

# CREDIT LENDING USING YOUR EQUITY PORTFOLIO

Investors needing access to capital to grab what could be an impassable opportunity often find themselves having to liquidate an investment portfolio in order to sidestep the cumbersome and sometimes drawn-out process of applying for a bank loan.

As a Sanlam Private Wealth client, you have the option of using your equity portfolio to secure credit or arrange a short-term guarantee. The service is fast and flexible, and offered at highly competitive rates.

## HOW DOES IT WORK?

- You can use your existing equity portfolios as collateral for a loan. The top 100 companies by market capitalisation listed on the JSE as well as selected international investments qualify as collateral.
- You can borrow up to 50% of the market value of your portfolio. This is monitored on a daily basis, and is expected to remain below 70%.
- The minimum portfolio required to act as collateral is R1 million. There is no requirement to service the loan, and interest is calculated and capitalised monthly, using the daily outstanding balance.
- The criteria used to determine the interest rate charged include the size and duration of the loan, and the quality of the collateral offered (for example, diversified versus single stock exposure).

## WHAT ARE THE BENEFITS?

**Fast access to capital.** Since we've already recognised your credentials, we know you're FICA-compliant. We can therefore offer quick turnaround times, with loans approved within 48 hours. Our established business relationship with you is an advantage when it comes to assessing collateral requirements.

### Enhanced portfolio returns and wealth preservation.

Should you experience a short-term or unexpected cash-flow need, accessing this product will enable you to:

- Retain optimal portfolio mix without having to liquidate your portfolio
- Avoid unnecessary capital gains tax (CGT) if you sell some shares
- Take advantage of ad hoc investment opportunities as they arise, such as favourable pricing in terms of property investments or company acquisitions.

**Portfolio diversification.** You can leverage your existing portfolio to invest in alternative stocks or offshore investments, providing a natural rand hedge to your South African investment portfolio.

**An alternative source of business funding.** If you own a business or intend to start one, our credit lending facility allows for more cost-effective funding for:

- Seed capital to start a business. You won't have to make use of private equity, venture capital or mezzanine funding, which may dilute your control of your business and long-term business strategy.
- Short-term working capital needs. Lending criteria have tightened, and you may need to fund income-enhancing assets or respond quickly to seasonality, changing consumer preferences or exchange-rate risk.

**Peace of mind and portfolio continuity.** Your existing mandates remain in place and your assets continue to be managed by a team you know and trust.

**The assurance of real-time pricing.** You are informed of your risk at all times, and we can react immediately to changes that may affect the value of the assets provided as collateral for the loan.

**A highly competitive rate.** The rate we offer is linked to the prime interest rate and competitive with the best in the market. We keep our margins tight as our main focus is to provide a service to you. There are no origination, service or cancellation fees involved.

**Flexible repayment terms.** Interest is capitalised from day one, as long as you don't breach the 70% loan-to-value requirement. The loan can be repaid at any time (it is not locked in), without penalties. The interest rate is linked to the prime interest rate, which is advantageous in a declining interest rate cycle.

**Easy administration.** Our facility is simply structured as an addendum to an existing investment mandate, which can be obtained directly from your wealth manager.