

EQUITY-BACKED FINANCE

Investors needing quick access to capital often find themselves having to liquidate an investment portfolio in order to sidestep the cumbersome process of applying for a bank loan.

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

BENEFITS OF EQUITY-BACKED FINANCE

WEALTH PRESERVATION AND ENHANCED PORTFOLIO RETURNS

Should you experience a short-term cash-flow need, our equity-based finance option will enable you to:

- Take advantage of investment opportunities
- Avoid unnecessary tax implications if you sell shares
- Retain an optimal portfolio mix without having to liquidate your portfolio.

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, our equity-backed finance facility allows for more cost-effective funding for:

- Seed capital to start a business. You won't have to use private equity or venture capital.
- Short-term working capital needs. You may need to fund income-enhancing assets.

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 a pre-determined level. 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.

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.
- The amount you can borrow depends on the level of diversification, volatility and liquidity of the shares in your equity portfolio. The value of your portfolio is monitored on a daily basis, and as long as your loan – as a percentage of the value of your portfolio – remains below a pre-determined level, there are no collateral requirements.
- If your loan (including unserviced interest) exceeds this pre-determined level, additional collateral will be needed.
- The pre-determined level also depends on the level of diversification, volatility and liquidity of the shares in your equity portfolio.
- 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).

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