direct margin lending.

Product Disclosure Statement
October 2021

Issued by Bell Potter Capital Limited
ABN 54 085 797 735
AFSL No. 360457

Bell Direct Direct Margin Lending Product Disclosure Statement (PDS)

Contents

This Product Disclosure Statement contains the following information:

For more information, or to obtain a copy of this PDS or a copy of any information that is applied, adopted or incorporated by this PDS, contact Bell Direct directly on freecall 1300 786 199

Use the references marked with a

ⓘ to see how you can obtain further important disclosure about this product.

This PDS is only a summary of significant information and contains a number of references to important information, each of which forms part of the disclosure.

You should consider that information before making a decision about this product.

The information provided in this PDS is general information only and does not take account of your personal objectives, financial situation or needs.

You should obtain financial advice about your personal circumstances from your financial adviser.

Bell Direct Direct Margin Lending Product Disclosure Statement (PDS)

You need to read and understand

- **our Direct Margin Loan Brochure;**
- **our full Terms and Conditions (contained in the Brochure);**
- **Approved Securities List;**
- **this Product Disclosure Statement.**

These documents are all available from Bell Potter Capital Limited on freecall 1800 061 327 or contact Bell Direct on freecall 1300 786 199 or at www.belldirect.com.au.

1. About Bell Potter Capital Limited and a Direct Margin Loan

Bell Potter Capital Limited ABN 54 085 797 735 is a wholly owned subsidiary of the Bell Financial Group Limited ABN 59 083 194 763. Third Party Platform Pty Ltd trading as Bell Direct ("Bell Direct") ABN 74 121 227 90 AFSL 314 341, is wholly owned by Bell Financial Group and offers the Direct Margin Loan.

A Direct Margin Loan is a margin loan which allows you to borrow money to invest in securities, using your own money or your existing portfolio as security. This helps you to increase the size and diversity of your investment portfolio.

About Margin Lending

Borrowing money to invest can potentially result in higher returns from your investment. However, it can also magnify your losses if the value of your investments fall. You have to pay interest on your margin loan and you must repay the money you borrow. You may be required to repay all or part of your margin loan in the event of a margin call or default.

- 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 sell some or all of your portfolio at short notice. In some instances, we have the right to sell some or all of your investments and may not be required to give you any prior notice.
- If the sale of your investments does not cover the loan, you will need to access funds from elsewhere to repay the margin loan.
- If you have provided other assets – such as your house – as security, you may have to sell them to pay back the loan.

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

2. Benefits of a Direct Margin Loan

A Direct Margin Loan may provide the following benefits:

- Borrowing money to invest gives you access to a larger amount of capital to invest and may create higher and accelerated returns in a shorter period of time.
- With more money to invest, you can build a more diversified portfolio across different types of investments.
- By investing in additional securities, you can spread your investment risk across different sectors of the economy and different parts of the world. This can help you to better manage the risk that poor performance in one investment will reduce your total return.
- You're able to borrow against an existing portfolio of eligible securities. This allows you to increase the size of your investment without having to sell your existing portfolio and without triggering a capital gains tax event.
- You may be entitled to a tax deduction for interest expenses that you incur under a margin loan.

The tax consequences will depend on your circumstances. You should seek advice on these from an independent tax adviser.

You should read the important information about the benefits of a Direct Margin Loan contained in the Direct Margin Loan Brochure.

Go to www.belldirect.com.au or call Bell Direct freecall 1300 786 199

3. How a Direct Margin Loan works

KEY CONCEPTS

Margin loan
A margin loan is simply a loan facility secured by a portfolio of securities and cash accounts. Just as the value of a portfolio will change with market prices, the amount we are prepared to lend against a portfolio will change with market prices.

Credit Limit
The maximum amount of credit that can be provided to you. You may apply for a change in credit limit.

Approved securities list
Each security on our approved list has a gearing ratio assigned. We have an extensive Approved Securities List which specifies which securities you may invest in together with their LVRs. The Approved Securities List may change at any time.

Gearing ratio
Often called LVR (loan to value ratio) this is the percentage we apply to the value of each holding to calculate the geared value.

Geared value
We assess the maximum amount we are willing to lend against your portfolio. It is generally calculated by applying the gearing ratio to the market value of each holding in the portfolio.

Buffer
10% of the geared value. The buffer ensures that small fluctuations in prices will not trigger a margin call. No buffer is provided on cash accounts where the gearing ratio is 100%.

Margin call
If your loan exceeds the geared value plus the buffer we may require you to take immediate action. Action is usually required within 24 hours of notification that you are in margin call.

Secured assets - also known as collateral
As part of the facility you provide securities and/or cash as collateral for the loan. You retain beneficial ownership of the securities and cash that you provide and control of dividends and other distributions, etc.

EXAMPLE
If we assign a LVR of 70% to a security, you could use a margin loan to borrow up to 70% of that security's value. This means that provided you have sufficient initial collateral, you could borrow up to $70,000 towards a purchase of $100,000 worth of those securities.

In brief:

1. We lend you money using your own money and/or existing portfolio as security.
2. You use the money to invest in securities, which will also form part of the security for the loan.
3. You regularly monitor your portfolio and take steps to avoid or respond to any 'margin calls'

You are the beneficial owner of the securities in your margin loan portfolio. However, as they will be used as security for your margin loan, they may be sold to satisfy a margin call or repay your margin loan.

The maximum amount of money that you may borrow depends on:

- The credit limit we provide to you following our assessment of your current financial position.
- How much security you contribute for the loan.
- Which securities you invest in.
- The LVR we apply to those investments. We determine what the LVR is for each security, and an LVR may change it at any time, including reducing it to zero.

ⓘ Details of the rights and obligations of the borrower of a Direct Margin Loan are set out in the Terms and Conditions. You should read the full Terms and Conditions contained in the Direct Margin Loan Brochure which can be downloaded from **www.belldirect.com.au** or call us on 1300 786 199.

ⓘ ASIC has a margin lending online calculator to help show you how a borrowed amount can affect your potential gains and losses and assesses your risk of a margin call. You should read the important information about this calculator before making a decision. Go to **www.moneysmart.gov.au/investing/borrowing-to-invest/margin-loans**

4. What is a margin call?

A margin call is a call made to the borrower to restore the position of the account to an acceptable level of gearing (ie. reduce the loan or contribute further geared value). It occurs if your margin loan balance exceeds the sum of geared value and the buffer at any time.

Your geared value is the sum of the market value of each security in your portfolio multiplied by the LVR we have assigned to those securities.

What is the buffer?

To ensure that small fluctuations in the market value of a security do not result in a margin call, a buffer is applied to the geared value of each approved security. The buffer amount is usually 10% of the geared value of each security.

A margin call may occur if:

- The market value of your portfolio falls.
- We reduce the LVR assigned to a security, including removing it from the Approved Securities List.
- There's an increase in your loan balance.
- Any combination of the above.

How can you satisfy a margin call?

If your margin loan is in margin call, you'll need to promptly ensure that geared value exceeds the loan balance.

A margin call can be satisfied by taking any of the following actions:

- Repaying part or all of the outstanding margin loan balance.
- Lodging additional securities from the Approved Securities List.
- Selling securities held on the margin loan facility as collateral.
- Any combination of the above.

If a margin call occurs, we'll contact you and/or contact someone you have authorised to receive margin calls on your behalf. You, or anyone so authorised, must remain contactable at all times.

If you don't satisfy the margin call as required, some or all of your securities may be sold to satisfy the margin call.

5. The risk of losing money

All investments are subject to risk. Some of the main risks associated with taking out a margin loan include:

- The value of your margin loan portfolio may fall to a level where it no longer provides adequate security for your margin loan. If this happens, there may be a margin call and you'll have to find an alternative source of funds to repay all or part of the margin loan.
- If you borrowed money from another source to provide equity for your margin loan, this will increase your overall gearing level. The higher the overall gearing level, the greater the effect that a fall in the value of your securities will have on your financial situation.
- We may reduce the LVR or the buffer that applies to some or all of your securities at any time (including reducing them to zero). This may result in a margin call.
- The interest rate applicable to your margin loan may be varied at any time (except on any amount for which you prepaid interest or have entered into a fixed interest rate loan). If the interest rate rises, your interest repayments may be more than your investment returns, and you may not be able to meet your interest payments. This may result in a margin call.
- You could lose any assets you have provided as security for your margin loan.
- Dividends and other payments you anticipate receiving from your investments may not be paid, or correspond with interest payments on your margin loan. You may need to rely on an alternative source of funds to meet interest payments.
- If a default event occurs, under the terms of your margin loan you may be required to repay all or part of your margin loan. If you do not make this repayment you could lose any assets you have provided as security for your margin loan.
- Your liability in relation to your margin loan (including your obligation to pay amounts outstanding) is not limited to the proceeds received from the sale of the mortgaged property. If all money owing is not

EXAMPLE:

- Assume you have a portfolio with a market value of $100,000, and a margin loan of $60,000, your current LVR will be 60%. Also assume the gearing ratio (also called LVR) of the shares in your portfolio is 70% with a buffer of 10%. You could borrow up to $70,000 (geared value) with an additional buffer of $7,000.
- If the market value of your shares falls to $70,000, the new geared value would be $49,000 (70% of $70,000) with a buffer of $4,900 (10% of $49,000). A margin call will arise because loan amount ($60,000) now exceeds the geared value plus the buffer $53,900 (ie $49,000 + $4,900) by $6,100; the amount of the margin call.
- To meet this margin call you would be asked to reduce your gearing level by either paying money into your loan account ($6,100), adding acceptable securities to your portfolio, or selling some or all of your securities.
- If you don't satisfy the margin call as required, some or all of your securities may be sold to satisfy the margin call.

recovered through such a sale, the balance may be recovered from you personally.

- Tax laws may change in the future. If this happens, it may have an adverse impact on your tax position and this may negatively affect your financial position. You should seek advice from an independent tax adviser on the tax consequences of entering into a margin loan.

We have only included here the main risks that may occur.

ⓘ You should read the Direct Margin Loan Brochure including the information about the risks associated with margin lending before making a decision. Go to **www.belldirect.com.au** or call Bell Direct on 1300 786 199

ⓘ For more information about margin loans, provided by ASIC, go to **www.moneysmart.gov.au/investing/borrowing-to-invest/margin-loans**

6. The costs

Interest

We offer both fixed and variable interest rates. Variable interest will be calculated daily on the outstanding amount and is payable monthly in arrears. In the event of a default, you may also need to pay a higher interest rate.

Fees, costs and charges

There are no application fees, establishment fees or account fees payable unless you're applying as a company. Fees may be charged for fund transfers and transactions dishonored. Fees may also be charged for additional account services requested by you. Under your loan facility terms, these fees may be changed.

Your financial adviser and stockbroker may also charge fees for advice and share transactions.

ⓘ You should read the important information about the interest, fees and costs that may be applied to your Direct Margin Loan before making a decision. Go to **www.belldirect.com.au or call Bell Direct for the Direct Margin Loan Brochure.**

7. How to apply

To be eligible you must be:

- an individual or joint individuals who are over 18 years of age;
- an Australian company; or
- an Australian company or individual trustee(s) of a family, discretionary or testamentary trust.

Direct Margin Loans are not available to superannuation funds.

You may apply for a Direct Margin Loan either directly or through a financial adviser.

To apply directly, you can request an application pack by calling us on 1300 786 199 (between 8:00am and 5:00pm (Melbourne time) Monday to Friday) or download the Direct Margin Loan Brochure (including Terms and Conditions) and the Application Form online at **www.belldirect.com.au.**

8. Dispute resolution

Bell Direct welcomes feedback and values complaints. We are committed to providing high quality services and products so if you are dissatisfied, please let us know.

Lodging a Complaint

You can lodge a complaint by doing one of the following:

By Phone:	Bell Direct on 1300 786 199
By Email:	support@belldirect.com.au
By Post:	Head of Products Bell Potter Capital Ltd GPO Box 4718 MELBOURNE VIC 3001

What happens once you have lodged a complaint?

We will acknowledge receipt of your complaint, normally by the next business day and we aim to resolve your complaint as quickly as possible. More detailed information about our Internal Dispute Resolution policy is available at www.belldirect.com.au.

What if the issue is not resolved?

If you are not happy with our response, you can lodge your complaint with the Australian Financial Complaints Authority (AFCA). AFCA is the external dispute resolution scheme established by the Commonwealth Government to provide independent financial services complaint resolution that is free to consumers.

AFCA's contact details are:

Australian Financial Complaints Authority

Website:	www.afca.org.au
By Phone:	1800 931 678 (free call)
By Email:	info@afca.org.au
By Post:	Australian Financial Complaints Authority GPO Box 3 MELBOURNE VIC 3001