

Investment Loans

Borrowing
to invest



B2B BANK

Working closely with your advisor, you may be looking at investment strategies that will help you build wealth while utilizing a disciplined approach to saving. There are 3 factors to consider as you work with your advisor to create an investment strategy to make your goals a reality.

HIGH LEVEL OF CONTROL



MONEY

▶ **B2B BANK** - provides the loan product that assists with your financial goals



RATE OF RETURN

▶ **ADVISOR** - recommends the appropriate investment strategy and products



TIME

LOW LEVEL OF CONTROL

▶ **YOU** - determined by your financial goals and life stage

Use your borrowing power to invest in your future

Every day, we use borrowed money to spend on lifestyle items that we want now, such as furniture, clothes, electronics and automobiles.

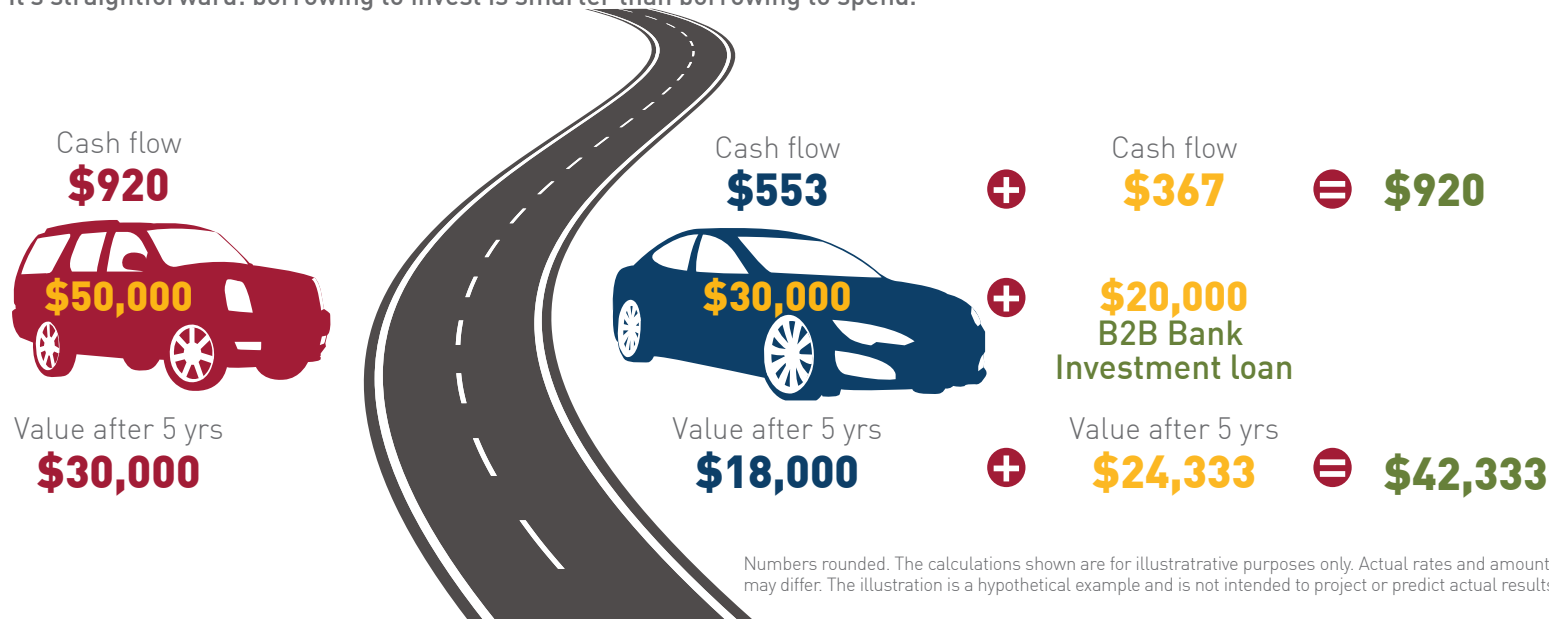
Imagine using your borrowing power to invest for the future and build wealth instead? You may already be doing it with an RSP loan or a mortgage, because investments like an RSP or a home have the potential to increase in value over time. This is a good type of debt, because rather than borrowing to spend on lifestyle items that depreciate quickly, when you borrow to invest, you're investing in your future.

Let's assume you have excess cash flow of \$920 a month, and you need a car. You could use the entire \$920 a month to finance a \$50,000¹ car. Although, within 5 years, your car will have depreciated to a value of \$30,000².

Consider this option instead – use your monthly cash flow to purchase a car and build your wealth.

Instead of paying \$920 to finance a \$50,000 car, you could buy a \$30,000 car, where your monthly payment would be \$553 instead. This would free up \$367 a month, which could be used for a principal and interest payment on a \$20,000³ investment loan. After 5 years, you would have paid off the loan, and the combined value of your car and investments could be \$42,333⁴.

It's straightforward: borrowing to invest is smarter than borrowing to spend.



Tell me more about investment loans

An investment loan allows you to borrow money to purchase investments that have the potential to increase in value, and:

- Accelerates savings through an initial lump sum investment
- Interest costs may be tax deductible⁵
- Can be used as a wealth building tool

What are compound returns?

Compound returns on an investment means that returns are calculated not only on the initial investment, but also on the accumulated growth from year to year. Having a larger initial investment growing for the longest possible time is essential for compounding success.

Is an investment loan right for me?

Only your advisor can help you determine if investment lending is right for you. In general, investors who may benefit from this strategy will have:

- ✓ A long investment horizon
- ✓ Available cash flow
- ✓ A high risk tolerance

Our investment loans

We have been offering investment loans for over 20 years. Our Loan products are among the most competitive in the industry and offer:

- Flexible payment options
- Manageable loan amounts starting as low as \$10,000
- Broad fund eligibility
- A wide range of product features
- Fast funding

What is interest deductibility?

Generally speaking, interest paid to borrow money to earn investment income is tax deductible. When the interest is deducted, it can be an effective way of reducing the overall cost of an investment lending strategy.⁵



While investment loans have the ability to magnify gains, they also have the potential to magnify market losses. Leveraging involves greater risk than purchasing investments using only your own cash resources because it has the potential to magnify investment losses. You are required to repay the loan, including interest, regardless of the investment return. An investment loan may limit your access to credit due to the outstanding debt of the loan. Work with your advisor to understand both the benefits and risks of this strategy.

For your calculations⁶

Our lending philosophy is simple.

We believe in investment lending and the power it has to help you achieve your financial goals. As a responsible lender, we acknowledge that investment lending is not for everyone.

About B2B Bank

We believe that all Canadians should have access to independent financial advice. So while we don't sell our banking services directly to you like other banks, we work with your advisor, so they can offer you the products and services you need to reach your financial goals.

Our products and services include:

- Investment and RSP Loans
- Mortgages
- Investment Accounts and Services
- Banking Services
- Deposits

To determine if an investment loan is right for you, speak with your advisor. To learn more about B2B Bank Investment Loans, visit b2bbank.com/borrowtoinvest.

¹Assumes a 4% annual interest cost to finance the car over 5 years. ²Assumes 40% depreciation over 5 years. ³Assumes a 4% annual interest cost on a 5 year investment loan. ⁴Assumes a 4% rate of return on investments over a 5 year period. ⁵Interest is not deductible in all circumstances. Individuals should consult qualified tax specialists for more information. ⁶B2B Bank is not responsible for any investment strategy or calculation in the "For your calculations" section. B2B Bank does not provide investment advice to individuals or advisors and does not endorse or promote any investment products. The dealer and advisor, not B2B Bank, are responsible for determining the suitability of investments for their clients and for informing them of the risks associated with borrowing to invest. B2B Bank acts solely in the capacity of lender and loan account administrator. Any loan approval from B2B Bank should not be construed as an endorsement of any investment choice, program or strategy. All loans are subject to credit approval and borrowed monies are due and payable regardless of the performance of the investments purchased. B2B Bank reserves the right to request additional information or documentation at its sole discretion. The B2B Bank Investment Loan Program is available exclusively through licensed financial advisors. [®]B2B BANK is a registered trademark of B2B Bank.