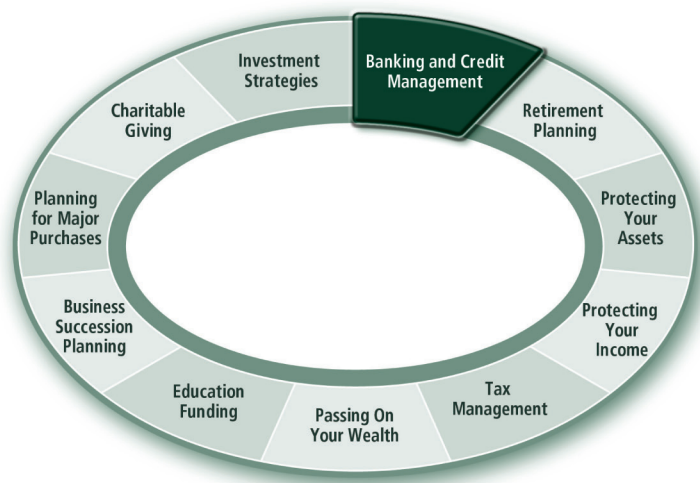


Your wealth considerations

Banking and Credit Management: Investment-secured credit



Effective credit management can be an important component of your wealth plan. Your plan should identify the appropriate combination of accounts and match your short- and long-term financing needs with the most effective borrowing strategies.

Many clients view credit as a wealth management tool, one that is driven by opportunities to grow or diversify holdings, achieve a personal dream, or take the next step in a business plan.

Investment-secured credit: Is it right for you?

Using the value of your portfolio as collateral for a loan can be a flexible, cost-effective way to borrow for a variety of purposes, including expanding or diversifying your investment portfolio, consolidating multiple loans across different financial institutions, or financing various lifestyle needs.

TD offers two main types of investment-secured credit: margin loans, which are available directly within your brokerage account and Investment-Secured Lines of Credit. Below, we provide information about margin loans. Your advisor can refer you to a TD credit specialist for more details on Investment-Secured Lines of Credit.

A margin account is used to buy securities on credit, using your existing investment portfolio as collateral. When you make a purchase, TD lends you a portion of the total purchase price and charges interest on this amount. You provide the balance of the purchase, referred to as Margin. You may buy securities on margin, but also withdraw funds from the available margin loan.

Here are some common considerations when deciding whether to borrow against the value of your investment portfolio:

- **Purpose** – What do you plan to use the funds for? Borrowing to invest¹ in securities is risky and, as such, it is a strategy that may be more suitable for experienced investors with sufficient investable assets or surplus income who are able to manage the associated risks and potential losses. Various credit options may be available to you if you want to borrow to invest in other assets such as real estate, or to purchase goods and services.
- **Investment horizon** – Borrowing to invest¹ in securities may work better for those investors with a medium-to-long term horizon, as it could allow them to capitalize on long-term market growth with possible short-term volatility in the portfolio value.
- **Lifestyle and family** – If you need short-term funds to finance lifestyle or family needs, a margin loan or a credit line secured by the value of your investment portfolio may be an alternative to selling securities.

The benefits of borrowing in a margin account

- **Simplicity** – The approval process for a margin account is efficient and requires minimal documentation. There are no application fees.
- **Flexibility** – Once in place, you can draw on your available margin whenever you need it, up to the maximum loan limit based on the current market value of your margin-eligible investments and the lending rules set out by TD and our regulators.
- **Cost-effectiveness** – You will pay a competitive interest rate*, with no other fees or costs. You pay interest only on what you borrow.
- **Tax-deductibility** – The interest paid when you borrow to invest may be tax-deductible. Speak to your tax professional for details.

*Interest rates are subject to change at any time without notice

The risks of borrowing in a margin account

- **Loan limits fluctuate with the market value of your portfolio** – if the value of your margin eligible portfolio decreases due to changes in market prices, the maximum amount that you can borrow may also decrease.
 - **Potential for greater losses** – A leveraged investment strategy could result in greater losses than a strategy that does not use borrowed money. In some cases, the loss may exceed the amount of money initially invested.
 - **Margin calls** – if the market value of your portfolio decreases below the minimum required to secure your loan, you may be asked to deposit additional funds to or sell securities to reduce the amount of the loan. TD may sell securities on your behalf and without notice.
- You are responsible to repay the loan and pay interest even if the value of the securities you purchased declines.

Together, we can create a customized and flexible credit strategy to help you achieve your investment and lifestyle goals.



¹Margin Disclosure Statement: Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same, even if the value of the securities purchased declines. An investment strategy that uses borrowed money could result in far greater losses than an investment strategy that does not use borrowed money. Your Advisor can explain these risks in detail and provide you with a copy of the Margin Account Agreement contained in the "TD Waterhouse Canada Inc. Account and Service Agreements and Disclosure Documents". TD Wealth represents the products and services offered by TD Waterhouse Canada Inc. (Member – Canadian Investor Production Fund), TD Waterhouse Private Investment Counsel (offered by The Toronto-Dominion Bank) and TD Wealth Private Trust (offered by The Canada Trust Company). © The TD logo and other trade-marks are the property of The Toronto-Dominion Bank.