

# ANZ SHARE INVESTMENT LOAN

## PRODUCT DISCLOSURE STATEMENT (PDS)

23 September 2018

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For more information, speak to your financial adviser or contact ANZ Investment Lending directly on:

 [anz.com/investmentlending](http://anz.com/investmentlending)

 1800 639 330  
(8am – 6pm AEST on ASX trading days)

 [investmentlending@anz.com](mailto:investmentlending@anz.com)

 ANZ Investment Lending  
Reply Paid 4338  
Melbourne VIC 8060

This PDS provides a summary of important information to help you decide if an ANZ Share Investment Loan is right for you. It includes a number of references to important information each of which forms part of the PDS.

The information provided in this PDS is general in nature only and is not tax advice, and has not been prepared taking into consideration your particular needs, circumstances or objectives.

ANZ recommends you read the PDS before acquiring the product. All ANZ Investment Lending applications are subject to ANZ's credit approval criteria. We strongly advise you to obtain financial advice tailored to your personal financial situation or needs and to ensure you understand the risks, the specific tax implications, as well as the legal and financial ramifications of a share investment lending facility.

Issued by:

Australia and New Zealand Banking Group Limited (ANZ)  
ABN 11 005 357 522 AFSL 234527

### 1. ABOUT ANZ AND THE ANZ SHARE INVESTMENT LOAN

Australia and New Zealand Banking Group Limited (ANZ) is a licensed Australian bank.

ANZ's Investment Lending team specialises in providing convenient solutions that enable you to use the bank's funds as well as your own, to invest in the share market.

An ANZ Share Investment Loan is a margin loan. It allows you to borrow money to invest in shares, managed funds, or other securities using your own money or existing portfolio as security. This helps you to increase the size and diversity of your portfolio.

- You must have money to invest, or an existing portfolio of securities that are on our Approved Securities List
- An ANZ Share Investment Loan increases the potential for higher returns, and can also increase the potential for greater losses
- You must regularly monitor your portfolio so you can take steps to avoid or reduce any losses, and are aware of any changes to the terms of your loan
- You should be in a position to deposit cash into your loan at short notice
- In the event of a margin call you may be required to sell some, or all, of your investment portfolio at short notice. We will take reasonable steps to contact you prior to taking any action on your account
- If the sale of your portfolio does not cover the loan, you will need to provide additional funds from elsewhere to make up the difference
- If you have borrowed against other assets – such as your house – to provide the equity for your loan, you may have to sell those assets to repay the loan

**Before issuing or increasing the limit of an ANZ Share Investment Loan we assess whether it is unsuitable for you. If your application is approved we can provide you with a copy of this assessment on request.**

## 2. THE BENEFITS OF AN ANZ SHARE INVESTMENT LOAN

The key benefits of an ANZ Share Investment Loan

- If the value of your investments increases, you have the potential to benefit from higher and accelerated returns
- You have more money to invest, making it easier for you to diversify your investments across different securities in different sectors of the economy and different parts of the world. A larger range of investment choices may result in increased returns and may reduce the risk resulting from poor performance in any one investment that would reduce your total return
- You can borrow against an existing portfolio of securities. This allows you to increase the size of your investment without having to sell your portfolio and potentially incur capital gains tax at that time
- The ANZ Share Investment Loan's diversified feature provides access to an extensive Approved Securities List that may provide you with more available funds, and the potential to create a larger portfolio or keep a greater cushion against a margin call
- An ANZ Share Investment Loan can help you further accelerate your wealth in a tax-efficient manner, depending on your circumstances. You should seek advice from a tax adviser

For more information on the benefits of an ANZ Share Investment Loan see [www.anz.com/investmentlending](http://www.anz.com/investmentlending)

## 3. HOW AN ANZ SHARE INVESTMENT LOAN WORKS

We lend you money to invest in approved securities as set out in our Approved Securities List.

Approved securities include shares, managed funds, and other securities such as options.

We can change the Approved Securities List and the LVRs that we assign to them at any time.

You cannot borrow against investments that are not on our Approved Securities List. You may not be able to borrow against all investments on the Approved Securities List when investing through certain investment channels.

You should read the important information about the Approved Securities List before making a decision. Go to [www.anz.com/investmentlending/asl](http://www.anz.com/investmentlending/asl) or call ANZ Investment Lending on 1800 639 330 to obtain a copy. The material relating to the Approved Securities List may change between the time when you read this PDS and the day when you sign the application form.

Some products on the Approved Securities List may not be available through all stockbroking account providers, please consult your stockbroking account provider for more information.

You will own the investments you buy at all times. However, they will be used as security for your loan under a share mortgage. This means that they may be sold to repay your loan. You appoint an ANZ subsidiary as your sponsor under a sponsorship deed to provide transfer and settlement services and to act as your agent for approved securities traded through the CHESSE system.

The maximum amount that you can borrow depends on:

- How much money you have to invest (your equity contribution)
- Which approved securities you invest in – we lend different amounts against different types of investments
- Your approved credit limit
- Your portfolio's maximum permitted Loan-to-Value Ratio or 'LVR'. The LVR is the percentage of your proposed portfolio's value that you can borrow. This is based on the maximum LVRs that we assign to each approved security

**Example:** If we assign each security in your portfolio a maximum LVR of 70%, you could borrow up to 70% of the value of that portfolio. This means if you put in \$30,000 of your own money you could borrow up to \$70,000 to create a total portfolio value of \$100,000. If you put in \$15,000 of your own money you could borrow up to \$35,000 creating a total portfolio value of \$50,000.

Your loan total as a percentage of the market value of your portfolio is called your 'current LVR' – the higher this is, the higher your level of borrowing, or 'gearing'. If you had a portfolio with a market value of \$100,000 and this included a loan of \$40,000, your current LVR would be 40%.

Your portfolio's 'maximum permitted LVR' is the weighted average of the maximum LVRs of the approved securities in your portfolio.

If the market value of your portfolio falls but your loan balance stays the same, your current LVR may increase above the maximum permitted LVR. If this happens, we will ask you to reduce your current LVR. This is called a 'margin call'.

You should regularly monitor your portfolio and take steps to keep your current LVR at or below the maximum permitted LVR.

Further information on how margin lending works can be obtained by visiting [moneysmart.gov.au](http://moneysmart.gov.au)

Moneysmart is an ASIC website. It offers a calculator that allows you to see how your gearing level and LVR can affect the likelihood of a margin call.

Details of your rights and obligations for an ANZ Share Investment Loan are set out in the ANZ Investment Lending Terms and Conditions ("Terms and Conditions") at [www.anz.com/investmentlending](http://www.anz.com/investmentlending). ANZ recommends you read the Terms and Conditions before acquiring the product.

#### 4. WHAT IS A MARGIN CALL?

If your current LVR 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 additional security to your loan, or sell some or all of your investments at short notice.

Whenever your current LVR is greater than your portfolio's maximum permitted LVR plus a buffer (currently 5%) you will receive a margin call. This means that by the end of the next ASX trading day we will require you to reduce your current LVR by paying back some or all of your loan, depositing cash into a linked cash account, or adding investments to your portfolio to increase the security for the loan, or selling some or all of your investments and using the sale proceeds to pay back some or all of the loan.

We include the buffer to avoid margin calls triggered by small or temporary price changes. We may change the buffer from time to time.

##### Events that can cause a margin call

Margin calls can occur when either your current LVR increases or your maximum permitted LVR falls, including the following scenarios:

- Your portfolio's market value falls, increasing your current LVR
- We change the Approved Securities List by reducing the maximum LVR assigned to any approved securities or by removing any approved securities from the list, or if you have an ANZ Share Investment Loan with the diversified feature we reclassify an approved security as a restricted security, or we change the requirements for what constitutes a diversified portfolio (eg. the minimum number of securities or the maximum percentage holding of an approved security in your security portfolio)
- We change the buffer
- You operate an ANZ Share Investment Loan's diversified feature in a way that causes it to lose its diversified status resulting in a reduction of any higher maximum permitted LVRs or access to the broader range of approved securities it provides over a standard ANZ Share Investment Loan

The example below shows how a margin call can arise on a hypothetical loan of \$55,000 with an LVR of 60% following a 20% fall in the portfolio's market value:

	Before market fall	After 20% market fall
Portfolio Market Security Value	\$100,00	\$80,000
Current loan balance	\$55,000	\$55,000
Maximum Permitted LVR	60.0%	65.0% (including buffer)
Current LVR	55.0%	68.8%
Maximum Permitted Loan	\$60,000	\$48,000
Margin Call Amount	–	\$7,000

In this example the current LVR after the fall (68.8%) has increased beyond the maximum permitted LVR (60% + 5% buffer) and the account is now in margin call. In the event of a margin call you are required to restore your loan to a value less than or equal to the maximum permitted loan amount (\$48,000 in the above example). A cash deposit or the addition of security value in the amount of \$7,000 would be required to restore the account back to within permitted limits.

**In the event of a margin call we will take reasonable steps to contact you and 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 at all times in case of a margin call.**

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

#### 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.

The main risk factors for losing your money

- If your portfolio were to fall in value your current LVR may rise above your maximum permitted LVR, resulting in a margin call
- If interest rates rise, you may not be able to afford the loan
- We may reduce or completely remove the maximum LVRs that apply to some or all of the securities in your portfolio at any time. This will immediately reduce your maximum permitted LVR. If it falls below your current LVR (plus a 5% buffer), you will receive a margin call
- If tax laws change there may be an adverse impact on your tax position
- You may lose your property. If you have borrowed against property as security for, or in connection with, your loan then that property may be at risk in the event of a default
- You default under your loan agreement. In the event of a default ANZ will be entitled to exercise its rights under the share mortgage to sell property subject to the mortgage, and to take other action. For example, as well as (or instead of) selling property subject to a mortgage, ANZ could sue you or a guarantor for any amounts owing after the sale proceeds have been applied to the loan

**We have summarised the main risks that may apply to an ANZ Share Investment Loan. A list of further considerations in relation to these risks can be found on the ANZ Investment Lending website**

For more information about margin loans and the risks associated with them, visit [moneysmart.gov.au](http://moneysmart.gov.au).

## 6. THE COSTS

### Interest

Your ANZ Share Investment Loan balance will accrue interest on a daily basis at the rate determined by ANZ. Fixed and variable interest rates are available. This interest is debited to your loan account monthly in arrears, on the last business day of each month. A default interest rate will not be charged.

You can also request to prepay interest on all, or part, of your loan amount at a fixed rate determined from time to time by ANZ.

### You should read the important information about interest rates before making a decision.

Go to [anz.com/investmentlending/rates](http://anz.com/investmentlending/rates) or call ANZ Investment Lending on 1800 639 330 to obtain a copy. The material relating to interest rates may change between the time you read this PDS and the day when you sign the application form.

### Fees and Charges

The following fees may apply to an ANZ Share Investment Loan:

Monthly Account Keeping Fee	If your account falls below the average monthly balance requirement
Early Repayment Cost	If you repay a fixed interest loan prior to the maturity date calculated in accordance with the Terms and Conditions
Early Repayment Administration Fee	If you repay a fixed interest loan prior to the maturity date
Application Fee	If you are applying as a company, corporate trustee, trustee with an ABN or on behalf of a trust or business to which an ABN has been allocated. This fee includes fees payable to the Personal Property Securities Registrar for the registration of Personal Property Security Interests

ANZ may amend the fees and charges applicable to your loan at any time without your consent.

For a full list and further details of the fees and charges, you should read the important information about fees and charges before making a decision. Go to [anz.com/aus/RateFee](http://anz.com/aus/RateFee) or call ANZ Investment Lending on 1800 639 330 to obtain a copy. The material relating to fees and charges may change between the time when you read this PDS and the day when you sign the application form.

### Commissions

We may pay a commission to a financial adviser at the time your loan is approved if they have referred you to us and we have approved your loan, and/or for the period that it is maintained. We will only pay this commission if your loan commenced before 1 July 2014 or you are considered a

wholesale client (as defined in the Corporations Act 2001) by your financial adviser. For further information on what commission may be paid, please refer to your financial adviser or their Statement of Advice provided to you.

## 7. HOW TO APPLY

You may apply directly, or through a financial adviser.

### Apply directly online

The easiest way to apply for an ANZ Share Investment Loan is to download the Application Form that accompanies this PDS, as well as the Terms and Conditions document at: [www.anz.com/investmentlending](http://www.anz.com/investmentlending)

Alternatively, call us on 1800 639 330 (8am – 6pm AEST on ASX trading days).

Once you've completed the application form and attached any required documents, simply mail it to (no postage stamp required):

ANZ Investment Lending  
Reply Paid 4338  
Melbourne VIC 8060

Normally you'll receive a response from us within two business days.

### Making a complaint:

If ANZ makes a mistake, or ANZ's service doesn't meet your expectations, we want to know. You can contact the ANZ Investment Lending Client Services Team on 1800 639 330; or the ANZ Customer Response Centre on 1800 805 154. If you are not satisfied with the steps taken by them you can ask to have it reviewed by ANZ's Customer Advocate (Level 7A / 833 Collins St Docklands 3008; Tel: +61 3 8654 1000; Email: [customeradvocate@anz.com](mailto:customeradvocate@anz.com)). ANZ's Customer Advocate can provide a free review of more difficult complaints to help achieve a prompt solution. If you are not satisfied with these steps, you may wish to contact the Financial Ombudsman Service Australia (before 1 November 2018) or the Australian Financial Complaints Authority (after 1 November 2018).

### Financial Ombudsman Service Australia:

Online: [www.fos.org.au](http://www.fos.org.au)  
Email: [info@fos.org.au](mailto:info@fos.org.au)  
Phone: 1800 367 287  
Mail: Financial Ombudsman Service Australia  
GPO Box 3  
Melbourne VIC 3001

### Australian Financial Complaints Authority:

Online: [www.afc.org.au](http://www.afc.org.au)  
Email: [info@afc.org.au](mailto:info@afc.org.au)  
Phone: 1800 931 678  
Mail: Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001