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January 8, 2025

**Member Regulation Policy**, Canadian Investment Regulatory Organization  
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Dear Sir or Madam:

Thank you for your request for comments in relation to the Enhanced Cost Reporting – Proposed Rule Amendments. I applaud the transition towards Total Cost Reporting for investors in Canada.

All investment comes with risk, and investors cannot control the economy, interest rates, or geopolitical events that impact markets. However, what they can control is their asset allocation, investment behaviour, and costs. Every investor must endeavor to keep their overall All-In-Costs (“AIC”) as low as possible. Good financial advice is very valuable and costs money, as do good investment products. However, I firmly believe that across Canada, many consumers are paying excessive All-In-Costs.

With respect to the Proposed Rule Amendments, I would like to focus on **2.1.3 Reporting exemptions for certain investment funds**. As stated in the amendments, reporting is not required for prospectus exempt funds. This is concerning because prospectus exempt funds can have substantial embedded management fees, performance fees and operational costs.

In the area of private capital and alternative investing, many firms have created pooled “fund of fund” products to offer these investments to their clients. Such funds are generally sold via Offering Memorandum. Each of the underlying managers in such a pooled fund would already be charging a management fee. Additionally, the product manufacturer will incur operational expenses for these funds and potentially charge another layer of management and performance fees. As a result, at worst, clients invested in such vehicles are paying additional operational, management expenses, and performance fees, and at best only operational expenses. I have seen examples where such costs can be an additional 1.5% or more on an annual basis. This is significant.

What makes this practice more egregious is that today, high quality, global managers of pension style investments are now making their products available directly on Fundserve, largely eliminating the need for a fund of funds product for private capital and alternative investments. In my estimation, fees paid for by Canadian investors for such fund of funds products is easily in the tens of millions of dollars per year, and this number is likely to keep growing in the future.

**I urge regulators to eliminate the Enhanced Cost Reporting Exemption for prospectus exempt funds.**  
This will provide clients a full picture of fees incurred, and help to maintain a level playing field for industry participants who are legitimately attempting to keep costs as low as possible for their clients. Costs matter.

Sincerely,



Shamez Kassam, MBA, CFA

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