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*RE: OSC Consultation Paper 81-737 – Opportunity to Improve Retail Investor Access to Long-Term Assets through Investment Fund Product Structures.*

Dear Sir/ Madam

Thank you for the opportunity to review the financial upside available to the investor, as presented by the new Ontario Long Term Fund. (OLTF).

I was an IA at BMO -NB for six (6) years. As such, I look at every investment from the point of view of the investor. A first step in suggesting an investment is to review the clients **KYC** and see how this Investment fits in the investors needs.

Investing is about minimizing inflation losses. About getting a steady dividend. About the opportunity for capital gains. About liquidity to sell partial saving assets for life-cycle needs.

There are three (4) areas of importance/ relevance here:

- A/. *The investment*
- B/. *The client changing needs*
- C/. *The changing opportunity in the financial marketplace*
- D/. *Existing proven investments more suited fir the small retail Investor.*

I am using the report of TORYs LLP as the reference for my comments.

A/. The OLTF investment is illiquid.

- It does not have a *daily* dollar value of mark-to-market.
- The details of the assets are vague. How will the assets be *monetized*. ?
- There is no defined or guaranteed dividend payout.
- The limit for *yearly* withdraw is capped at 10% of NAV
- How will *Estate Trustees* deal, with this asset that can not be closed, upon the death of the investor
- A possible MER of 2.5% yearly will mean an overhead cost of 25% in 10 years.
- What happens is there are more sellers of the OLTF than buyers ??
- What happens if the fund *has no cash* to cover early redemptions ??

- What happened if certain *projects go broke* and/or can not pay off their debts on time ??
- What individual / team will supervise the progress of all the loans ?? Will there be MBAs, IAs, CA, project managers, on the team ??

B/. The client / investors changing needs (KYC)

- The client go through life-cycle changes with age.
- KYC Is not fixed in needs as the investor ages.
- Marriage costs
- Saving / buying a home
- Saving / buying a car
- College costs for teens
- Unexpected expenses for aging parents.
- Cost of home renovations
- Losing a job
- Different and new ideas about sector investing ... that need liquidity
- How will the investor liquidate his OLTF in small amounts as per his RIF needs ??
- How will the investors estate close if the OLTF is limited to a cash out of 10% yearly ??
- How will the illiquid fund, allow the investor, to invest in new market sector opportunities ?

C/. The changing opportunity in the financial marketplace

- Look how the markets opportunities and valuations changed after COVID in 2019.
- Look at the fall in real estate stocks after the covid virus. (*REITs, Debentures, Real Estate Stocks, Banks*)
- Look at the - 20% market correction because of the Chinese DeepSeek AI Program. (2025)
- Look at the NEW WORLD ORDER after Pres Trumps new Tarrifs ??
- Even in "Normal times" the markets cycle through many sectors: *Health, Banking, Military, Finance, Pharma, Tec, Utilities, Consumer Defensive, Energy, Telcom.*
- Large "Black Swan" events, to disrupt all the markets, are now just a regular event to be expected.

D/. Better Proven Investments for the small main street investor

- **Segregated Funds** make more sense for the small investor. Seg Funds participate in the market upside. Seg Funds guarantee 100% return of asset purchase upon the death of the investor. Seg Funds are liquid and can be sold daily.
- **Utility Stocks** make more sense. Utilities deliver dividends. Utilities' shares gain from market inflation and rising utility costs. Utility stocks are traded daily. No estate issues.
- **Both Seg Funds and Utility Stocks**... benefit from to rising prices due to inflation. Will the OLTF benefit from ongoing rising inflation?

If this opportunity was so good, where are huge sovereign funds, huge gov funds, huge hedge funds... who would buy out this opportunity. ??

I don't believe that main street investor can understand the risk in owning the OLTf. Since there is no dividend promised, there can only be a presumed **Capital Gain**. Its very difficult to see a Cap Gain possible in fixed assets and infra-structures project s.

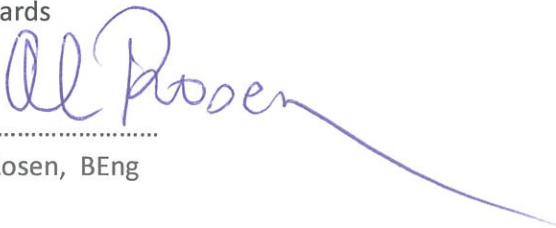
To quote Warren Buffet of Berkshire Hathaway In. " *I don't invest into any asset class that I don't understand.*" Can the typical investor understand the OLTf ???

Lets look at the performance of ROMSPEN Mortgage Investment (Ont.) Fund. (RMIF)

- The firm is an established Ontario. specialty manager of private mortgage funds, providing pre-development, construction and other loans for commercial and residential projects. It's among the largest private players in that business in Canada. (\$ 2.8 Billion Dollars)
- Canadian real estate firm Romspen Investment Corp. has frozen redemptions on its largest fund after a number of borrowers ceased making debt payments.
- *Romspen* stops redemptions altogether as liquidity problems mount. (Nov 2022)
- *Romspen* reduces dividend Payout from 7.5 % to 2.5% (2023)
- So, investors are caught in a double squeeze. Low div rate & the inability to cash out. ***Could this happen to investors in the OLTf ??***
- Investor funds are used to provide short term mortgages to higher-risk commercial developers who VFTR5do not typically qualify for bank loans. However, rising mortgage rates have increased the cost and availability of refinancing in the commercial real estate markets in the United States and Canada
- The firm added that the halt will continue until there's more clarity on the status of repayments which are dependent on "the receipt of proceeds of collateral and asset monetization's."
- *Romspen* has been locked in a court battle with its largest borrower this year after multiple loan defaults allegedly totalling \$333-million. So, this borrower has stopped paying all required monthly mortgage payment. This single loan , has turned Romspen into illiquidity.
- ***Could this situation happen to investors in the OLTf ??***

Investing is about minimizing inflation losses. About getting a steady dividend. About the opportunity for capital gains. About liquidity to sell partial saving assets for life-cycle needs. ***I don't see the OLTf being able to meet the investors needs.***

Regards



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