

# Investment Program

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**Issued By Think Huge Investments Pty Ltd**

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Information in this document may change from time to time. A paper copy of the updated information will also be available upon request. We may also be required to amend this document as a result of certain changes, in particular where the changes are materially adverse from the point of view of a reasonable person deciding to invest via the HLK Group MDA Service. HLK cannot provide the HLK Group's MDA Service to you unless a valid application form has been completed by you and received by Think Huge Investments and then provided to HLK Group. All amounts in this IP are given in Australian dollars (unless otherwise stated).

### **About Think Huge Investments Pty Ltd**

Think Huge Investments Pty Ltd is an Australian based boutique investment company. A Managed Account is an investment portfolio that is managed by a professional manager who makes and actions investment decisions based on an investment strategy which has been determined as suitable for meeting a client's objectives.

Unlike managed funds, clients investments are not pooled with the money of other clients, they always remain separate and clients retain ownership.

Think Huge Investments MDA strategies offer clients a diverse and unique opportunity to actively trade the derivative market including Margin Forex. We do this by leveraging the experience of professional traders who have demonstrated the ability to consistently generate returns over the long term while also monitoring and managing downside risk.

Our principal aim is to provide solid medium to long-term performance significantly above that of the overall market, while managing your capital in unstable market conditions. If you are seeking an alternative investment to the traditional investment vehicles, Think Huge Investments managed accounts should be considered for your investment portfolio.

MDAs in Australia are regulated by the Australian Securities & Investments Commission (ASIC) and the provision of MDA services must meet certain conditions of the Corporations Act (2001), Regulatory Guide 179 and ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968. MDAs are managed by a Managed Discretionary Account Provider, which in this case is HLK Group, who holds, and operates under, an Australian Financial Service License (AFSL) to provide MDA services. The Provider has appointed Think Huge Investments as a MDA investment Manager to make the investment decisions on your behalf.

## **Our Investment Philosophy**

Our investment principles focus' on building returns over the medium to long term across all market conditions. Our ability to generate returns regardless of whether the market is bullish, bearish or tracking sideways is what sets us apart from our competitors.

We generate profits by identifying regular short term, high probability positions in the foreign exchange market across an array of currency pairs. The accumulation of thousands of positions is what leads to our strategies outperforming the market over time.

Risk management is key to our long-term performance. There is no point in generating above market returns if those returns are not carefully managed through risk mitigation and management. All of our strategies have a fixed drawdown, once surpassed all open trades will be liquidated immediately subject to liquidity conditions. This offers clients a safeguard and knowing the expected loss.

Information on the performance of each client's investment is distributed daily via email with a full monthly reconciliation also compiled for review. We provide regular communication with our clients, particularly during times of performance volatility when feedback is generally most valuable.

Our Trading Strategies are only suitable for clients with a high-risk investment portfolio and who are comfortable with the possibility that they could lose a significant percentage or all of their investment. The Trading Strategies use a range of approaches and all use leverage. Although strict risk controls are utilised, the use of leverage can lead to excessive losses in black swan events (a black swan event is an event or occurrence that deviates beyond what is normally expected or a situation and that would be extremely difficult or impossible to predict)

## **How it Works**

Think Huge Investments provide managed discretionary accounts to retail and/or wholesale investors through the use of Multi Account Manager (MAM) software via the Meta Trader 4 trading terminal.

This allows us to combine investor's sub accounts into a single master account that is then traded by the MDA investment Manager directly.

Control of the sub account is relinquished to the MDA investment Manager through a limited power of attorney executed with the broker, thereby allowing trades to be placed on the investors' behalf.

Throughout the term of the investment, each investor retains ownership of their sub account affording them the ability to deposit or withdraw at any time subject to our withdrawal conditions.

## Think Huge Investment Strategies

Our investment strategies are ideal for investors wanting to take an active approach to their investing. We give clients the ability to study the performance and attributes of each individual strategy/trader and allocate capital and risk as they desire.

We are dedicated to working closely with clients to ensure they have a full understanding of their chosen investment strategies, we firmly believe that clients comprehension of the investment strategies empowers them to make the best possible decisions to reach their investment objectives.

We are presently inviting investors to allocate capital to any, or all of our available strategies being SteadyCapture. All strategies trade an array of leveraged forex pairs and/or gold on an intraday to medium-longer term basis.

The Statement of Advice provided to you, by HLK Group in relation to the ThinkHuge Investments MDA will contain a recommendation as to which of the following strategies are suitable to your current personal circumstances (i.e. which will be adopted by HLK in providing the MDA service to you). If you are unsure as to which of the following strategies will be adopted by HLK, please contact us.

### What is the SteadyCapture strategy and how does it work?

#### *Objective & Methodology*

The objective of the SteadyCapture strategy is to deliver net equity returns (gross of performance fees) of 15% per annum. It is suitable for investors with a high tolerance to risk due to the occasional volatility of returns.

The strategy is a combination of manual discretionary trading and algorithmic trading controlled by a professional trader. The trader operates with our internal risk assessment team monitoring the correlation of the positions. The trading team has been carefully selected to ensure SteadyCapture has the best possible chance of delivering consistent, stable returns over the medium to long term.

Table 1. SteadyCapture Strategy Information

Strategy	SteadyCapture
MDA Investment Manager	Think Huge Investments
Legal Ownership	Remains with investors
Recommended Investment Time Frame	1-3 years
Minimum Initial Investment	\$10,000USD/AUD/EUR or 5,000GBP
Investment Markets	Foreign Exchange (Forex) and CFD of Commodities
Investment Instruments	Leveraged Spot Forex and CFD of Commodities
Drawdown notification	35% of net deposit
Target Returns	15% net equity return per annum
Management Fee	Nil
Entry/Exit Fee	Nil
Performance Fee	30% of positive performance

### HLK's responsibilities under the MDA Contract

HLK will be responsible to you for:

- (a) the functions that it is contracted to perform under the MDA Contract; and
- (b) compliance with:
  - (i) the requirements of ASIC Legislative Instrument 2016/968;
  - (ii) the MDA contract, including this Investment Program (subject to where you have agreed in writing to a variation); and
  - (iii) any representations included in the Financial Services Guide provided to you with this Investment Program.

### Warnings

The MDA Contract may not be suitable for you if you have provided limited or inaccurate information relating to your relevant personal circumstances and may cease to be suitable if your relevant personal circumstances change.

The types of "*non-limited recourse products*" that may part of your MDA portfolio with us include foreign exchange derivative products that have a margin account (i.e. "*margin FX majors and minors*")

Margin FX trading contracts are agreements which allow you to make a gain or loss, depending on the movement of underlying currencies. The contract derives its value from underlying currencies (usually referred to as a "*currency pair*") which is never delivered to you, and you do not have a legal right to, or ownership of it. Rather, your rights are attached to the contract itself. The money you will receive will depend on whether the currency you choose moves in your favour. If it does, then you will make a gain and your account will be credited. If it does not, then you will make a loss and your account will be debited. The contracts only require a deposit, which is much smaller than the contract size (this is why the contract is "*margined*" or "*leveraged*").

Margin is typically a relatively small proportion of the overall contract value. For example a contract trading on leverage of 100:1 will require margin of just 1% of the contract value.

When the initial deposit for a margin FX contract is lower than a certain threshold (e.g. after an unfavourable move in the value of the underlying asset), a "*margin call*" is triggered.

A small price movement in the underlying asset may result in a large movement in the value of your trade – this can work in your favour, or result in substantial losses.

You may lose your initial deposit and be required to deposit additional "*margin*" in order to maintain your position. If you fail to meet any margin requirement, your position will be liquidated and you will be responsible for any resulting losses.

Foreign Exchange and CFD trading are high risk and not suitable for everyone, most importantly do not invest money you can't afford to lose.

The maximum value of the ratio between the maximum potential liability you can have holding such a product through the MDA Service and the amount payable for you to acquire that product is unlimited.

HLK Group's policy for communicating margin calls, as contained in clause 10.1 of the MDA Contract, is to call for payment from you of a deposit or margin directly to the relevant Clearing Broker (by whatever terms those obligations are described) for such money or property (e.g. Approved Securities) in any amount or type that the Clearing Broker or the MDA Provider, in their absolute discretion, feels is necessary to protect themselves. The Clearing Broker will communicate its requirements to you under your relevant arrangements with your Clearing Broker.

Under clause 10.1 of the MDA Contract, if you fail to meet the margin call (or lodge Approved Securities) then the MDA Provider or the Clearing Broker may in their absolute discretion, close out, or instruct the Executing Broker to close out without notice, all or some of the your position.

### Example

The following example involves Max, who has deposited USD\$1,000. He anticipates that the EUR will depreciate against the USD in the near future. After the first day, his position deteriorates and a Margin Call is triggered. The following day, his position deteriorates further and this results in the forced liquidation of his position.

Account Initial Deposit	
Max deposits \$1,000 USD	Initial Deposit = \$1,000 USD
Opening the position	
Max sells a contract of EUR/USD at our standard lot size, which is 100,000.	$1 \times 100,000 \times 1.24656 = \$124,656 \text{ USD}$
The contract is leveraged on a 1:200 ratio.	$124,656 \times 0.005 = \$623.28 \text{ USD (Initial Margin)}$
The Margin Level is the equity divided by the margin	Equity: \$1,000 Margin = \$623.28 USD Margin Level: $\$1,000 / \$623.28 = 157.55\%$
Rollover Interest	
Max holds his position overnight. In this example, the swap (short position) for EUR/USD is 2.46 pips. This is charged against the funds that Max has deposited with us.	$1 \text{ lot} \times -2.46\text{pips} \times 1 \text{ day} = \$-24.6 \text{ USD}$
Next Day: Margin Call	
The next day the price of EUR/USD has increased by 23.5 pips to 1.24891 (bid) / 1.24909 (offer). The trade has moved against Max's favour and so the Margin Level is lower than 150% equity. At this time the trading platform will show a Margin Call alert.	Equity: $\$1000 - \$24.6 - (0.00235 \times 100,000) = \$740.4 \text{ USD}$ Margin Level: $\$740.4 / \$623.28 = 118.8\% \text{ (lower than } 150\%)$

Rollover Interest	
Max has not responded to the Margin Call. The position is held open overnight. The swap (short position) for EUR/USD remains 2.46 pips, for which Max is charged.	$1 \text{ lot} \times -2.46 \text{ pips} \times 1 \text{ day} = \$-24.6 \text{ USD}$
Third day: Forced Liquidation	
The following day, the price of EUR/USD has increased by a further 11.9 points to 1.25010 (bid) / 1.25028 (offer).  This results in the forced closing of his position to protect him from further loss.	Equity: $740.4 - 24.6 - (0.00119 \times 100,000)$ $= 715.8 - 119 = \$596.8 \text{ USD Margin remains}$ Margin Level: $= \$596.8 / \$623.28 = 95.8\% \text{ (below } 100\% \text{ so Forced Liquidation is triggered)}$
Max's total loss is the gross loss less the costs. The spread was built in to the price.	Trading Loss: $= \$124,656 - \$125,028 = \$-372 \text{ USD}$ Interest Loss: $= -24.6 \times 2 = \$-49.2 \text{ USD}$ Total Loss: $\$-372 - \$49.2 = \text{USD}\$-421.2$ , which is deducted from Max's deposit of USD\$1,000.

### Significant Risks

Almost any investment involves risk and Investors in the strategies should be aware that investments will rise and fall in value. As a consequence, Investors may lose capital or not receive a return over a given time frame.

Derivative products including foreign exchange and gold are also subject to systematic risks such as general economic conditions, inflation, and interest rates. In general terms, derivative tends to be much more volatile than bonds.

The value of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. Derivative investment is subject to specific risks relating to the performance of the instrument held and the market's perception of their performance. Because leverage is used in derivative you may lose more than your initial investment.

### General risks

General risks, which apply to all types of investment, include the value of the investment not matching inflation rates, changes in taxation policy and the possibility that distributions to investors fall or in some cases stop altogether. The earnings and value are determined by the earnings and value of the assets of the Strategy. The earnings and value of the assets may be affected by



movements in interest rates, currency exchange rates, commodities, overall economic conditions (both domestic and overseas), and other factors that are beyond the control of the MDA investment Manager. As a result, it is not possible to predict or identify all future events or issues that may adversely affect the performance of the Strategy.

To mitigate these risks, Investors should consider investing over the long term (more than 3 years) in a range of investment options. Diversification of investment spreads the risk so that where one investment falls; it may be offset by gains in other investments in other asset classes. By investing regularly, Investors can buy less when the market is high and more when the market is low. In that way Investors reduce the risk of investing at the wrong time.

#### Volatility risk

The potential for the price of your portfolio to vary sometimes distinctly over a short period of time. The greater the volatility of the returns the more likely it is the returns will differ from those expected over a given time period.

#### Liquidity risk

exists when particular investments are difficult to purchase or sell, preventing the closing out a position or re-balancing within a timely period and at a fair price.

Inflation risk is the risk that the prices of goods and services will rise faster than the value of the investments. Manager risk refers to the risk that the manager will not achieve its performance objectives or not produce returns that compare favourably against its peers.

#### Currency risk

As your base currency of the account may not be the trading currency pair or USD, your account is exposed to currency risk. The value of such investments may be affected favourably or unfavourably by fluctuations in exchange currencies.

#### Leverage Risk in relation to Non-Limited Recourse Products

All strategies offered by Think Huge Investments involve a high degree of leverage. These strategies enable clients to outlay a relatively small amount to secure an exposure to the underlying currency or financial product. The use of leverage can lead to large losses as well as large gains.

An adverse movement in the price can not only quickly result in the loss of the entire Margin, but may also lead to additional loss and end up a negative account balance.

Think Huge Investments sets a drawdown level notification for the MDAs where the account holder will be notified once an account value reaches the agree level. The investor is informed and consent will need to be granted to continue if the drawdown level is reached.

You should closely monitor all of your open positions. If the market moves against you and your initial margin deposit is diminished, we may automatically close out your position. Any remaining balance will be returned to you and any resulting liabilities will be your responsibility.

### Specific risk

The MDA investment Manager may make investments in markets that are volatile and which may become illiquid. Accordingly, it may be impossible (in the event of trading halts or daily price fluctuation limits on the markets traded or otherwise) or expensive to liquidate positions in which the prices in the market are moving. Alternatively, it may not be possible in certain circumstances for a position to be initiated or liquidated promptly (in the event of insufficient trading activity in the relevant market or otherwise). Investors should carefully consider the investment risk profile against the investment objective. There can be no guarantee that the investment objective will be realised.

### Counterparty risk

Counterparty risk is the risk of loss due to a counterparty not honouring a financial commitment, which may cause the value of your investment to fall. Counterparties include brokers, settlement houses, banks and other authorized deposit taking institutions. Please refer to the PDS provided to you by our executing broker partner, AxiCorp Financial Services Pty Ltd, for more information.

### Risk Management

Downside risk is managed through the use of automated external equity stop-out feature. This equity stop is implemented via a 3rd party application outside the control of the manager. Should open drawdown exceed 40% at any time, all open trades will be closed at the current market price.

### Strategy Risk

Strategy risks refer to the risk that the investment processes of the MDAs do not successfully reproduce historical or intended results. This may have an adverse effect on the performance of the invested MDAs. The asset allocation process involved in the MDAs is entirely driven by the underlying quantitative model. The investment decisions are implemented via a strict framework of rules and limits, so no arbitrary discretionary investment decisions occur in the process.

### Key Employee Risk

Think Huge Investments employs specialist investment personnel who have responsibility for implementing the investment process. If key investment staff were to leave this would be destabilising to Think Huge Investments and could lead to falls in the value of the MDA and in extreme circumstances could lead to the termination of the MDA. Think Huge Investments actively develops alternative MDA strategies and is continually seeking new specialist investment personnel to mitigate key employee risk.

### Business Continuity

Think Huge Investments views Business Continuity Management (BCM) as a fundamental part of its ability to protect its staff and fulfil its fiduciary responsibilities to clients.

Think Huge Investments maintains Crisis Response and Business Recovery Plans to facilitate the management of any incident which has the potential to harm our staff, damage our premises or disrupt our business.

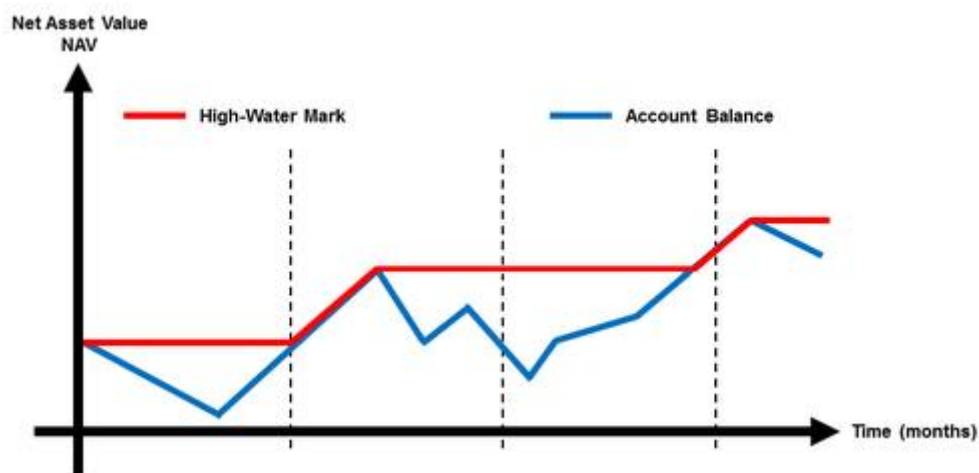
## Product Risk

The risks for clients in utilising the MDA service also include those existent in non-discretionary dealings in exchange traded and over-the-counter securities and derivatives transactions. These risks are referred to in the Product Disclosure Statement (PDS) of the relevant financial product. The PDS should be carefully read and reviewed before acquiring the product. Derivatives carry a high level of risk to your capital and you should only trade with money you can afford to lose.

## Fees and Other Costs

Think Huge Investments Pty Ltd is driven by delivering positive returns for our investors. We have therefor created a free structure that incentivises performance and aligns our interests with our clients whereby clients only pay a fee in the event their account generates a profit.

We charge 30% of the profits on equity earned at the end of each month using a watermark high model.



Picture 1. High watermark

For example:

Initial Investment = \$100,000

Month 1 = \$110,000 (10% gain)  
Fee = \$3,000 (\$107,000 balance)

Month 2 = \$100,000 (7% loss)  
Fee = zero

Month 3 = \$120,000 (20% gain)  
Fee = \$3,900 (30% of the \$13,000 gain on the previous highest balance after the fee was withdrawn)

The information in the tables following is required by law and is designed to help you better understand the fees and costs associated with the Managed Accounts and the Strategies. This table shows fees and other costs that you may be charged. These fees will be deducted from your Managed Account. You should read all of the information about fees and costs, as it is important to understand their impact upon your investment.

Fee	Think Huge Investment MDAs
Establishment fee:	Nil
Contribution Fee:	Nil
Withdrawal Fee:	Nil
Termination Fee:	Nil
Management Fee:	Nil
Performance Fee	30% of positive performance

**The process of opening an opening an account.**

The first step for both retail and wholesale investors is to complete an online MDA Application with Think Huge Investments. We will review and contact you directly with the appropriate application process taking into account your financial circumstances, investment goals and objectives.

Each MDA strategy has a minimum initial investment. The minimum investment requirement may be waived at our discretion. We may also, at our discretion, establish higher minimum investment amounts or reject applications for investment in Think Huge Investments MDA Service.

As we cater for both retail and wholesale clients, we are required under the Corporations Act to follow a process specific to the type of investor. If you are a retail investor for example, we are required to assess the suitability of this service to your personal needs and objectives and provide you with a Statement of Advice (SOA), or potentially a Record of Advice (ROA), taking into account your financial situation and objectives. The SOA will contain an opinion from HLK Group or Think Huge Investments that the MDA client agreement (the "MDA Contract") is suitable for your relevant circumstances and the basis for that opinion. The SOA will be provided to you with this IP and the MDA Contract. Your investment objectives of the MDA will be contained in the Schedule of the MDA Contract.

Once you are presented the SOA or ROA you may elect to proceed by signing the authority to proceed (ATP), Consent to Non-Limited Recourse Products, remuneration consent and the MDA Contract.

If you are a wholesale investor, SOA is not applicable and you only need to complete a Wholesale Client Certificate (WCC) and a Client Agreement to proceed.

You will also be required to complete the relevant application forms to open an account with our executing broker, Axitrader Financial Services. Once the account is opened, you will be provided instruction on how to fund your account.

Think Huge Investments does not hold your funds. All funds are held by the executing broker under your application name or entity.

Should you wish to add more funds to your account, you can do this directly with the executing broker at any time.

Under clause 6.6 of the MDA Contract, the MDA Provider will, on an annual basis being at the end of each financial year, review the MDA Contract and Investment Program and provide advice to you about whether the MDA Contract continues to be suitable for you in light of your personal objectives, needs and relevant personal circumstances.

Under clause 4 of the MDA Contract, the MDA Provider's discretion to trade on your behalf is unlimited. However, you may at any time by written notice to the MDA Provider limit the trading by reference to the markets to be traded, cash size of each position, number and type of shares, warrants or options traded per day, and other limitations as agreed in writing, except that you cannot limit the MDA Manager's discretion to trade on your behalf to merely the time or price at which transactions may be effected. The MDA Provider has the right not to accept your instructions and if that is the case, your MDA account will be closed. Giving instructions in this way may result in losses to your assets under the MDA service.

There is no fee for opening or funding your account and additional investment can be made at any time.

#### **The process of withdrawing funds or closing account.**

At Think Huge Investments we strongly believe that your investment account is your property and that you should have the right to withdraw any or all of your funds at any time that you wish. With this being one of our core beliefs, and unlike many other managed investment funds, we don't place restrictions on your right to withdraw your funds at any time (subject to you maintaining sufficient funds to satisfy your margin obligations). We do not charge any exit penalties or fees.

You are able to withdraw your funds directly through the executing broker's funds withdrawal process. The broker will advise you of the time required to process the transaction(s) and any associated fees. Please refer to the PDS provided to you by the executing broker for more details.

In order to protect client accounts from exposure to open positions during a withdrawal process, we require our clients to notify us via email, prior to requesting the withdrawal from the broker, to allow us the opportunity to close all open or pending positions.

#### **Performance Reports**

- Daily & Monthly Reporting

AxiTrader issue all clients daily reports containing detailed trading activity within their account. The report offers information on the price and outcome of all positions closed as well as any open trades.

- Annual Report  
HLK Group Pty Ltd as the MDA provider will provide an annual investor statement to all clients detailing the performance of their strategy and relevant commentary.

## Complaints

We are committed to the provision of excellent service and we treat all complaints with the highest priority. We have implemented processes to respond to complaints in a timely manner. Any complaint must be addressed in writing to Attn: Complaints Officer - [info@thinkhugeinvestments.com](mailto:info@thinkhugeinvestments.com)

If you not satisfied with our decision or the way we handled your complaint please contact HLK Group Pty Ltd, who is the MDA Provider and member of the Financial Ombudsman Service Limited (FOS) (ABN:67131124448). If your complaint is still unresolved, you have the right to contact FOS directly. FOS is an external dispute resolution scheme that provides free services to customers. It is an independent and impartial body that will deal with your complaint directly or follow up the matter on your behalf in accordance with its applicable terms of reference.

You can contact FOS by:

Phone: 1300 780 808

Web: [www.fos.org.au](http://www.fos.org.au)

Email: [info@fos.org.au](mailto:info@fos.org.au)

Mail: Financial Ombudsman Service Limited

GPO Box 3 Melbourne VIC 3001

## More information

For assistance with the investment process, questions about Think Huge Investments Pty Ltd or and any of our available strategies please contact us through the details below:

Email: [info@ThinkHugeInvestments.com](mailto:info@ThinkHugeInvestments.com)

Phone: +61 2 8387 4187