From: davidfieldstone@rogers.com <davidfieldstone@rogers.com>
Sent: January 9, 2025 1:49 PM
To: comments <comments@osc.gov.on.ca>
Subject: For directly to the Secretary of the Ontario Securities Commission (OSC). Please see my comments regarding the hereinbelow - regarding OLTF - in re the controversial matters - for your prompt attention.

The Secretary - Ontario Securities Commission (Toronto)
Attention - to and for - comments@osc.gov.on.ca

Thank you for your time to assess my comments on a new opportunity for Retail Investors - to take part in an Ontario Long Term Mutual Fund (OLTF).

This Consultation is intended to provide a structure for retail investors - which would provide access to risky, illiquid assets that are available only to "accredited investors" - who are deemed as such as noted below. The definition may be too brief - given the parts which are missing therefrom. See below - for my reasoning.

The OSC defines "accredited investors" as individuals who have earned $200,000 in income in the most recent two years, $300,000 when combined with a spouse, or net realizable assets, pre-tax, of $5 million. So put another way: PEOPLE in interest who have the ability to "understand" the risks, are willing to take them - in that they can absorb same: if the said investments fail. **Is this a proper test?** Common sense says NO WAY. Aside from being senile and the like - also please consider the following negative aspects for such long term investments - as a de facto viable option - as supra.

What if they accumulated their wealth by other ways and means available - rather than in securities investments? What if they inherited same, or made their wealth in real estate - which has many "fields", and so on - wherein most of the subject people found their way to high wealth therein?

Therefore, any Retail Investors who do not meet these hereinabove requirements so should invest "only" in "less risky liquid securities".

There is much more to this than age and wealth - which can create the plunder of the "uninformed and elderly", to benefit the providers.

The average retail account is about $150,000 - so it does not need more diversification, given the large number of uncorrelated asset categories available today. Of course - indirect sources of long term assets are built into the CPP/ QPP - with serious **illiquidity** also within small cap stocks.

The proposed fund: said **OLTF** - will be a mutual fund with **MER** that could exceed 2% or likely even much more. The only Interval Fund in Canada has a 2.75% MER. Such high fees paid each year for up to 10 years will eat into the debatable **illiquidity premium** on many deleterious counts. The proposed fund “unlocks” investor savings only to lock them in for up to 10 years or more - into long term assets - a reckless gamble which benefits only the providers who have nothing to lose - and much to gain thereby. **Again - NO WAY VIABLE!**

No matter how packaged or promoted**:** the long term assets are more risky than publicly traded securities: and without the benefit of strict fulsome meaningful disclosures.
There is also the opportunity loss of not collecting dividends from publicly traded holdings during the overly long hold period, when there are other viable options available.

Private Equity may enhance investors' returns before fund fees**:** however, it can leave a trail of impaired companies behind as well as unemployed Ontario workers. Caution is advised before encouraging retail investor engagement. Investing via discount brokers should not be permitted. This channel is not consistent with **OLTF** - as well as a usual self-assessment questionnaire not being sufficiently robust on many counts - to assess access suitability - and it may also be in many parts - subjective only and channeled to assist - by the providers.

Risk disclosure should be not be limited to variability. Specific risks such as redemption freezes should be prominently enumerated. Risk rating should deemed to be high. If ultimately approved for retail investor consumption, may I recommend - this product to be recommended by professionally accredited advisors with portfolio management experience - and also with notarial proof therein, so that there there can be no doubt as to accountability if the Investor was bamboozled in a scheme by including the provider. **That will end many entries.**

I strongly recommend the use of behavioural finance and investor testing to assess whether such a complex, risky product is appropriate for modest income Ontarians - saving up for retirement. While it may not be the role of the OSC to opine on the merits of a securities investment, de jure it must fall within the OSC’s mandate to protect vulnerable Investors from "foreseeable" harm, especially when there is no doubt therein. Indeed - the OSC should be held accountable if it knowingly permits Ontarians to be exposed to an unsuitable product.

The bottom line is obvious for anyone compos mentis. This high risk product with no viable r**eward return** is unable to satisfy any need, and will expose investors to high fees and excessive risks over **the long holding periods.** That could lead to an abundance investor hardship (as stated) with minimum potential benefits. Finally it does not take into account the **life expectancies** of the elderly, estate issues (including death taxes), their required practical knowledge, etc.. Such so-called investment must be only with -an abundance of caution.

To Conclude: Their own personal lawyers' notarised certificates that their clients are aware of all the pitfalls, and as well - the loss of the benefits of the fees going to their providers no matter what. Ergo - anyone who is compos mentis and properly informed would likely take a pass, given the risk-reward offered - as compared with other more viable investments.
I recommend and plead: that the OSC turn its strict attention to those Dealers who restrict access to publicly traded securities, while taking pernicious advantage of potential investors.

David M. Fieldstone (B. Economics)
Retired Barrister & Solicitor (Ontario)