

DELIVERED BY EMAIL

February 11, 2025

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario M5H 3S8
E-mail: comments@osc.gov.on.ca

Dear Sir/Madame:

Re: Ontario Securities Commission Consultation Paper 81-737 – Opportunity To Improve Retail Investor Access To Long-Term Assets Through Investment Fund Product Structures

Wealthsimple Inc. (Wealthsimple) is pleased to provide comments to the Ontario Securities Commission's Consultation Paper 81-737 – Opportunity to Improve Retail Investor Access to Long-Term Assets through Investment Fund Product Structures (the Consultation Paper). Wealthsimple supports the OSC in its objective to devise an approach to facilitate retail investment in long-term illiquid assets through an investment fund product structure.

Private market investing has been a key part of many institutional investing strategies, including the Maple 8, who are often touted as the “pinnacle of smart money” in Canada. Private market investing has long been a building block of creating generational wealth, and yet investments like venture capital, private credit, and private equity were traditionally reserved for high net-worth investors through family offices. By using technology, determination, and a highly skilled investment team, Wealthsimple has been able to greatly reduce the barriers to entry to these investments.

In 2021, we started with [Venture Fund I](#), providing clients with the ability to invest in venture capital. Since then we have added two more private market products: [Wealthsimple Private Credit](#) and [Wealthsimple Private Equity](#). Today thousands of Canadians — people who historically wouldn't have been able to access these exclusive assets — have invested more than \$500M through our funds. We have offered these funds through working with globally recognized fund managers. Our private funds co-invest with leading institutional investors, including Canadian pension funds.

We have reviewed the comment letter that the Investment Industry Association of Canada (IIAC) is providing in response to the Consultation Paper. We generally endorse and support the recommendations and analyses submitted by the IIAC. Our comments are focused specifically on providing fund managers with discretion to continue to manage the fund during periods of redemption suspensions and caps, and making this asset class available to all retail investors.

Suspension of Redemptions

We support the recommendation in the Consultation Paper that an Ontario Long-Term Fund (OLTF) be allowed to suspend redemptions for a specified period where it is in the best interest of the fund. We also support providing fund managers with the discretion to cap redemptions at a specified level per period. However, we do not believe that an OLTF should be required to be wound up if the suspension of redemptions extends beyond a temporary period, or if redemption requests exceed the cap for two consecutive years.

There are ways to manage liquidity during a redemption suspension or a period when redemption requests exceed the cap. One approach could be to move the proportionate assets into a sub-class of units/shares, and then attempt to sell that sub-class and distribute the proceeds. This approach would allow for more orderly redemptions without disrupting the overall fund structure. Fund managers are obligated to exercise their powers in the best interests of the investment fund. It may not be in the best interest of the fund to be wound up during a prolonged redemption suspension or a period when redemption requests exceed the cap. For example, the Blackstone Real Estate Investment Trust restricted redemptions from November 2022 to January 2024, but was able to fulfill all redemption requests by February 2024. Therefore, we believe fund managers should have the discretion to continue to manage OLTFs rather than be required to wind them up on the occurrence of certain triggering events.

Distribution to all Retail Investors

We believe that OLTFs should be available to all retail investors. Therefore, we do not support a restriction on investors accessing OLTFs through order execution only dealers. The Canadian Securities Administrators' [2024 Investor Index](#) indicates that nearly half of investors have a self-directed account, and fewer investors report having a financial advisor in 2024 than in 2020. The largest drop in investors working with financial advisors was for investors under the age of 45 and those with portfolios less than \$100,000. We believe that private market investing must be available to all retail investors, not only the decreasing number of investors who work with a financial advisor. Similarly, restricting distributions of OLTFs to Ontario investors creates an unnecessary barrier to all Canadians accessing this asset class.

We hope that our comments will be received positively by the OSC, and are helpful in finalizing recommendations based on the Consultation Paper. We welcome the opportunity to discuss our comments with you.

Yours very truly,

“Nima Sanajian”

Nima Sanajian
Managing Director, Investments