

Line of Credit

Unlock the power of your portfolio



Agenda

- 1 What is a Securities-Based Line of Credit (LOC)?
- 2 How can I use a LOC?
- 3 How does it work?
- 4 How do I apply?

What is a Securities-Based Line of Credit (LOC)?

1. What is a LOC?

2. How can I use a LOC?

3. How does it work?

4. How do I apply?

Securities-Based
Line of Credit
(LOC)



Allows clients to **borrow funds using the assets in their investment portfolio** as collateral without having to liquidate securities

Other Lending Options



Margin Loan



**Home Equity Line of
Credit (HELOC)**



**Traditional Home
Mortgage**

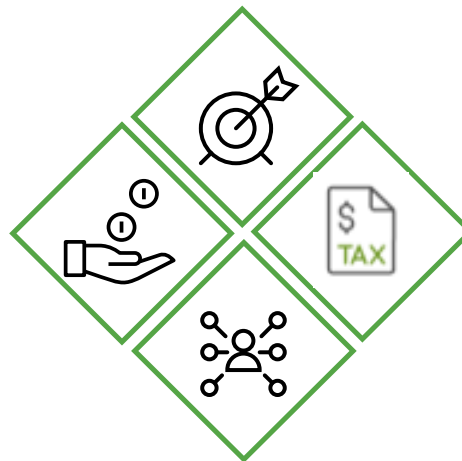
Why clients consider a LOC

Stay Invested

Access to liquidity while keeping your investment strategy on track

Fast Access & No Fees

Most lines are approved in a few business days, with no fees & competitive interest rates



Avoid Capital Gains

Avoid selling securities and possibly incurring capital gains

Flexible

Flexible use as funds can be used for a range of needs; and flexible repayment with no set maturity

How can I use a LOC?

1. What is a LOC?

2. How can I use a LOC?

3. How does it work?

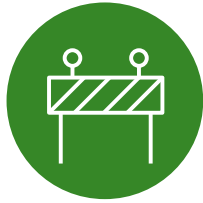
4. How do I apply?

Common Use Cases



Real Estate Purchases

*Upsize / Downsize,
Purchase a new
property.*



Home Renovations

*Start or finish a **home Improvement** on an existing property*



Business Needs

*Fund **operational business expenses**, or **expand a small business** or franchise*



Tax Payments

*Pay a **large tax bill** - e.g. from selling a business*



Large Purchase

*Pay **tuition**, a **wedding**, or other **large purchase** or expense*

1. What is a LOC?

2. How can I use a LOC?

3. How does it work?

4. How do I apply?

Use Case Scenarios



SCENARIO 1: REAL ESTATE NEED

"I'm buying a home and need to free up cash, what options do I have?"

1. What is a LOC?

2. How can I use a LOC?

3. How does it work?

4. How do I apply?

Use Case Scenarios



SCENARIO 2: TAX PAYMENTS

"I have a tax payment due. Can I use the LOC to fund this payment?"

1. What is a LOC?

2. How can I use a LOC?

3. How does it work?

4. How do I apply?

Use Case Scenarios



SCENARIO 3: FUNDING BUSINESS EXPENSES

“Can I use the LOC to pay for operating expenses or equipment for my business?”

How does it work?

Key Features and Details



ELIGIBILITY

- \$500k in Non-retirement assets
- Managed Accounts & Self-directed Accounts



PROCESS & TIMING

- Digital application
- Loan through 3rd party bank partners
- Generally 3 business days for approval ¹
- Direct loan proceeds via bank wire



TERMS & FEES

- Free to apply. No application fees or annual fees
- Interest Only Payments



SERVICE

- Dedicated Lending Team available

Note: Amounts and timelines provided are for the Fidelity partner program; other lines of credit may be available to you and will have different requirements and parameters. See the Disclosures for details.

¹ Actual approval times are determined by the lending banks and may vary.

Potential Risks and Considerations



Variable Interest Rates

Interest rates may fluctuate which **could impact loan costs**



Fluctuating Asset Values

If the market value of the assets you've pledged decreases, you may be required to pledge additional collateral*



Certain Withdrawal Features Disabled

Margin, Bill Pay, Checkwriting, Direct Debit & Planned withdrawals are disabled; Options downgraded



Cannot use funds to purchase securities

LOC proceeds cannot be used to purchase additional securities

*There may be instances, such as a market downturn, which may cause the lender to issue a margin call, or the repayment of amounts borrowed to be accelerated. In event of an unmet margin call or failure to pay interest payments, the client's account may be seized by the bank, may be liquidated, and may have adverse tax consequences.

How do I apply?

Roles of Each Party



Client

- ✓ Selects accounts to pledge
- ✓ Completes LOC application
- ✓ Access LOC or repay at any time



Fidelity

- ✓ Connects you with a Partner Bank
- ✓ Accounts stay invested
- ✓ Custodies pledged accounts



Partner Bank

- ✓ Underwrites loan application
- ✓ Sets terms, LOC amount & rate
- ✓ Facilitates withdrawals, payoffs, & closure

Questions and Answers

- How do I access funds?
- Can I transfer an existing LOC to Fidelity?
- What accounts are eligible to pledge as collateral?
- How does the bank determine the loan amount?
- How is interest calculated?

Summary

Securities-Based
Line of Credit (LOC)



Allows clients to **borrow funds using the assets in their investment portfolio** as collateral without having to liquidate securities

- ✓ **Stay invested** while getting **access to funds**
- ✓ **Online application** with a **quick turnaround**
- ✓ Eligible clients have **\$500K+ in taxable assets**
- ✓ Flexible to **use for a wide range of needs**

Next steps



Next Steps

- Schedule an appointment with your advisor** to discuss further
- Get an Estimate or Apply online** [HERE](#)



Appendix/Disclosures

Disclosures

Non-margin loans are made by third-party lenders (the "Bank(s)"). Fidelity has a minority percentage, non-controlling ownership interest in Leader Bank; however, Fidelity does not recommend any of the Banks. There are many lenders in the marketplace – you should carefully and independently evaluate all your options and choose the one that's right for you.

Customers may choose to use a third-party lender of their choice to collateralize their accounts and may receive different services or pricing. Please note that the solutions as described herein refer to the Lending Solutions Line of Credit program which uses the third-party lenders with whom Fidelity has specific contractual agreements.

The Bank(s) are solely responsible for any information about the lending product offered, including any discussions about the loan product or any estimate or loans terms provided to you.

If you take out a line of credit with the Bank(s), the collateral securing your loan will be held in your account(s) subject to the terms of the Control Agreement between you, Fidelity, and the Bank(s). Loan proceeds cannot be deposited into a Fidelity account and cannot be used to purchase securities.

Fidelity is compensated by the Bank(s) in the Lending Solutions program for promoting the availability of their line of credit product, assisting with the loan application process, and providing ongoing support during the life of the loan. Fidelity's compensation will generally be equivalent to a percentage of any average outstanding loan balance. Fidelity associates will be compensated upon the loan being drawn down.

Interest rates for a line of credit offered by the Bank(s) in Fidelity's Lending Solutions program are offered in a tiered structure and will vary based on the amount of the loan commitment. The interest rate you will pay on your line of credit may be higher than the rate you would pay if you dealt directly with the Bank(s) and may be higher than the rate you would pay if you obtained a similar loan from another bank. Please note that not all banks in the program offer these line of credit products directly to the public.

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