

## Key Facts for Investors

*The Raymond James Loan Account is an exciting service offered through Raymond James Investment Services Limited (Raymond James). The highlights of this offering are as follows.*

### What is the Raymond James Loan Account?

A loan product provided by Raymond James in conjunction with Pershing Securities Limited (PSL) that offers you the opportunity to borrow against your General Investment Account (GIA) and Individual Savings Account (ISA) held at PSL. You can borrow money against eligible securities at competitive interest rates whilst continuing to trade your holdings, up to an established credit limit, provided that the required 65% Loan to Value ratio (LTV), which is the amount of the outstanding loan versus the amount of eligible securities held in your account, is maintained. The minimum portfolio size is £100,000.

### Features and Benefits of the Raymond James Loan Account

#### ▪ Exciting Source of Borrowing

The Raymond James Loan Account enables you to access another source of borrowing. Leveraging your investment portfolios provides an alternative to other lending facilities that you may be considering. The Raymond James Loan Account offers a secured loan so you don't have to disrupt your long-term investments.

#### ▪ Wide Range of Eligible Securities

You can borrow against an extensive list of securities held in your portfolio, including FTSE 350 with a value greater than £1, UK Government Gilts, Irish Government Bonds, US Treasuries, German Euro-Bonds, STOXX Europe 600, NASDAQ<sup>®</sup> and S&P 500<sup>®</sup> shares with a greater value than \$5 and Funds and Unit Trusts with a minimum fund size of £50M. For full listing please talk to your wealth manager.

#### ▪ Competitive Interest Rate

A competitive interest rate, specifically the overnight Bank of England base rate + 5%, which currently equates to 5.25% (5.38% APR). Interest is added to the loan balance on a monthly basis. The Bank of England base rate may move up or down in the future which in turn will affect the rate on the loan account.

#### ▪ Freedom to Trade Portfolio

You can continue to trade your investments against which you have obtained a Raymond James Loan Account, provided sufficient eligible securities are maintained in your account at all times as outlined in the Loan Account agreement.

#### ▪ No Administration Fees

There are no administration fees or other facility costs in establishing a Raymond James Loan Account. You will only pay the interest on the amount borrowed, which will accrue daily and be added to the loan balance on a monthly basis.

#### ▪ Easy to Arrange and Administer

Once you sign and return the relevant application forms agreeing to the terms and conditions, the Loan Account will be established. Raymond James will administer the account and together with your wealth manager will perform ongoing management to ensure that the required Loan to Value ratio and your credit limit are not breached. You will be kept informed of the status of your Raymond James Loan Account via Raymond James Investor Access™ as well as by email as and when required.

### Important Information

#### **Question: Are there any restrictions to the usage of the Loan Account?**

*Answer: Loans are not eligible for consolidation of debts (i.e. loans and credit cards) or to meet ongoing day-to-day expenditure (i.e. mortgage payment and utility bills). Property related loans (i.e. purchase of a house) are not allowable, this also relates to loans to 3<sup>rd</sup> parties (i.e. your children) for the purpose of a property related loan (i.e. purchase of a house). This also covers the purchase of land regardless of whether any property will ever be built (i.e. woodland).*

*We will require credit information on your current finances before a loan can be agreed. This will include gross annual income against current debt ratios. When completing the form please ensure all data is up to date and includes all expenses. Restated figures will not be accepted once a loan has been declined.*

#### **Question: When will there be a margin call or breach notification?**

**Answer:** A margin call or breach notification can be made in any one of the following instances:

- » If your Loan Account breaches the LTV ratio of 65%
- » If the value of eligible securities falls below £100,000
- » If the portfolio does not have the minimum number of eligible securities required which is three
- » If the agreed credit limit has been exceeded

**Question: Will I be alerted before a margin call made?**

**Answer:** Yes. You will be notified in the first instance via e-mail when the portfolio approaches its margin value or if there are any changes on the portfolio that may cause a margin call or other breach. If the account breaches its limits and a margin call is made, we typically allow you up to 3 business days to correct the account, except where circumstances or amount cause us to act sooner. If the account is not corrected within the designated time, we will take the necessary actions to correct the account. This may involve selling stock to close the Loan Account and a £600 dealing fine.

**Question: In what order will we sell from the portfolio if a margin call is made and the account is not corrected within the designated time?**

**Answer:** We will ensure that we sell from the GIA rather than the ISA where possible. However, We will sell out of any stock that we deem appropriate with the view to correct the Loan Account. Trade charges will be charged to the client's GIA or ISA, dependent upon which account held the stock.

**Question: Can I see a worked example?**

**Answer:** Yes. Worked Example of market movements over Loan Account:

|                            |          | <b>If the Market falls 30%:</b> |          |
|----------------------------|----------|---------------------------------|----------|
| Client Portfolio           | £300,000 | Client Portfolio                | £210,000 |
| Eligible Securities        | £200,000 | Eligible Securities             | £140,000 |
| Loan advanced              | £100,000 | Loan advanced                   | £100,000 |
| LTV on eligible securities | 50%      | LTV on eligible securities      | 71%      |

**Action to be taken:**

The client would have breached the requirement to maintain a LTV less than 65% and as such would either have to sell ineligible securities and buy eligible securities or sell ineligible securities and repay part of the loan.

| <b>1. Client sells £40,000 ineligible securities and buys £40,000 eligible securities:</b> |          | <b>2. Client sells £20,000 ineligible securities and repays part of the loan:</b> |          |
|--|----------|---|----------|
| Client Portfolio   | £210,000 | Client Portfolio  | £190,000 |
| Eligible Securities  | £180,000 | Eligible Securities   | £180,000 |
| Loan advanced  | £100,000 | Loan advanced   | £80,000  |
| LTV on eligible securities   | 56%      | LTV on eligible securities  | 44%      |
| Loan is back in the acceptable zone, but would require continued monitoring as over 50%.   |          | Loan is back in the acceptable zone.  |          |

**Question: Who is providing the loan? Will I receive statements on my Raymond James Loan Account?**

**Answer:** The lender is PSL, the custodian. PSL will post a Loan Account statement directly to you on a monthly basis.

**Question: Do Raymond James, its branches, or firms using the Raymond James Wrap platform receive a share of the interest from PSL?**

**Answer:** Yes, they do receive a share of the interest from PSL. Further details are available upon request.

Representative 5.38% APR variable, based on a representative £100,000 loan. Effective rate of interest 5.25% pa variable. No other charges are included in the total charge for credit.

**Important Risk Information**

**Before borrowing money through your Raymond James Loan Account please consult with your wealth manager regarding any questions or concerns you may have. The securities and assets held by PSL on your behalf are used as security for the credit made available to you. If the securities held by PSL for you decline in value, so does the value of the security supporting your loan. In such circumstances, we can take action. For example, we can call on you to provide further eligible securities or request that you make a payment into your Loan Account. We may also sell or realise assets that they hold on your behalf in order to reduce the balance and you are not entitled to choose which securities or assets are realised or sold.**

Raymond James Investment Services Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Conduct Authority

Registered in England and Wales No 3779657 Registered office Broadwalk House 5 Appold Street London EC2A 2AG

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Registered Office Capstan House One Clove Crescent London E14 2BH

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