Investment Backed Lending

C. Hoare & Co. is pleased to offer lending secured by investment portfolio assets.

C. Hoare & Co. is a 12th-generation family business, founded in 1672. Our wealth of experience is matched by exceptional customer service.

We are sensitive to customers' complex borrowing needs and can support your clients with a range of individually tailored services, including lending secured by investment portfolios.

C. Hoare & Co.
PRIVATE BANKERS SINCE 1672

A convenient way to release wealth

Selling portfolio assets to access liquidity may trigger a tax event and/or compromise a customer's investment goals. Borrowing in the form of a sterling loan against an investment portfolio (also known as 'portfolio lending' or 'Lombard lending') avoids the need to liquidate assets or alter customers' investment strategies.

Our customers take advantage of lending secured by investments for a wide variety of reasons.

These include:

- capitalising on investment opportunities
- purchasing investment property
- acquiring or retaining residential property rights in land or an existing or projected building
- investing in businesses
- asset purchases

However, this facility is not offered where:

- the purpose is to borrow for reinvestment in the charged portfolio
- the customer relies on the income and capital from the investment portfolio to maintain their standard of living
- the purpose is to renovate residential property

Fast and flexible support

The ability to raise money quickly can be fundamental to the success of a transaction.

C. Hoare & Co.'s streamlined process means we can make lending decisions quickly, with flexible repayment options; both variable and fixed-rate interest options are available.

The bank will not act as custodian of any of the shares in the customer's charged portfolio, nor require any transfer of assets. We will monitor the value of the charged portfolio on a regular basis either via access to online portals or via valuation certificates you provide.

Securing the facility

C. Hoare & Co. will secure the loan by taking a charge over the portfolio assets, which are held under an investment management agreement with a UK-based wealth or investment management firm:

- investment portfolios under discretionary management are accepted, subject to diversification criteria.
- investment portfolios under advisory management or execution-only portfolios may be accepted, subject to diversification criteria and with certain restrictions; these will be approved on a case-by-case basis.

Please note that where the maximum loan to-value ratio (LTV) is exceeded, the bank will discuss options to remedy this. We may ask the customer to make repayments, or propose additional security, to bring the LTV within the accepted limit. (Please note, revised security proposals are accepted at the bank's discretion.)

Joining us

We take on a limited number of customers each year and we look for opportunities to build relationships with customers who share our values and seek a long-term relationship with the bank.

Facility type:	Loan – sterling (GBP)
Regulatory exclusions:	Exempt consumer credit agreements or Article 3(1)(b) credit agreements.
Customer type:	Investment-backed lending is available to individuals over the age of 18 (either joint or sole).
Facility size:	Minimum £500,000 (smaller facilities may be considered on a case-by-case basis), minimum £1 million for new customers.
Term:	Loans are provided on a fixed-term basis, up to 10 years (subject to individual suitability and annual review). The loan may be structured on a revolving basis.
Fees:	Fees include: • 0.75% loan arrangement fee; an annual fee is charged for revolving loans. • an early-repayment charge on any fixed-rate loan where the term is ended prior to maturity
Rate:	• 2.6 % over the bank's Managed Variable Rate; or • Fixed Rate 2.6% margin over the cost of funds (set on the day of acceptance)
Security:	A charge will be taken over the customer's share portfolio held with a UK-based wealth or investment management firm under an investment management agreement. Security should not include a charge over a property. Investment portfolios under discretionary management are accepted subject to diversification criteria, to a maximum 50% LTV. Investment portfolios under advisory management, or execution-only portfolios may be accepted subject to diversification criteria, and where additional haircuts in security value may apply. These will be considered on a case-by-case basis by the bank.
Purpose Restrictions:	Unsuitable asset types include: • single-line stock • bond wrappers (onshore and offshore) • shares in certificated form • private company shares • public company shares where the customer is an employee/contractor or a significant shareholder of the company • Individual Savings Accounts (ISA) or Self Invested Personal Pension (SIPP) Investment-backed lending is not available where: • the purpose is to borrow for reinvestment in the charged portfolio • the customer relies on the proceeds of investments in the charged portfolio to fund living costs • the purpose is to renovate residential property. The terms set out above are not exhaustive and are provided for illustrative purposes only. Further credit criteria and lending criteria apply.

Get in touch

If you would like to find out more about the bank's offering, or if we can help your clients in any other way, please do not hesitate to get in touch with your usual contact at the bank.

It is always a pleasure to have a conversation.

C. Hoare & Co.

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This document is published in July 2025 by C. Hoare & Co., 37 Fleet Street, London, EC4P 4DQ.