

BELL POTTER CAPITAL

SUPER LENDING

Bell Potter Super Lending is a specialised gearing product designed to meet the borrowing requirements of SMSF's that fits within the exemptions provided in Section 67A of the SIS Act 1993.

Why gear into superannuation?

- Where the use of gearing is consistent with a SMSF's investment strategy, a Bell Potter Super Lending facility offers SMSF trustees the ability to borrow with many of the advantages and characteristics of a traditional Margin Lending arrangement.
- When used as part of a comprehensive investment strategy, responsible levels of gearing can significantly enhance investors' ability to create wealth through greater participation in the market.
- When combined with the tax-effective nature of a SMSF to hold and accumulate long-term savings for retirement, superannuation gearing is a powerful long-term investment strategy trustees may like to consider.

Key benefits

Limited recourse borrowing arrangement (LRBA) - In Super Lending each purchase is partly funded by its own limited recourse margin loan and many such loans can be held in one facility. In the event a margin call is not fully restored, the lender has recourse to the assets held as collateral for that particular loan account and NOT to any other assets of the SMSF, nor to any other assets of the trustee.

Simple legal set up - No need to establish your own trust structure.

Secured assets and ownership - Any securities purchased using the Super Lending facility are held in a single HIN for the client by the security trustee (BPC Custody Pty Ltd) as security for the repayment of the loan. This avoids the additional expense of setting up your own separate security trustee. The client retains beneficial ownership of the securities.

Custody/Security Trustee - Your shares will be held by the security trustee (BPC Custody Pty Ltd) and any dividends will be directed to the facility settlement account. You will receive copies of all transaction documentation in relation to the holding of your securities, including dividend statements and corporate actions.

No Fees - There are no establishment, maintenance or trust deed review fees, no minimum balance requirements and no fixed term for the facility. The facility can remain undrawn until required at no cost to the client.

Loan repayments - Each loan will be allocated a BSB and unique account number so that a client can direct credit funds via EFT or BPay at their discretion to pay down a loan or alternatively leave the cash in the facility settlement account for future stock purchases. A client can repay a loan at any time.

Interest payments - Interest is calculated daily and added to the loan at the end of the month. You are not required to make regular payments and this gives you the flexibility to manage your cash flow.

Interest - Can be capitalised to the loan account.

Transparency - More transparent than structured products.

Facility settlement account - Opened automatically for each facility and acts as the 'At-Call Hub'.

Multiple loan accounts - Opened automatically following each purchase.

Account management - Direct access to professional service and support from your designated account manager.

Facility features

Rates - Variable interest rates only. Interest is charged only once the loan facility is drawn on and only for the term the funds remain drawn.

Approved list - Our approved list covers major domestic and international stocks and ETF's.

Gearing Levels - Consult your Bell Potter adviser to determine which gearing strategy best suits your investment objectives. A typical LVR is 50%, the maximum LVR is 55%.

Margin call buffer - Bell Potter Capital's margin call buffer is 10% of the geared value of securities.

Order placement - Deal directly in the underlying stock through your adviser.

New share purchase - Share purchases can be made at any time provided sufficient funds are available for your contribution in the facility settlement account.

Sales - Where stock is held against more than one loan account you can nominate to which account the sale is allocated. If no nomination is made we will allocate at our discretion.

Credit limit - We will establish an overall credit limit for your facility and you may request a review of that limit at any time.

Initial contributions - Initial contributions must be cash and borrowing funds to acquire an asset under an LRBA should not result in a contribution to your SMSF for ATO purposes.

EFT and BPay - You can direct payments to your facility settlement account and each loan account.

Statements - Monthly statements provided for each loan account and the facility settlement account.

Account opening - Simple account opening process. Complete application form and submit along with a certified copy of your SMSF's trust deed.

Dividends - Will generally be paid to the facility settlement account but the lender may choose to use the dividends to reduce the applicable loan/loans.

Once the account has been opened and a credit limit has been approved, we will notify your adviser when the account is ready to use.

Risks

Like any investment loan, investing through gearing involves risk.

Gearing increases the size of your investments but also increases the risk of capital loss.

If the value of your shares falls sufficiently, you may receive a margin call and must either sell part of your holding, or contribute cash to repay part of the loan. Margin calls must usually be met within 24 hours.

Learn more

For more information contact your Bell Potter adviser today on 1300 0 BELLS (23557) or find detailed information about Bell Potter Super Lending in our Brochure and PDS, available on our website www.bellpotter.com.au.

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