at a fixed rate of 20% throughout South Africa if the entity paying the dividend is also based in South Africa. Furthermore, where a South African entity is the one receiving this dividend then the tax rate drops to 0%.

Why is the return not guaranteed?

Understanding the difference between a guaranteed investment and a fixed investment lies with the security of the issuer. Banks are typically far larger institutions, however larger does not mean no risk on a guarantee, as Covid and other economic crises have taught us. Traditional guarantees are often issued by a bank, but at a far lower tax rate than fixed investment providers.

What could affect the annual return?

Continued economic underperformance of all economic sectors simultaneously, which is highly unlikely other than in an extreme market crisis.

How long is the investment term?

A minimum of 5 years. Early withdrawals will lead to additional fees or penalties.

How can I view my investment performance?

You can request your investment statement via email from statements@everestwealth.co.za or directly from your financial advisor.

Is there an online portal?

The Everest Wealth online portal and app are currently being developed.

How often will I receive an investment statement from Everest Wealth?

Statements are typically issued quarterly, or can be requested it from your financial advisor.

Where can I download the forms to make changes to my portfolio?

These forms can be requested from your financial advisor or downloaded from the Everest Wealth website - www.everestwealth.co.za

Who can assist me if I cannot find what I am looking for on the website?

Contact your financial advisor or alternatively, call our head office - 087 654 8705. Alternatively, send us an email on info@everestwealth.co.za.

If an Everest Wealth client dies, what happens to their investment?

Upon entering an Everest Wealth voluntary investment, the beneficiaries should be nominated by the client within their estate. Upon death, the estate's executor must notify Everest Wealth, and our administrative staff or fiduciary specialists will guide them through the process.

What are the options if a client passes away?

- The investment may be transferred into the names of the beneficiaries.
- The investment may be transferred into the name of the deceased estate.
- The investment may be disposed of or redeemed, and the cash proceeds may be paid to any beneficiaries, or
- The investment may be disposed of or redeemed, and cash proceeds may be paid into the deceased estate.

What is the process in the case of a death claim?

- A 'Death Claim' form should be completed and submitted with supporting documents.
- Upon signing the Death Claim form, the executor will advise Everest Wealth which option has been selected.
- Everest will accordingly, and within the T's and C's of the investment, ensure the disposal, redemption, or transfer of the underlying investments.

How do I redeem and what is the T's and C's around a redemption?

- Redemptions of Everest Private Equity investments are subject to approval by the fund issuer.
- Once approved, if redemption is within 5 years of inception, early redemption fees will apply.
- All redemptions, whether prior to, at, or post year 5, require a notice period of 120 days for receipt of funds.

What happens at maturity and when are my funds available?

At maturity investors will be given 2 options:

1. Cumulative returns or special dividends

You have the option to re-invest these returns, or to have them paid out (payment will occur 30 days post the maturity date.)

2. Capital value

You may choose to continue the investment or to redeem the capital. A 120-day notice period still applies, and clients are encouraged to complete the required 'Maturity form' 4 months prior to the investment maturity date.

What are the annual tax implications for the investor?

The dividend returns are paid out on an after-tax basis and will thus not be subject to any taxation. An IT3(b) form will be sent to each investor to submit to SARS.

What are the tax implications if I invest via a company or trust?

Dividends from South African companies to:

- Individuals - taxed at a fixed rate of 20%. Net funds received are then tax free.
- Trusts - taxed at a fixed rate of 20%. Net funds received are then tax free.
- South African companies - taxed at a rate of 0%.

When can I expect my tax certificate?

Tax certificates are issued between end May and end August each year, for the prior tax year.

Can I cede the investment?

Legally, yes. However Private Equity is typically not accepted as a form of collateral due to its illiquidity.

What If I don't need the monthly income?

Some investors choose to reinvest their dividend payment into a third-party fund that will generate further returns.

How does Everest Wealth make its money?

A Private Equity fund generates income through its underlying assets. Everest Wealth's fund owns the majority share of all of its assets and will thus be subject to the profit generated by these assets.

Who holds the share certificate?

For voluntary investments, fund share certificates are issued in the name of the investor (Everest Wealth) and are kept in safe keeping according to Custody of Securities regulations. Everest Wealth reports all details and value of the investment to the client, who can request a copy at any time.

INVESTMENT MANAGER

Everest Wealth Management Proprietary Limited. Everest Wealth is an authorised Financial Service Provider with registered FSP: 795, Cat I, CATII & IIA.

INVESTMENT ADVISORY SERVICES

Everest Wealth Advisory Services Proprietary Limited. Everest Wealth Advisory is an authorised Financial Services Provider with registered FSP: 49495, CAT I.

STANDARD CONFLICT DISCLOSURE

Everest Wealth and the asset managers at times, whether directly or indirectly, jointly, or independently, have a vested right, through shareholding, in the portfolios they manage. Therefore, the re-imbursement of fees and value is directly based on the performance of underlying assets within the portfolio and is not deducted from the client's investment allocation. This allows the Everest Wealth and asset manager teams to better align themselves towards the goals of all investors, serving as the strongest motivation to improve on their business and portfolio performance.

ASSET MANAGER COMPANY INFORMATION

Laudian Investment Holdings
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Tel: 010 492 3793 + Fax 086 667 7579
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LAUDIAN investment holdings

SAVCA SOUTHERN AFRICAN VENTURE CAPITAL AND PRIVATE EQUITY ASSOCIATION

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