

# Suncorp Bank Margin Lending

## Product Disclosure Statement

Follow the steps below to help you decide if this is the right investment for you.

1. About Suncorp Bank and Suncorp Bank margin lending
2. Benefits of Suncorp Bank margin lending.
3. How Suncorp Bank margin lending works.
4. What is a margin call?
5. The risk of losing money.
6. The costs.
7. How to apply & Dispute Resolution.

**For more information, speak to your financial adviser, call Suncorp Bank margin lending on 1800 805 972, 8.00am to 6.00pm Sydney time Monday to Friday (local call cost in Australia) or use the links marked with a ! to see more disclosure about this product online.**

This Product Disclosure Statement is only a summary of significant information and contains a number of references to important information, each of which forms part of the disclosure under this document (together, the Statement).

You should read and consider the information provided in the Statement before making a decision about this product.

The information provided in the Statement is general information only and does not take account of your personal objectives, financial situation or needs. The information in the Statement may change between the time when you read the Statement and when you sign the application form. You should obtain financial advice about your personal circumstances from your financial adviser.

Suncorp-Metway Ltd ABN 66 010 831 722 AFSL 229882

Address: Level 28, 266 George Street, Brisbane QLD 4000

Effective Date: 22 August 2016



# 1. About Suncorp Bank and Suncorp Bank margin lending

**Margin lending allows you to borrow money to invest in shares and managed funds using your own money or existing portfolio as security. This helps you to increase the size and diversity of your portfolio.**

Suncorp Bank forms part of Suncorp-Metway Ltd (ABN 66 010 831 722) and is the issuer of your Suncorp Bank Margin Loan. Suncorp-Metway Ltd offers a range of Banking and Insurance services across Australia.

A Suncorp Bank Margin Loan gives you the ability to borrow money to invest by taking security over the investments in your Suncorp Bank Margin Loan portfolio.

Points to note about a Suncorp Bank Margin Loan:

- You must have money to invest, or an existing portfolio.
- Margin lending increases the potential for higher returns, but also increases the potential for greater losses.
- You must regularly monitor your portfolio so you can take timely steps to avoid or reduce any losses, and to be aware of any changes to the terms of your loan.
- You must be able to pay extra money into your loan at short notice.
- You may be required to pay an additional amount towards your loan or sell some or all of your portfolio at short notice. In some instances, we may sell your investments without giving you any prior notice.
- If the sale of your investment does not cover the loan, you will need to access funds from elsewhere.
- If you have provided other assets – such as your house – as security, you may have to sell them to pay back the loan.

**! For more information on Suncorp Bank and Suncorp Bank Margin Loan, please visit Suncorp Bank's margin lending website at [www.suncorpmarginlending.com.au](http://www.suncorpmarginlending.com.au).**

Before issuing a margin loan we are required by law to assess whether it is unsuitable for you. If your loan is approved we will send you a copy of this assessment on request.

## 2. Benefits of Suncorp Bank margin lending

- By increasing the value of your investments, you have the potential for higher and accelerated returns.
- Margin lending gives you more money to invest, making it easier for you to diversify your investments. A larger range of investment choices may increase your returns and reduce the risk that poor performance in any one eligible investment will reduce your total return. By investing in shares and managed funds, you can spread your investment risk across different sectors of the economy and different parts of the world.
- You are able to borrow against an existing portfolio of eligible shares and managed funds. This allows you to increase the size of your investment without having to sell your portfolio and potentially incur capital gains tax.
- Margin lending could save you tax, depending on your circumstances. You should seek advice from a tax adviser.

**! For more information on the benefits, visit the Suncorp Bank margin lending website at [www.suncorpmarginlending.com.au](http://www.suncorpmarginlending.com.au).**

## 3. How Suncorp Bank margin lending works

1. We loan you money using your own money or existing portfolio as security.
2. You use the money to invest in shares and managed funds.
3. You regularly monitor your portfolio and take steps to avoid or respond to any 'margin calls'

### **We loan you money to buy eligible investments**

You will own the investments you buy at all times. However, they will be used as security for your loan. This means that they may be sold to repay your loan.

We only accept certain Australian Listed Shares and certain Managed Funds as security for your Suncorp Bank Margin Loan.

'Eligible' investments may include shares and other securities listed on the Australian Stock Exchange, shares listed on international exchanges and managed funds. We can change the eligibility of an investment at any time.

**! For a full list of the current eligible investments please see the Suncorp Bank Acceptable Securities List available at [www.suncorpmarginlending.com.au](http://www.suncorpmarginlending.com.au).**

The maximum amount that you can borrow depends on:

- **how much money you have to invest;**
- **the credit limit we assign to you given our assessment of your financial position;**
- **which shares or managed funds you invest in** – we lend different amounts for different types of investments; and
- **the Loan-to-Value Ratio or ‘LVR’** – the Loan-to-Value Ratio is the percentage of value of each of the securities in your portfolio that you can borrow. We determine what the LVR is, and can change it at any time, including reducing it to zero. **EXAMPLE:** If we assign a LVR of 70% to a security, you could use margin lending to borrow up to 70% of that amount. This means if you put in \$30,000 of your own money you could borrow up to \$70,000 to purchase \$100,000 worth of those securities.
- **the diversification of your portfolio** – if your portfolio meets the requirements for the diversified portfolio feature, you will have access to additional securities on the diversified portfolio acceptable securities list increasing your borrowing limit for as long as your portfolio meets these requirements.

You cannot borrow against investments that are not on our list of eligible investments.

## You keep your gearing level at or below the LVR

- Your loan total as a percentage of the market value of your portfolio is called your ‘gearing level’ – the higher this is, the higher your level of gearing.
- Your gearing level may rise above the LVR if the market value of your portfolio falls. If this happens, we may ask you to reduce your gearing level. This is called a ‘margin call’.
- If you receive the benefit of the diversified portfolio feature and your portfolio no longer qualifies as diversified, your gearing level may rise above the LVR and cause a margin call.
- You can reduce your gearing level by either paying money into your loan account, adding investments to your portfolio, or selling some or all of your investments.

**! For more information on how margin lending works, use the FIDO calculator (<http://www.asic.gov.au/fido/fido.nsf/byheadline/Margin+loan+calculator+-+online?openDocument>).**

FIDO is a website run by ASIC. Its calculator allows you to see how your gearing level and LVR can affect the likelihood of a margin call.

## Your rights and obligations

You must read the Suncorp Bank Margin Lending Terms & Conditions. This document sets out the agreement between us and details your rights and obligations in relation to your margin loan.

A copy of this agreement can also be sent to you by calling us on 1800 805 972 between 8:00am and 6:00pm (Sydney time) Monday to Friday.

## 4. What is a margin call?

If your Loan to Value ratio is too high, we will ask you to take steps to reduce it. This is called a 'margin call'.

If you receive a margin call, you may need to pay money into your loan account, add investments to your portfolio, or sell some or all of your investments at short notice.

### Events that can trigger a margin call

- The market value of your portfolio falls too far.
- We reduce the LVR assigned to your portfolio.
- We reduce the buffer.
- We remove an investment in your portfolio from our list of eligible investments.
- You take advantage of the diversified portfolio feature and the requirements of what constitutes a diversified portfolio changes (eg. The minimum number of securities or the maximum percentage holding of an acceptable security in your security portfolio) such that your portfolio no longer qualifies as diversified, resulting in a reduction of the maximum borrowing limit.
- Changes in the composition of your portfolio changes its eligibility for the diversified portfolio feature.
- You do not make required interest payments.

EXAMPLE: Assume the average LVR of your portfolio is 60%. If you have a margin loan of \$10,000 and the market value of your portfolio is \$20,000, your gearing level will be 50% ( $\$10,000/\$20,000$ ) which is below the portfolio LVR of 60%. However, if the value of your portfolio falls to \$15,000, your gearing level will increase from 50% to 67% ( $\$10,000/\$15,000$ ) – above the portfolio LVR. This means that a margin call will occur and you will be asked to reduce your gearing level by either paying money into your loan account, adding investments to your portfolio, or selling some or all of your investments. In this example, a payment of \$1,500 into your loan account would restore the gearing level to an LVR of 57% ( $\$8,500/\$15,000$ ), which is below the 60% maximum allowed.

In the event of a margin call we will contact you or your financial adviser if they are authorised to speak to us on your behalf. You, or anyone authorised to act on your behalf, must remain contactable.

You must keep us advised of your current contact details at all times.

### Small price changes do not trigger margin calls

We include a buffer on the LVR to avoid margin calls triggered by small or temporary price changes. A margin call will only be enacted once the LVR is above the acceptable LVR and the buffer.

## 5. The risk of losing money

In a particularly volatile market the value of your portfolio may fall to a level where it no longer provides adequate security for your loan. If this happens, you will have to find an alternative source of funds to repay the loan.

You could also lose any other assets you have provided as security for your loan (e.g. you may need to sell your home if you have mortgaged it to provide security).

## The main risk factors for losing money

- **Market conditions change** Your portfolio may go down in value. This may raise your gearing level above the LVR, resulting in a margin call.
- **Interest rates go up** If the interest rates rise, your interest repayments may be more than your investment returns.
- **A default event occurs** under the terms and conditions of your margin loan you may be required to repay all or part of your margin loan or we may sell or otherwise deal with any securities or other assets mortgaged to us.
- **We reduce the LVR** We may reduce the LVR that applies to some or all of your investments, or to your portfolio as a whole, at any time. This may raise your gearing level above the LVR, resulting in a margin call.
- **We remove an investment from our list of eligible investments** If this happens, and the investment is part of your portfolio, it can no longer be used as security for your loan. This may raise your gearing level above the LVR, resulting in a margin call.
- **We may change the requirements for a facility to be treated as a diversified portfolio.** This may result in a margin call.
- **The composition of your portfolio changes such that it no longer meets the requirements for the diversified portfolio feature,** lowering the borrowing limit which may fall below the LVR resulting in a margin call.
- **Tax laws may change** If this happens it may have an adverse impact on your tax position.

**! For a full list of risks for margin lending see the Suncorp Bank margin lending website at [www.suncorpmarginlending.com.au](http://www.suncorpmarginlending.com.au) or speak to your financial adviser.**

**! For ways you can manage the risks see the Fido website <http://www.fido.gov.au/fido/fido.nsf/byheadline/Margin+loans?openDocument#7>**

We have only shown some risks that may occur. A more comprehensive list of risks is on the Suncorp Bank Margin Lending Website or consult your financial adviser.

## 6. The costs

**This section does not show any dollar amounts or percentages for the costs – interest rates can change on a daily basis, fees depend on the service you use and commissions will depend on what you agree directly with your adviser.**

**To find out the current interest rates, or view a full list of fees, use the supplied web links or call Suncorp Bank margin lending on 1800 805 972, 8.00am to 6.00pm Sydney time Monday to Friday (local call cost in Australia).**

### Interest

We offer fixed and variable interest rates. Interest will be calculated daily on the outstanding amount and you must pay accrued interest monthly in arrears. If you do not pay us any interest on the due date we may capitalise that interest to form part of the amount outstanding. You may also need to pay a special interest rate in the event of a default.

**! For the current interest rates see the rates and fees page on the Suncorp Bank margin lending website at [www.suncorpmarginlending.com.au](http://www.suncorpmarginlending.com.au).**

## Fees

There are no payable application fees, establishment fees or account fees unless you are applying as a company director or a trustee. We may charge fees for additional account services requested by you (e.g. retrieving historical records). Your financial adviser and stockbroker may also charge fees for advice and share transactions.

**! For a full list of fees and their dollar amounts see the rates and fees page on the Suncorp Bank margin lending website at [www.suncorpmarginlending.com.au](http://www.suncorpmarginlending.com.au).**

## Commission

Until 30th June 2014, We may pay a commission to your financial adviser and/or financial planner during the term of your margin loan, if such payment is not prohibited by law. For further information on what commission may be paid, please refer to the Statement of Advice provided to you by your financial adviser.

# 7. How to apply & Dispute Resolution

**You may apply directly, or through a financial adviser.**

**Before applying you should speak to a financial adviser to see if margin lending is suitable for you.**

## Apply directly online

- 1. Go to the Suncorp Bank margin lending website at [www.suncorpmarginlending.com.au](http://www.suncorpmarginlending.com.au) and click on the “Apply for a margin loan online” link.**
- 2. Check that you are eligible**  
You must be an individual over 18 years old, a company or a specific trust. Margin lending is not available to superannuation funds.
- 3. Read the Loan and Security Agreement**
- 4. Complete the Application Form**
- 5. OR TALK TO YOUR FINANCIAL ADVISER TO APPLY**

## What should I do if I have a complaint?

Problem resolution is a priority for us. We have established complaint resolution procedures that aim to deal with complaints quickly and fairly. If you have a complaint about any of our financial services, you can tell us in any of the following ways:

**Telephone us on:** 1800 689 762 (Free call)

**Send us a fax on:** 1300 767 337 (for the cost of a local call)

**Write to us at:** Reply Paid 1453, Suncorp Bank Customer Relations (RE058)  
GPO Box 1453, BRISBANE QLD 4001

**Email us at:** [customer.relations@suncorp.com.au](mailto:customer.relations@suncorp.com.au)

We will try to resolve your problem within 24 hours. If we can't we will acknowledge your complaint within 3 days and endeavour to resolve it within 21 days.

If you are not satisfied with the outcome of your complaint or the way in which it was handled please let us know.

Alternatively, you can contact our external dispute resolution scheme. External Dispute Resolution is a free service established to provide you with an independent mechanism to resolve specific complaints.

Suncorp Bank's External Dispute Resolution provider is the Financial Ombudsman Service (FOS) Australia and can be contacted by:

**Mail:** Financial Ombudsman Service Limited  
GPO Box 3, Melbourne VIC 3001

**Telephone:** 1800 367 287 (FREE CALL)

**Facsimile:** (03) 9613 6399

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

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

**Contact us for more information  
or to change your details:**



[suncorpmarginlending.com.au](http://suncorpmarginlending.com.au)



**Call 1800 805 972**



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**Fax 1300 179 540**

**SUNCORP  
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