

International Shares and Gearing

Diversification. Growth. Opportunity.

Domestic investing

Investors are faced with limitations when invested solely in the domestic market. Like many investors worldwide, Australians show a definite home bias – they prefer to invest mostly in familiar Australian domestic companies.

The Australian share market, however, is heavily weighted toward financial and mining sectors – so much so that it is one of the most highly concentrated markets in the world. For example, the mining and banking industries account for about one-third of the value of the benchmark S&P/ASX 200 Index – across just six shares – making Australian share portfolios vulnerable when these industries perform poorly.

The ASX also only makes up around 2% of the world's total by market capitalisation – leaving 98% of the world's investment opportunities untapped. To further put this into perspective, by market capitalisation, the ASX is only twice the size of US tech company Apple Inc.

Time to diversify

International shares can provide investors with geographic and asset class diversification, meaning a slow down in one market may have less of a portfolio impact. Given that economies grow at different rates and at different times, spreading investments across multiple markets can help add exposure to faster growing markets.

Investors can use the equity from an existing share portfolio and add international exposure using their Leveraged margin loan without needing further funds.

Access the world's biggest brands and innovators with FAANGs (Facebook, Amazon, Apple, Netflix and Alphabet/Google) and many more, which can form part of an investment and gearing strategy with your Leveraged margin loan.

Leveraged now offers LVRs on international shares

Leveraged is now offering LVRs on a wide range of international shares, across several major global markets via approved wrap platforms. This means you can use the borrowing capacity available in your loan account to invest in a range of international shares in exactly the same way as you may have done to invest in Australian shares.

A Leveraged Margin Loan can now be used as a simple way to diversify into international shares, to extend your investment reach both geographically and across a wider range of industries and revenue streams.

To see which international shares are available, check out our International Acceptable Investments list for Margin Loan at leveraged.com.au/acceptableinvestments

Case Study

Comparison between Investing and Investing with Gearing		
	Investing with Savings	Investing with a Margin Loan
Your Funds	\$20,000	\$20,000
Loan	\$0	\$30,000
Market Value of International Shares	\$20,000	\$50,000
Positive impact: Price increase		
10% rise in Market Value of International Shares	\$22,000	\$55,000
The Value of your initial contribution	\$22,000	\$25,000
Gain as a % of your initial investment	10%	25%
Negative impact: Price decrease		
10% fall in Market Value of International Shares	\$18,000	\$45,000
The Value of your initial contribution	\$18,000	\$15,000
Loss as a % of your initial investment	(10%)	(25%)

Results

With a margin loan: A 10% change in the market had a 25% positive or negative impact on your portfolio.

Without a margin loan: A 10% change in the market had a 10% positive or negative impact on your portfolio.

Gearing magnifies your gains and losses.

You can increase your investment portfolio returns by 25% compared to 10% in a positive market, which is an additional \$3,000 profit in the above example.

This case study excludes any transaction costs to buy and sell international shares, dividends or interest on any loan.

Gearing involves risk. It can magnify your returns, however it may also magnify your losses. Issued by Leveraged Equities Limited (ABN 26 051 629 282 AFSL 360118) as Lender and as a subsidiary of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178 AFSL 237879). Information is general advice only and doesn't take into account your personal objectives, financial situation, or needs. Examples are for illustration only. Past performance is not an indication of future performance. Please consider your personal circumstances, consult a professional investment provider, and read the PDS and Product Guide, available to download from www.leveraged.com.au, before making an investment decision. (A1344703-1344702) (08/19)

The professional's choice

For those interested in borrowing to invest as part of a wealth creation strategy, Leveraged can help. Our service is designed to help investors navigate through dynamic market conditions and realise their financial goals.

Our extensive market experience means you can enjoy the confidence that comes from the superior education and insights we provide. You can expect premium service supported by our proven risk management expertise, advanced portfolio monitoring tools and client nominated target gearing alerts.

At Leveraged we're proud of our heritage. We are one of the first and longest continually operating margin lending specialists in Australia. As a wholly owned subsidiary of Bendigo and Adelaide Bank, we've got more than 150 years of banking, investment and lending expertise behind us.

More information

If you would like to know more about borrowing to invest in international shares, speak with your financial adviser or contact us.

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Visit leveraged.com.au