RealAlt Insights

www.RealAltinvestments.com

October 2025

In the News

Providing investors with current news, information and facts on passive real estate investing

OSFI's New LTI Limits—A Tail Wind for Non-Bank Lenders

The Shifting Regulatory Landscape
The Office of the Superintendent of Financial Institutions (OSFI) has introduced a powerful new tool to contain high-risk lending in Canada's banking system. This regulatory change directly impacts the qualifying criteria at major banks and is expected to re-route a significant volume of quality mortgage business toward the private and alternative lending sector.

The Change: Portfolio Loan-to-Income (LTI) Limits
OSFI is imposing a **lender-level limit** on the volume of new, uninsured mortgages that exceed a high **Loan-to-Income (LTI) ratio** of **4.5 times** the borrower's gross annual income.

- **Bank Constraint:** Federally Regulated Financial Institutions (FRFIs) must now cap the percentage of new loans that breach this 4.5x LTI threshold.
- **The Effect:** Once a bank's "high-LTI bucket" is full, it will be forced to decline applications from otherwise creditworthy borrowers whose income is highly leveraged, even if they pass the existing stress test.

Benefit to Private Lenders (Especially in the Multiplex Space)
Private and alternative lenders are **not subject to these OSFI LTI regulations**, positioning them to benefit immediately and significantly.

1. **Capturing the Investor Niche:** Multiplex investors often have higher leveraged ratios due to owning multiple properties. The new LTI cap makes it much harder for these desirable investors—who are crucial to increasing rental housing supply—to get new financing from banks.
2. **Asset-Based Underwriting:** Private lenders can bypass the restrictive personal LTI ratio by focusing on the **Loan-to-Value (LTV)** ratio and the **cash flow generated by the multiplex property itself** (the rental income). This asset-based approach is often the only viable solution for successful, yet highly leveraged, investors turned away by the major banks.
3. **Increased Deal Flow:** The LTI cap creates an artificial barrier at the traditional lending gate, directly increasing the pool of high-quality, investment-focused deals being brokered to the non-bank sector. This solidifies the private lender's role as the essential financing source for Canada's multiplex property market.

This means....

that as an investor in RealAlt®, you're positioned to benefit from a surge in high-quality mortgage deals banks can no longer fund—offering you stable monthly cash flow and a low correlation to stock market volatility

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Psychology of Investing

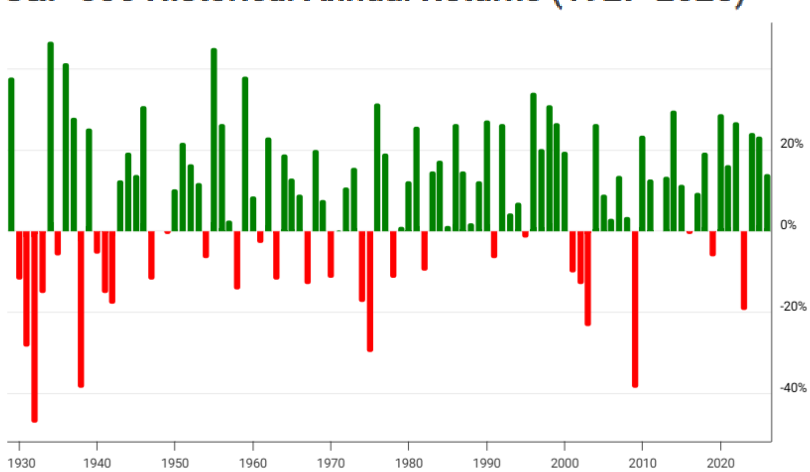
Don’t Be Blinded by the S&P 500’s Highs: Diversify Against Volatility

The stock market's remarkable run to all-time highs masks a critical vulnerability: **unprecedented concentration risk** within the S&P 500, driven largely by a few mega-cap technology and AI stocks, sometimes called the "Magnificent Seven." This narrowness—which some measures indicate surpasses the peak concentration of the dot-com bubble—means that the overall index's performance is overly reliant on the success of just a handful of companies, exposing investors to a heightened risk of a **sudden, sharp correction** should these dominant stocks falter.

The S&P 500’s average long-term returns of 10%-11% mask its true high degree of **volatility**, meaning its yearly performance jumps wildly from major gains (e.g., +30%) to deep losses (e.g., −20%). This instability, especially today with market gains concentrated in a few stocks, poses a significant risk to portfolios.

To reduce this risk and smooth out returns, investors should look beyond stocks and bonds to **alternative investments**. Our fund, **RealAlt Investments**, offers a solution by investing in **private real estate mortgages**. Because its returns are generated from consistent interest payments secured by physical property, the fund has a **low correlation to the volatile stock market,** aims for the same expected return and provides a steady **monthly income**. This makes RealAlt a powerful tool for diversification, helping to protect your wealth from major stock market swings.

S&P 500 Historical Annual Returns (1927-2025)



This means....

that as an investor in RealAlt®, you're shielded from the volatility and concentration risk of today’s stock market. With returns backed by diversified real estate mortgages, RealAlt® offers steady monthly income and a reliable alternative to equity-driven uncertainty.

Image Source:
https://www.macrotrends.net/2526/sp-500-historical-annual-returns#google_vignette

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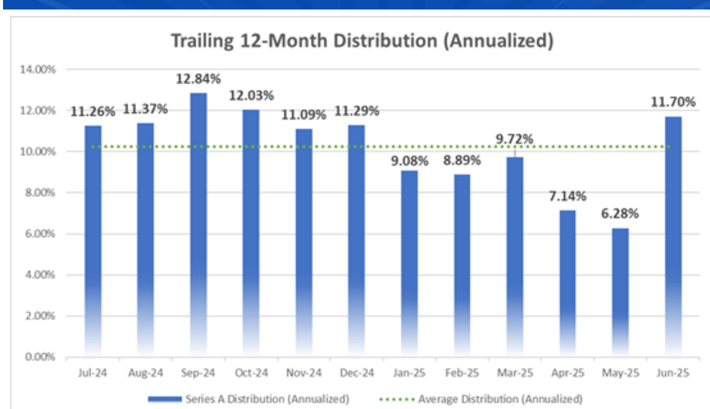
RealAlt® Facts

Each month we provide a key fact on the Fund. Be sure to go back in previous issues to learn more. Or reach out to get our Fact Sheet with all the details



Over the last 12 months, RealAlt has delivered an average monthly distribution of 10.24% annualized, which equates to approximately $853 in monthly distributions for a $100,000 investment.
As of June 2025.

*Past performance does not necessarily predict future performance. Read the Offering memorandum for all RealAlt investment details.

RealAlt® INVESTMENTS

Book a 15 min call to find out more
Invest with RealAlt® Investments today.

RealAlt® Investments | 41 Scarsdale Road, Unit 6, North York, Ontario, M3B 2R2 | 416-484-9747 | www.realaltinvestments.com