MAINTAIN YOUR LONG-TERM STRATEGY
Establishing a securities based line of credit can be a cost-efficient way to access liquidity strategically: You can make tax payments and meet capital calls or other significant financial obligations without having to unnecessarily sell assets. This allows you to maintain your current market exposure and continue to dedicate your investment allocation to your long-term goals.

GAIN FINANCIAL FLEXIBILITY
A line of credit gives you flexibility in managing financial obligations. With a borrowing strategy, you can separate your investment decisions from your liquidity needs. The impact can be significant if you have an investment portfolio, illiquid assets or concentrated positions that might take time to sell or require other considerations.

With a securities based line of credit in place, you can:
• Postpone liquidating assets to defer capital gains taxes
• Keep your long-term wealth strategy intact
• Manage cash flow
• Maintain lower cash balances

BORROW FOR A RANGE OF USES
Beyond tax payments and capital calls, a line of credit can be an effective way to access liquidity for a variety of needs or goals, which can include:
• Moving quickly to buy an opportunistic property
• Starting, acquiring or expanding a business
• Funding an estate planning or gifting strategy
• Creating liquidity to bridge the sale of a business

In addition, a line of credit can potentially be structured in a tax-efficient way, which may enable you to preserve and grow your wealth more effectively.

WORKING WITH US
In advance of establishing a line of credit, we will carefully review your overall wealth plan and your personal objectives. Once a borrowing strategy is in place, we will make sure to set up a periodic review to ensure your liabilities are still aligned with your financial goals, the current rate environment and changing market conditions.

Why borrow against my investment portfolio?

May serve as a strategic complement to your investment portfolio
A line of credit broadens your options for funding new purchases, investments or unplanned expenses.

Option to keep your long-term investment strategy intact
Moving money in and out of markets can disrupt your asset allocation and even compromise your comprehensive investment strategy. Plus, selling may trigger unwanted tax events.

Mitigates the need for cash on hand
Regularly holding large cash balances can have high opportunity cost.

Creates more efficient cash management
Whether you are managing tax payments or completing a minor home renovation, a line of credit can provide you with financial flexibility that allows you to access liquidity quickly and on your terms.
CUSTOMIZED SOLUTIONS

Separating an investment decision from a liquidity need

A corporate executive and committed investor had strong investment performance in her portfolio last year. Liquidating part of the portfolio triggered capital gains, which resulted in a significant tax bill.

She initially earmarked some of the proceeds to meet the tax obligation. However, when the market experienced outsized volatility, she couldn’t resist opportunistically investing her cash reserves.

Her J.P. Morgan team proposed a borrowing strategy as an alternative to pay the tax bill. This enabled her to remain invested through market volatility and have flexibility around the timing of the tax payment.

Accessing liquidity created financial flexibility

A client sold a business for $10 million last year and received both cash and shares of the acquiring company.

His J.P. Morgan team helped him evaluate a range of investment options complemented by a borrowing strategy to diversify his balance sheet and solve for some upcoming liquidity needs.

As a result, the client was able to invest in a portfolio of assets to diversify his balance sheet risk away from the acquiring company. Additionally, he was able to have access to a low-cost line of credit to fund the capital calls for some new alternative investments.

All case studies are shown for illustrative purposes only.

Borrowing against securities may not be suitable for everyone. You should be aware that there are risks associated with a securities based loan, including the possibility of margin call, and that market conditions can magnify any potential for loss.

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LEARN MORE

We can help evaluate your liquidity needs over the short, mid and long terms to determine the right borrowing strategy for your specific needs. J.P. Morgan is committed to providing you with options that offer financial flexibility and help you—and your family—meet your goals.

To learn more about our lending solutions, please contact your J.P. Morgan representative.

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