

Suncorp Bank Margin Lending

Made Easy



Important to know

The margin loan referred to in this brochure is provided by Suncorp-Metway Limited ABN 66 010 831 722 (Suncorp Bank).

The information set out in this brochure is of a general nature and has been prepared without taking into account a particular customer's objectives, financial situation or needs. Before acting on this information a customer should consider its appropriateness relative to the customer's objectives, financial situation and needs.

Past performance is not a guide to future performance.

You must read the relevant Product Disclosure Statement for the Suncorp Bank Margin Loan product before you make any decision regarding this product. You can obtain the Product Disclosure Statement at Suncorp Bank's internet website at www.suncorpmarginlending.com.au or by calling us on 1800 805 972.

The Suncorp Bank Margin Loan is also subject to standard terms and conditions that can be accessed at Suncorp Bank's website at www.suncorpmarginlending.com.au.

Terms used in this brochure that are defined in the margin loan Product Disclosure Statement or the standard terms and conditions for the Suncorp Bank Margin Loan have the same meaning when used in this brochure.

You should seek advice from your Tax Adviser, Accountant and Financial Adviser in relation to your particular circumstances and the financial and tax implications of the Suncorp Bank Margin Loan product.

Give your share portfolio a boost

A margin loan is an investment strategy designed to assist you to increase your investment returns. Put simply, by using your existing portfolio of cash, shares or managed funds as security, a Suncorp Bank Margin Loan gives you access to additional funds to invest. With more money working for you, your potential to earn greater returns and build your portfolio is maximised. It is important to note that while a margin loan enhances your potential for growth, it can also magnify your losses. (See the section headed “What are the risks” on page 10 of this brochure for more details.)

By using a Suncorp Bank Margin Loan, you may be able to increase your portfolio to four times its current size, depending on the LVR of your new investments and the credit limit on your Margin Loan account

Key features of a Suncorp Bank Margin Loan

Competitive interest rates	With competitive interest rates and a choice of fixed or variable loans you can tailor your Margin Loan to meet your needs.
Easy online application with fast approval	The application process is simple and easy. Loans are assessed against our standard credit criteria and may be approved within 48 hours.
Extensive list of approved securities	Our list of approved securities covers over 400 shares and 1100 managed investment funds.
Online convenience with friendly Suncorp Bank service	Apply and keep track of your loan and portfolio online with the support of a Suncorp Bank margin lending Account Manager.
No application* or ongoing fees	Provided you stay within the limits of your margin loan there is no need to make repayments and your loan is fee free.
The option to grow your portfolio step-by-step	Suncorp Bank offers Savings Gearing, which gives you the ability to organise frequent contributions from additional borrowed funds and equity to your margin loan.

* companies and trust are required to pay for company search and trust vetting fees when applicable.

Investing, Accelerated.

Gearing (or borrowing to invest) means you may have a larger amount of funds at your disposal, which may help you reach your financial goals sooner.

Using gearing as a long term investment strategy may enhance your returns. For example, as set out in the following graph, an equally weighted share portfolio using the five companies mentioned, would increase an initial investment of \$10,000 into \$62,800 with a Loan to Value Ratio of 50% over 10 years compared to just \$31,400 without a margin loan. If you increase your Loan to Value Ratio to 75%, the investment value increases to \$125,600. (Note: this example is indicative only and does not take into account interest, dividends, possible margin calls or taxation benefits or implications.)

Investments in Australian Shares between 2000 to 2010 with an initial investment of \$10,000



It is important to note that while a margin loan may enhance your potential for growth, it may also magnify your losses. For this reason we recommend you talk to your Financial and Tax Adviser about whether a margin loan is suitable for your personal situation.

How much can I borrow?

With a Suncorp Bank Margin Loan, the amount you may borrow is determined by:

- 1) Your credit limit; and
- 2) Your borrowing limit which is the maximum loan to value ratio for the securities in your portfolio we are prepared to agree to.

These limits work together to ensure you maintain an acceptable proportion of debt to equity in your portfolio and that you don't borrow more than you can afford based on your circumstances at the time you apply for the loan and at any time a credit re-assessment is undertaken.

Credit Limit

When you take out a margin loan, Suncorp Bank will set a credit limit which is the maximum amount we will lend to you based on a number of factors including your financial situation and credit assessment at the time you apply. You may request a credit limit increase at any time, in which case we will reassess your financial position to see if a larger credit limit is suitable for your situation. We may also decrease your limit as a result of a credit re-assessment.

Borrowing Limit

The amount you may borrow is also determined by your borrowing limit. The borrowing limit is the acceptable Loan to Value Ratio we determine for the securities you invest in which comprise your Suncorp Bank Margin Loan portfolio. We can change the acceptable loan to value ratio at

Get the Margin Lending advantage

A margin loan may assist with a wide range of investment objectives, such as reducing your tax liability, diversifying your portfolio, taking advantage of rising share prices or growing your income depending on your circumstances.

✔ Minimise your tax

Depending on your personal circumstances a margin loan may give you access to a range of taxation benefits such as:

- Interest paid on your account may be tax deductible in the year that you pay it, lowering your assessable income and tax payable.
- You may also receive franking credits attached to the dividends on the shares in your portfolio.
- You may reduce or delay capital gains tax payable. By requesting a loan advance if you need to access capital for business or investment purposes, you can avoid selling your shares which may trigger a capital gains tax liability. It should be noted that any loan request would be subject to our normal credit assessment criteria and loan terms and conditions at the time.

✔ Generate more income

Margin loans may be used to increase your income. If you are an active investor and profit

from buying and selling shares, a margin loan allows you to invest more and potentially increase your investment returns. If you are a passive investor, a larger portfolio may increase your entitlement to dividends and dividend income each year.

✔ Diversify your portfolio and lower your risk

With a larger pool of funds to invest, you can spread your investments across a wider range of investments. This may reduce the impact individual stock fluctuations have on your overall portfolio.

✔ A faster way to grow your wealth

Using your margin loan to buy more shares when prices are rising may enable you to capitalise on growth markets and build your wealth faster.

It is important to speak to your Tax and Financial Advisers about how a margin loan may affect your financial position.

Important Note

All investments carry risks. Income can decrease and the value of investments can be affected adversely by market movements and regulatory changes. It is important to note that a margin loan can magnify your losses and have a negative impact on your portfolio and financial goals. Further information on some of the risks are set out in the section of this brochure headed "What are the risks" on page 10 of this brochure and the margin lending Product Disclosure Statement.

any time. As an example if you had \$50,000 worth of shares in a company and the maximum Loan to Value Ratio on that share was 40%, you could borrow up to an additional \$20,000 to purchase shares, provided this did not exceed your credit limit.

Here's an example of how this works:

Assessed Credit Limit		\$25,000	
Security Value		\$50,000	
Portfolio Loan to Value Ratio	40%	60%	75%
Borrowing Limit for security	\$20,000	\$30,000	\$37,500
Funds available for borrowing	\$20,000	\$25,000	\$25,000

Getting Started

Applying for a margin loan is easy. Once you have provided the necessary identification and financial information set out in the Suncorp Bank margin lending Application, Suncorp Bank will undertake a credit assessment to determine whether your credit limit is suitable for your financial position. Loans may be taken out by individuals, joint borrowers, companies and trusts. You must also be aware that your margin loan application may not be approved.

Providing security for your loan

Should your margin loan application be approved, in order to use your margin loan, you will first need to deposit security into your margin loan account. Any security you deposit into your loan account or buy through your facility is held in your name by Value Nominees Pty Ltd or such other nominee as allowed by us at our discretion.

Security may be in the form of acceptable securities in managed investment funds, ASX listed shares or cash held in your Cash Management Trust Account. For further information on our Cash Management Trust Account see section headed "Earn interest on your cash" on page 9 of this brochure.

To transfer managed investment funds into your account, simply complete a Managed Fund Standard Transfer form, which you will find online at www.suncorpmarginlending.com.au.

To transfer shares into your account, simply complete a Share Transfer form, which is also available online at www.suncorpmarginlending.com.au.

Cash can be deposited into your account by direct deposit or a cheque made payable to Suncorp Bank margin lending.

What is my borrowing limit?

To determine how much you may borrow based on the security in your portfolio, use the formula:

Borrowing Limit = Security Value x Loan to Value Ratio

The example below shows the borrowing limit of a theoretical portfolio:

Security	(LVR %)	Units	Price	Value	Borrowing Limit
AAA	75	2,000	\$6.00	\$12,000	\$9,000
BBB	40	1,500	\$3.50	\$5,250	\$2,100
CCC	0	660,000	\$0.20	\$12,000	0
CASH	100			\$5,000	\$5,000
Portfolio		\$30,000	\$37,500	\$34,250	\$16,100

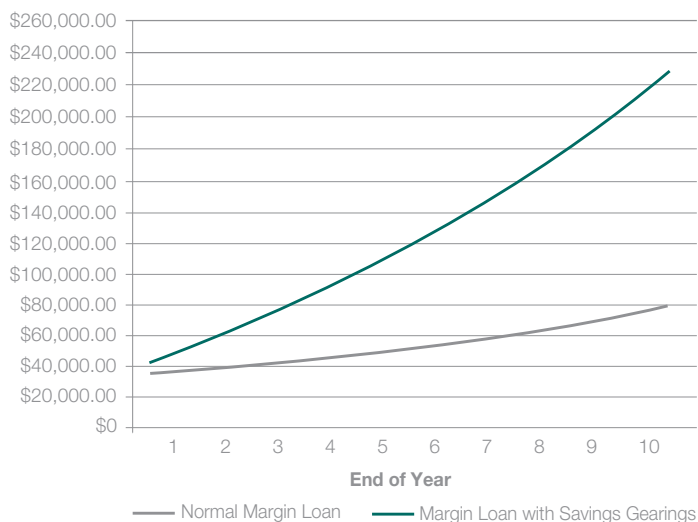
A Step by Step Approach to Growing Your Wealth

Savings Gearing – boost your investments with regular instalments

Making regular contributions to your managed investment funds in your portfolio may help you achieve your financial goals. Savings gearing gives you the ability to add borrowed funds to your monthly savings instalments to increase the total amount you are investing which may help you reach your goals sooner. It's an easy way to get the benefits of a margin loan without the commitment of lump sum borrowing.

Here's how using Savings Gearing can magnify a \$250 monthly investment:

Savings Gearing Portfolio Value with Initial \$10,000 of equity*



* Assumes \$10,000 starting equity, 66% Loan to Value Ratio and 10% annual return and ongoing \$750 a month contributions (\$250 equity & \$500 savings gearing contribution). Does not take into account market movements, interest expenses, tax benefits, dividends or any other factors that may impact your investment performance.

Savings gearing is ideal for those just starting out or wanting to make their money work harder. There are no ongoing fees payable to Suncorp Bank for the Savings Gearing feature of a Suncorp Bank Margin Loan and with a choice of over 1100 managed investment funds to invest in, it's easy to find one that suits you.

Savings Gearing at a Glance

Low initial contribution	Start investing from as little as \$1,000 (subject to the managed investment fund requirements).
Low on-going monthly contribution	Instalments from \$250 a month can be added to your investment (subject to managed investment fund requirements).
Buffer protection	You have a buffer of 10% for managed investment funds above the maximum lending ratios applying to your security. This allows you to weather small fluctuations in unit prices.
Wide range of repayment options	Use branch deposits, Bpay or Direct Debit
No fees	You pay no additional fees to Suncorp Bank to use Savings Gearing and receive the same competitive interest rates. Individual managed investment funds may impose fees or charges.
Competitive interest rates	Choose from variable or fixed pre-paid interest rates.

Earn interest on your cash

A Suncorp Bank Cash Management Trust Account (CMT) is available with your Suncorp Bank Margin Loan. This account is a high interest earning account which can be used to provide security for your margin loan. With a CMT you can quickly transfer funds between the CMT account and your margin loan account as well as organise dividends and other payments to be credited to this account to offset the interest charged on your loan. There are no fees attached to this account. As your CMT can form part of the security on your loan, withdrawals from this account must be arranged through Suncorp Bank margin lending.

If you opt for Savings Gearing we will open a CMT for you, as this is the account from which your regular contributions are deducted. You will need to keep sufficient funds in your CMT to meet your regular contributions.

What are the risks?

Because a Margin Lending facility uses debt in addition to your equity contributions, movements in the value of your portfolio can be magnified. In a rising market, this may result in larger gains however in a falling market your losses will also be larger.

Further details on the risks of a margin loan are set out in the Suncorp Bank Margin Loan Product Disclosure Statement.

Some of the potential risks in respect of a margin loan are:

Loss of Equity

Using debt to bolster your investment portfolio means the effect of rises and falls in asset prices is magnified. In a falling market, it is possible to lose some or all of your equity. In some circumstances, a significant fall in the prices of assets in your portfolio may reduce the value of your securities to below your outstanding loan balance. In these circumstances, you are required to repay any shortfall between the value of your securities and the outstanding debt.

Margin Calls

Margin calls occur when your loan balance exceeds the borrowing limit set for your account. This may be because the value of your security has fallen, so while your loan balance remains the same your loan to value ratio has effectively increased beyond the approved limit.

In a margin call, you would need to reduce your loan balance below your borrowing limit. To do this you may:

- deposit more security;
- pay down your loan with cash; or
- sell security to cover the margin call.

Margin calls can happen at any time so it is important to keep a close eye on your account balance. While Suncorp Bank will try to contact you to assist with this process, if your account is not brought back to approved limits, Suncorp Bank margin lending may sell securities in your portfolio to reduce the balance for you. It is important to be aware that if we do sell securities to reduce your balance, the securities we sell will be at our discretion and may not take into account your tax position or investment strategy. It is your responsibility to monitor your Suncorp Bank Margin Loan.

Exceeding Your Credit Limit

Your credit limit acts as a ceiling to your loan balance. In accordance with our credit assessment this maintains a loan balance within the limits that we assess as suitable for your financial position. If you attempt to trade in excess of your credit limit, we may not settle any trades that would cause you to breach your credit limit and you may be liable for late settlement and other changes. We will notify you if you are getting close to your credit limit. If at any time you would like to increase your credit limit, please complete a credit assessment application form and we will reassess your credit limit to see if a higher limit is suitable.

Interest Rate Changes

Interest Rates are likely to change over the period of your margin loan. While fixed rates will remain the same over your agreed term, when interest rates go up, your variable interest expenses increase and may exceed the returns on your investments. In addition, interest rate charges do not always coincide with dividend or interest payments on your investments so if interest is capitalised to your loan, an increased interest rate may cause you to exceed your credit limit. In this situation, you will have 5 business days to reduce your loan balance. If you can't reduce your balance within this timeframe, we may sell securities or take other steps we are entitled to take and/consider necessary to reduce your balance.

Equities Risk

While history has shown that investing in shares and managed investment funds may provide better returns than other asset classes. Over the short term, share markets can be volatile which can affect security prices. Share prices are determined by the market and managed investment fund distributions and share dividends are not guaranteed.

While all investments carry some risk, the risks associated with margin lending mean that it is not suitable for every investor. This is why it is important to speak to your Financial Adviser, Stockbroker and/or Accountant to ensure that you understand the risks of investing in shares and managed investment funds, margin lending and the terms and conditions of the facility.

Other Risks

It is important to understand the terms and conditions of a margin lending facility and the associated risks, so speak to your Financial Adviser to find out if this product is suitable for you. This is not a full list of the risks involved in margin lending. Please see the Suncorp Bank Margin Loan Product Disclosure Statement for additional risks and consult your Financial Adviser.

Tips to assist you manage your risk

Investing using a margin loan increases your exposure to the share market and hence your risk. Here are some strategies you can use to assist you to mitigate these risks.

✔ Speak to an Adviser

The right advice is critical to successful investing. We recommend you speak to your Financial and/or Tax Adviser about how a margin loan may affect your financial position.

✔ Diversify

Having access to more investment capital gives you the power to invest in a range of securities. By investing in a diversified portfolio you reduce your exposure to the price movements of any single security.

✔ Monitor your loan

Monitor the investments in your portfolio on a day to day basis. Be aware of your Loan to Value Ratio and your loan balance. Make sure your investments are aligned with your financial position and your current level of borrowing is appropriate for your risk appetite. You can see all of this information online through your Suncorp Bank margin lending online portal, available at www.suncorpmarginlending.com.au. This portal is generally available 24 hours a day, 7 days a week.

✔ Make regular payments

As well as managing your loan day to day, making regular payments or having your dividends reinvested into your margin loan may keep your loan balance in check and may provide an extra buffer against margin calls. This may reduce your interest expense as well as reduce the overall Loan to Value Ratio of your account and thus your risk.

✔ Borrow less than you can afford

Invest at a Loan to Value Ratio that suits your risk appetite. Remember, in a falling market, the lower your Loan to Value Ratio, the further away your account is from margin call.

The benefits of using lower leverage		
Initial Equity	\$30,000	\$30,000
Account Loan to Value Ratio (LVR)	50%	70%
Borrowing Limit (Max 75% LVR)	\$90,000	\$90,000
Loan Balance	\$30,000	\$70,000
Portfolio Value	\$60,000	\$100,000
Fall until Margin Call	37.5% to \$37,500	12.5% to \$87,500

Managing your Margin Loan

Suncorp Bank Margin Loans offer a range of features and services that are specifically designed to make managing your facility as simple as possible.

Account Managers

Whether you need assistance completing your application form, lodging security or settling a margin call, an Account Manager is here to help and can usually be reached on 1800 805 972 (Monday to Friday 8am – 6pm Sydney time).

Adviser of your choice

With Suncorp Bank margin lending you can trade shares with the stockbroker of your choice or invest in managed investment funds through your preferred Financial Planner or Adviser.

Secure online access to your account

The margin lending online portal allows you to view and manage your portfolio through a secure online platform. It is generally available 24 hours a day, 7 days a week. View your:

- Account details;
- Portfolio Summary: securities held, market prices and value, Loan to Value Ratio % and borrowing limits;
- Security Transactions;
- Funds Available; and
- Unsettled Trades.

If you authorise it, we can give your Adviser online access to your account details so they can monitor your account on your behalf.

Consolidated Statements and Reporting

Margin Lending statements are provided on a monthly basis to you and your Adviser (where requested) unless you specify that we send your statements less frequently. Generally they can also be viewed online at any time or you can request a copy from your Personal Account Manager. Statements provide your:

- Credit Limit;
- Borrowing Limit;
- Opening and Closing Balances;
- Current Market Value of your Portfolio;
- Transactions throughout the month;
- Interest Charged; and
- Any deposits you have made during the relevant period.

Frequently Asked Questions

Applying for a Suncorp Bank Margin Loan

Who can apply?	Individuals, Joint Borrowers, Companies and Trusts
Is there a credit assessment?	Yes. Suncorp Bank will undertake a review of your financial position and offer you a credit limit suitable for your financial position.
Can I expect prompt approval?	Yes, a completed application with all required information may be processed and assessed within 48 hours. Companies and Trusts may take up to 5 business days.
Is there a minimum Balance required to set up the facility?	A minimum loan application of \$20,000 is required for a Suncorp Bank Margin Loan; however there is no requirement to maintain a balance above this level. Savings Gearing can be set up with as little as \$1,000.

How much can I borrow?

What is my credit limit?	By assessing your financial position on application or during a credit limit increase request, Suncorp Bank will approve a credit limit it considers suitable for your financial position. This is the maximum amount you may be able to borrow under your facility.
What is my borrowing limit?	Your borrowing limit is determined by the securities held in your portfolio and their respective Loan to Value Ratios.
Can I increase my credit limit?	You may request an increase to your credit limit by completing the Credit Assessment Application Form. Once submitted, we will reassess for your financial position to determine if the increase is suitable to your financial position and satisfies our standard credit criteria.
What is the Acceptable Securities List (ASL)?	The ASL dictates the maximum Loan to Value Ratio for any security that Suncorp Bank lends against. Suncorp Bank currently lends against over 400 shares and 1100 managed investment funds. The ASL is updated monthly.
Are there any trading limits?	Subject to the terms and conditions, as long as your account is within the credit and borrowing limits, you may borrow in line with the ASL.

Rates and fees

How do I pay interest	For fixed loans you can pay by direct debit or cheque. If you have a variable loan, you may choose one of the above two options or capitalise the interest to your loan.
Do I need to make regular loan repayments?	There is no need to make ongoing repayments to your loan. If you do want to make repayments, they can be made at any time and for any amount. If you repay the entire balance, you can maintain the facility until you may need it again.
Are there any fees?	There are no account keeping or ongoing fees payable to Suncorp Bank. On application, if you are a company or trust, you will be required to pay \$135 or \$165 respectively, for the required company searches or trust vetting fees, but once your account is active there are no other fees or charges.
Do you pay commission?	Suncorp Bank margin lending may pay commissions to your Adviser however this is not an endorsement of either your Adviser or the service they provide you.

Managing the risks

What is a Margin Call?	A margin call is a demand by us for you to bring your loan balance back to or below your borrowing limit. We may notify you of a margin call or a person nominated by you. It is a procedure to maintain an acceptable proportion of debt to equity in your portfolio. Any time your loan balance exceeds your borrowing limit and buffer, your account is in margin call.
What is the Buffer Zone?	We give you a buffer of 5% on shares and 10% on managed funds before triggering a margin call. This may allow your account to absorb small market movements, without requiring you to sell your assets.
My account is in Margin Call, what should I do?	If your account is in margin call, you have until the 2pm Sydney time the next business day after we issue the notice of the margin call to either deposit security, pay down your balance or sell security. It is important that you monitor your account position closely. If your account falls into margin call, we may try to contact you or a person nominated by you to let you know however if we cannot reach you or you take no action, we may sell enough security to meet the margin call.
I have breached my credit limit, what happens now?	You will not be able to trade above your credit limit. If you breach your limit because of an interest capitalisation, you will have five business days to reduce your loan balance. If you take no action, Suncorp Bank may sell securities to reduce your loan balance to an acceptable level.
Can I get a loan advance?	Yes, loan advances may be made for business or investment purposes other than to purchase renovate or improve residential property.

Managing my Margin Lending account

Can I keep my current Adviser?

Yes. Having the right financial advice is critical to successful investing. If you authorise it, we can even give your Adviser online access to your account details so they can monitor your account.

Where can I get help?

An Account Manager is generally available from 8:00am – 6:00pm (Sydney time) Monday to Friday to assist with your individual needs and may be contacted on 1800 805 972

How can I access my portfolio?

The margin lending online portal generally gives you access 24 hours a day, 7 day a week to everything you need to know about your account.

How often do I receive statements?

Statements are provided on a monthly basis to you and your Adviser (where requested). They can also be obtained on request from your account manager, and viewed at the margin lending online portal.

IMPORTANT NOTE: Suncorp Bank lends in its discretion and subject to the terms and conditions of the Margin Loan facility.

Applying for a Suncorp Bank Margin loan

Applying for a Margin Loan is easy. Simply go to www.suncorpmarginlending.com.au and complete an online application or call 1800 115 211.

Contact us for more information
or to change your details:

 Call 1800 805 972

www suncorpmarginlending.com.au

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