

## FORM ADV PART 2A: BROCHURE



**RAE & LIPSKIE INVESTMENT COUNSEL INC.  
(OPERATING AS “THE RAE LIPSKIE PARTNERSHIP”)**

Principal Office:  
20 Erb Street West, Suite 201  
Waterloo Ontario Canada N2L 1T2  
Phone: (519) 578-6849  
<https://www.raelipskie.com>

CRD #327652

January 3, 2024

**This brochure (the “Brochure”) provides information about the qualifications and business practices of Rae & Lipskie Investment Counsel Inc., operating as The RaeLipskie Partnership (“RaeLipskie”). If you have any questions about the contents of this Brochure, please contact us at (519) 578-6849. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

**Additional information about RaeLipskie is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search the SEC’s site using a unique identifying number, known as a CRD number. The CRD number for RaeLipskie is #327652.**

## **ITEM 2: MATERIAL CHANGES**

Since the initial filing of Form ADV Part 2A Brochure for Rae & Lipskie Investment Counsel Inc., operating as The RaeLipskie Partnership (“RaeLipskie” or the “Firm”) on September 22, 2023, we report the following material changes:

- RaeLipskie’s registration as an investment adviser with the U.S. Securities and Exchange Commission became effective October 19, 2023.
- Our investment advisory fees are calculated and billed monthly (rather than quarterly) in arrears based upon the client account’s asset value at the end of the prior calendar month and are pro-rated for partial periods.

Going forward, RaeLipskie will provide clients with a summary of any material changes to this Brochure within 120 days of the close of RaeLipskie’s fiscal year end. RaeLipskie may provide additional interim disclosure about material changes, if warranted, in compliance with regulatory guidance. For a current copy of RaeLipskie’s Brochure, please contact our Chief Compliance Officer at [Joe@raelipskie.com](mailto:Joe@raelipskie.com).

## TABLE OF CONTENTS

	<u>Page</u>
ITEM 1: COVER PAGE .....	I
ITEM 2: MATERIAL CHANGES .....	II
ITEM 3: TABLE OF CONTENTS .....	III
ITEM 4: ADVISORY BUSINESS .....	1
ITEM 5: FEES AND COMPENSATION .....	2
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	3
ITEM 7: TYPES OF CLIENTS .....	3
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	4
ITEM 9: DISCIPLINARY INFORMATION .....	12
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	12
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	15
ITEM 12: BROKERAGE PRACTICES .....	16
ITEM 13: REVIEW OF ACCOUNTS .....	19
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION .....	20
ITEM 15: CUSTODY .....	20
ITEM 16: INVESTMENT DISCRETION .....	20
ITEM 17: VOTING CLIENT SECURITIES .....	21
ITEM 18: FINANCIAL INFORMATION .....	22
ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS .....	22

## **ITEM 4: ADVISORY BUSINESS**

### **A. RaeLipskie and Principal Ownership**

Rae & Lipskie Investment Counsel Inc., operating as The RaeLipskie Partnership (“RaeLipskie”) is a Canadian corporation established in 1989 to provide discretionary investment management services to individual investors, endowment funds, charitable foundations, corporations, estates and trusts, and retirement funds. RaeLipskie is principally owned by Guardian Capital Group Limited ("Guardian"), a Canadian publicly listed financial services company. RaeLipskie is registered as a Portfolio Manager and/or Investment Fund Manager in numerous provinces in Canada. This designation requires RaeLipskie to qualify through examination and/or practical experience to conduct business in Canada. RaeLipskie is applying for registration with the SEC as a foreign adviser to facilitate the offering of its private investment services in the United States (“U.S.”).

Throughout this Brochure, Rae & Lipskie Investment Counsel Inc., operating as The RaeLipskie Partnership may be referred to as “RaeLipskie”, the “Firm”, “we”, “us”, and “our.”

### **B. Advisory Services**

RaeLipskie provides investment management services to individual investors, endowment funds, charitable foundations, corporations, estates and trusts, and retirement funds in Canada. The Firm offers similar services to U.S.-based clients. We manage investment portfolios on a discretionary basis. First, we analyze the client’s goals, objectives and risk tolerance which is memorialized in an investment policy statement. Then we design a portfolio of stocks, Exchange-Traded Funds (“ETFs”), bonds, short-term investments, and where appropriate, alternative investments, seeking to meet unique client needs. We invest the portfolio and monitor it continuously to ensure client portfolios are properly structured.

### **C. Tailored Advisory Services**

RaeLipskie tailors its investment services to a client’s individual needs. In preparation for managing client portfolios, a clearly defined investment policy statement is prepared that outlines the client’s specific financial objectives and the amount of investment risk the client is willing to accept.

The investment policy statement is unique to each client to facilitate prudent deliberation during the investment decision making process. The investment policy statement provides a roadmap for ongoing investment management and connects that process with client needs and goals. We review these guidelines with clients regularly to ensure that they adapt over time, as needed. Clients may impose reasonable restrictions on investing in certain strategies, securities, or types of securities. Restrictions are normally outlined in writing within the written client agreement or investment policy statement.

While accounts implementing the same investment strategy may perform similarly, performance differences are expected due to unique client objectives, restrictions, timing of trade orders and

account cash flows. For more information about the Firm's trade management policies and procedures, please see Item 12 - Brokerage Practices.

**D. Wrap Fee Programs**

RaeLipskie does not participate in wrap fee programs.

**E. Regulatory Assets Under Management**

As of June 30, 2023, RaeLipskie had \$856.28 million USD in discretionary Regulatory Assets under Management.

**ITEM 5: FEES AND COMPENSATION**

**A. Fees and Compensation**

Compensation for investment management services rendered is based on assets under management. Fees are based on a percentage of the market value of assets under management on a sliding scale. For purposes of calculating advisory fees, the market value of assets in the investment account consists of the market value of securities and other investments held in the account, including cash. In very low interest rate environments, the management fee paid to us on cash positions could exceed the yield on cash positions.

**Fee Schedule (U.S. \$)**

<b>Client Assets</b>	<b>Investment Management Fees</b>
First \$375,000	1.50% per annum
Next \$1,100,000	0.75% per annum
Next \$750,000	0.50% per annum
Over \$2,250,000	0.25% per annum

A minimum annual fee for investment management services of \$8,500 USD is applied. The assets held in a client's multiple accounts are aggregated for fee calculation purposes, so that smaller accounts achieve the benefit of scale from the overall portfolio.

Most client fees are charged according to this standard schedule, but fees are at times negotiated within a narrow range. Factors considered in negotiation include the duration of the client relationship, the overall size of the relationship, the nature of services offered, as well as resources required for us to service the relationship.

**B. Deduction of Fees**

Investment management fees for U.S. clients are calculated and billed monthly in arrears, using the account's assets under management as of the last day of the prior calendar month to calculate the fee. Fees are prorated for partial periods. Clients have the option to have investment management fees debited directly from their accounts each month.

### **C. Other Expenses**

If ETFs are held in client portfolios, their returns will be net of imbedded management expense ratios. These expense ratios are taken into consideration during the investment decision-making and portfolio construction process.

Stock trading costs for U.S. clients are generally a flat fee per trade but may vary based on the client's custodian. Bond trading costs are based on the bid-ask spread and are taken into consideration in the management of those assets.

U.S. clients choose their own custodians and negotiate those fees separately. Where applicable, U.S. clients may pay brokerage commissions, transaction costs, custodial fees, and other fees and taxes which are unrelated to the fees paid to RaeLipskie. Such charges, fees and commissions are exclusive of and in addition to RaeLipskie's fees.

See Item 12 – Brokerage Practices for additional information about potential conflicts of interest related to brokerage practices.

### **D. Advance Fees; Refunds**

Not applicable.

### **E. Certain Sales Compensation**

RaeLipskie and its employees do not accept compensation, including sales charges or service fees, for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. RaeLipskie does not pay or receive fees of any kind from a third-party; the Firm's sole source of revenue is client fees.

## **ITEM 6: Performance-Based Fees and Side-By-Side Management**

RaeLipskie does not manage client accounts on a performance-fee basis.

## **ITEM 7: TYPES OF CLIENTS**

As noted in Item 4 above, RaeLipskie provides discretionary investment management services to individual investors, endowment funds, charitable foundations, corporations, estates and trusts, and retirement funds. The Firm's minimum account requirement for opening and maintaining an account is \$750,000 USD. RaeLipskie may waive or reduce minimum investment requirements in its discretion, including based upon certain criteria as described in Item 5 above, and reserves the right to decline any client in its sole discretion.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

RaeLipskie mainly uses fundamental analysis techniques in formulating investment advice and managing assets for clients. The main sources of information used are financial newspapers and magazines, electronic data services, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC and other regulatory authorities, company press releases and interviews with management of target companies.

When selecting stocks, we apply a “GARP” (Growth at A Reasonable Price) approach, seeking to purchase high-quality securities as demonstrated by balance sheet strength, free cash flow generation and management track record. Our process benefits from a top-down, big picture perspective combined with detailed bottom-up company analysis.

#### ***Investment Strategies***

The Firm offers several model portfolios to clients, which include Canadian Growth, Canadian Dividend, Canadian Hybrid, Canadian Large Cap, United States and International, and Fixed Income. Client portfolios are constructed using one or more strategies, and may hold ETFs, Proprietary Pooled Funds, and/or Alternatives. More information about these strategies is detailed below.

- Canadian Growth - for growth-oriented clients, we invest in large, well-financed companies with successful records, good management and the ability to increase earnings and dividends. We leave room for smaller strategic investments in emerging growth companies with attractive products in promising sectors.
- Canadian Dividend - for clients with tax-efficient income requirements, we invest in high quality companies paying above average, sustainable and growing dividends. We seek to diversify holdings to avoid undue concentration within given industry sectors or regions.
- Canadian Hybrid - for clients who need growth with a steady income stream, this process selects the larger, high-quality holdings from each of the Growth and Dividend Models. This strategy is generally well suited for clients who seek an income stream plus the opportunity for long-term growth. Based on our historical experience, this model may exhibit slightly higher volatility than the Dividend Model, but typically less volatility than the Growth Model.
- Canadian Large Cap - the Large Cap (capitalization) Model follows strict criteria to ensure investment in substantial, recognizable Canadian companies with favorable long-term track records, while providing broad diversification across the Canadian economy.
- United States and International - these Models make extensive use of ETFs. These instruments trade on stock exchanges just like individual stocks and allow us to achieve broad diversification for clients at a relatively low cost. This also provides room to target

attractive sectors, countries or regions. For large portfolios, we invest in individual stocks in foreign markets.

- Fixed Income - our Fixed Income Models include bonds, preferred shares, and other securities as appropriate, applying strict quality standards. We select securities which fit each client's circumstances and seek to produce attractive income streams related to their risk profile.
- Alternative Investment - we seek alternative investments to generally attain the objectives of volatility management and income generation, with moderate growth potential and reduced correlations to traditional public equity and debt markets. To do so, we primarily invest in investment vehicles managed by third parties specializing in real estate, infrastructure, commercial mortgages, private debt, private equity, public equities/debt and other such alternative investments.
- Responsible Investing - we are aware of the growing interest to invest in a manner consistent with investors' beliefs. Depending on certain considerations, we are often able to offer a dedicated Responsible Investing ("RI") approach utilizing an independent third-party research and scoring system to evaluate and assess ESG/SRI exposures metrics. Part of our general research process also includes the consideration of socially responsible issues.

## **B. Risk Factors Related to Investment Strategies**

Investing in securities involves risk of loss that clients should be prepared to bear. The primary risks associated with RaeLipskie's investment strategies and portfolio holdings are outlined below. There could be other risks of investment that are not discussed below. Past performance is no indication of future returns.

**No Investment Guarantee Equivalent to Deposit Protection.** Investment in a securities portfolio is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which could be available to protect the holder of a bank deposit account. Furthermore, unlike a deposit in a bank account, the principal invested in an investment portfolio will fluctuate.

**Reliance on RaeLipskie.** The success of a client's portfolio depends in substantial part upon the skill and expertise of the personnel of RaeLipskie and the ability of the Firm to successfully carry out the investment policy of the client's portfolio. No assurance can be given that RaeLipskie will be able to do so. Moreover, decisions made by RaeLipskie could cause a client portfolio to incur losses or to miss profit opportunities. Because we maintain discretion over portfolio decisions, clients will not be able to evaluate for themselves the merits of investments to be acquired. Instead, clients must rely on the judgment of RaeLipskie and any third-party managers we may select to conduct appropriate evaluations and to make investment decisions. There can be no assurance that any of the key investment professionals will continue to be associated with RaeLipskie or third-party managers throughout the life of the client relationship.

**General Economic and Market Risk.** Client portfolios are affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors could affect the level and volatility of



securities' prices and the liquidity of a portfolio's investments. Volatility or illiquidity could impair a portfolio's profitability or result in losses.

**Equity Securities Risk.** The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even loss of a key executive, could result in a decrease in the value of the issuer's securities. Factors specific to the industry in which the issuer participates, such as increased competition or costs of production or consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or a decrease in consumer confidence, which are unrelated to the issuer itself or its industry. In addition, certain equity-related instruments can be subject to additional risks, including liquidity risk, counterparty credit risk, legal risk, and operations risk, and could involve significant economic leverage and, in some cases, be subject to significant risks of loss. These factors and others can cause significant fluctuations in the prices of the securities in which a portfolio invests and can result in significant losses.

**Issuer Risk.** The value of an equity security could decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments could include a variety of factors, including but not limited to management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.

**Smaller Company Risk.** Investments in small-capitalization companies and mid-capitalization companies, including smaller, earlier stage companies, at times involve additional risks. These risks can be relatively higher with smaller companies. These additional risks could result from limited product lines, more limited access to markets and financial resources, greater vulnerability to competition and changes in markets, lack of management depth, increased volatility in share price, and possible difficulties in valuing or selling these investments.

**Exchange-Traded Fund Risks.** Exchange-Traded Funds ("ETFs") are subject to risks similar to those of stocks and are not necessarily suitable for all investors. Shares can be bought and sold through a broker, and the selling shareholder may have to pay brokerage commissions in connection with each transaction. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than original cost. Shares can only be redeemed directly from the fund. There can be no assurance that an active trading market for the shares will develop or be maintained, and shares may trade at, above or below their net asset value. ETFs incur fees that are separate from those fees charged by Raelipskie. Accordingly, investments in ETFs will result in the layering of fees and expenses.

**Fixed-Income Securities Risk.** To the extent that an account holds fixed-income investments, they will be influenced by financial market conditions and the general level of interest rates around the world. Specifically, if fixed income investments are not held to maturity, an account may suffer a loss at the time of sale of such securities.

**Interest Rate Risk.** The value of a portfolio that holds fixed-income securities will rise and fall as interest rates change. When interest rates fall, the value of an existing bond will rise. When

interest rates rise, the value of an existing bond will fall. The value of bonds that pay a variable (or floating) rate of interest is generally less sensitive to interest rate changes. To the extent an account invests in instruments with a negative yield (i.e., where there are negative interest rates), its value could be impaired.

**Systemic Risk.** Credit risk can also arise through a default by one or several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as "systemic risk" and could adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, custodians, and exchanges, with which a portfolio interacts daily.

**Foreign Investment Risk.** Investments in securities of foreign issuers involve risks that may include adverse fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, difficulty in selling foreign investments, and reduced legal protection. These risks are at times more pronounced for investments in developing countries.

**ADR Risk.** American Depositary Receipts ("ADRs") are typically issued by a U.S. bank or trust company and represent ownership of underlying foreign securities. Positions in those securities are not necessarily denominated in the same currency as the common stocks into which they could be converted. Generally, ADRs, in registered form, are designed for the U.S. securities markets. In addition to the risks presented in any investment – changes in value, changes in demand – there are several risks unique to ADRs that must be considered. For instance, while they will react to normal market fluctuations like regular stocks, ADRs are still vulnerable to currency risks. If the value of the company's home currency falls too much relative to the U.S. Dollar, the effect will eventually trickle down to the ADR. The same can be said for changes in the home country's government.

**Emerging Market Securities Risk.** Client portfolios can hold investments in various markets, some of which could be considered "emerging markets", or in companies with material exposure to emerging markets. Many emerging markets are developing both economically and politically and could have relatively unstable governments and economies based on only a few commodities or industries. Many emerging market countries do not have firmly established product markets and companies could lack depth of management or could be vulnerable to political or economic developments such as nationalization of key industries.

Emerging market securities risks include: (i) greater risk of expropriation, confiscatory taxation, nationalization, social and political instability (including the risk of changes of government following elections or otherwise) and economic instability; (ii) the relatively small current size of some of the markets for securities and other investments in emerging markets issuers and the current relatively low volume of trading, resulting in lack of liquidity and in price volatility; (iii) certain national policies which could restrict a portfolio's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; (iv) the absence of developed legal structures governing private or foreign investment and private property; (v) the potential for higher rates of inflation or hyper-inflation; (vi) currency risk and the imposition, extension or continuation of foreign exchange controls; (vii) interest rate risk; (viii) credit risk; (ix) lower levels of democratic accountability; (x) differences in accounting standards

and auditing practices which could result in unreliable financial information; and (xi) different corporate governance frameworks. Furthermore, emerging markets are characterized by numerous market imperfections, analysis of which requires long experience in the market and a range of complementary specialist skills. In the recent past, the tax systems of some emerging markets countries have been marked by rapid change, which can occur without warning and can be applied with retroactive effect.

**Concentration Risk.** A portfolio will generally seek to diversify portfolio investments; however, a significant percentage of the portfolio's assets could be invested from time to time in groups of issuers deriving significant revenues from the same market, region, or industry. If a portfolio makes such investments, the exposure to credit and market risks associated with such market, region or industry will be increased because changes in the value of a single issuer could have a greater impact on the total value of the portfolio than if the portfolio is invested in a larger number of issuers. If some of the issuers in the portfolio are in the same or related industries or sectors, any economic, political, regulatory, or other event affecting one of those industries or sectors could have a greater impact on the total value of the portfolio.

**Liquidity Risk.** Due to a lack of demand in the marketplace or other factors, a portfolio might not be able to sell some or all investments promptly or may only be able to sell investments at less than desired prices.

**Independent Manager Risk.** When client assets are invested by outside professional asset managers, RaeLipskie does not directly control the day-to-day investment decisions of these outside managers. An independent manager may stray from its stated investment strategy (known as "style drift") or make poor investment decisions which place client assets at greater risk of loss. An independent manager may face regulatory problems which could have an impact on their ability to attract assets and professional staff.

**Currency Risk.** When investments involve the currencies of various countries, the value of the assets of the portfolio as measured in the portfolio's base currency will be affected by changes in currency exchange rates, which could affect a portfolio's performance independent of the performance of its securities investments. A portfolio could seek to hedge all or any portion of its foreign currency exposure. However, even if a portfolio attempts such hedging techniques, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-base currencies because the value of those securities is likely to fluctuate due to independent factors not related to currency fluctuations. Currency exchange rates can fluctuate significantly over short periods of time causing, along with other factors, a portfolio's net asset value to fluctuate as well. To the extent that a substantial portion of a portfolio's total assets, adjusted to reflect a portfolio's net position after giving effect to currency transactions, is denominated in the currencies of specific countries, the portfolio will be more susceptible to the risk of adverse economic and political developments within those countries.

**Alternative Investment Risk.** Investing in alternative investments, such as private placements or real estate, involve specific risks that may be greater than those associated with traditional investments. For example, alternatives may have limited liquidity due to lock-up periods and other restrictions. Many alternatives have a high cost of entry, requiring hefty minimum purchases. Such products employ potentially speculative investment strategies. Changes in tax laws may impact

the performance of alternative investments. Alternative investments may have different regulatory and reporting requirements. Alternative investments will affect performance and client reports may be inaccurate because the values of the positions held may not be priced on a regular basis or may be delayed.

**Environmental, Social, and Governance Considerations and Risks.** Upon client request, RaeLipskie will seek to construct a portfolio that would consider Environmental, Social, and Governance (“ESG”) factors. ESG investments are commonly defined as investments with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return. There are potential limitations associated with allocating a portion of an investment portfolio to ESG securities. The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and ETFs are few when compared to those that do not maintain such a mandate. Furthermore, there is no standard definition of ESG which could make it difficult to align the client’s objectives with the securities held in the investment portfolio. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by RaeLipskie), there can be no assurance that an investment in ESG securities or funds will be profitable or prove successful.

**Correlation of Performance Across Investments and Strategies.** RaeLipskie will invest in securities in a manner which is intended to provide some degree of portfolio diversification. However, there can be no assurance that the performance of its investments will not be correlated. For example, in periods of illiquidity such as those experienced in 2008, assets in certain market sectors which historically did not show a high degree of correlation became correlated due to the sharp decrease in liquidity available to investors and the loss of systemically important institutions that affected all such investments. Similarly, there can be no assurance that the strategy employed by RaeLipskie will be uncorrelated with other investment strategies in the future.

**Execution of Orders.** A portfolio’s investment strategies and trading strategies depend on its ability to establish and maintain an overall market position in a combination of financial instruments selected by RaeLipskie. A portfolio’s trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, trading volume surges or systems failures attributable to a portfolio, RaeLipskie, counterparties, brokers, dealers, agents, custodians, or other service providers. In such event, a portfolio might only be able to acquire or dispose of some, but not all, of the components of such position, or if the overall position were to need adjustment, the portfolio might not be able to make such adjustment. As a result, a portfolio would not be able to achieve the market position selected by RaeLipskie, which could result in a loss of value or loss of opportunity. In addition, RaeLipskie could rely on electronic execution systems (and could rely on new systems and technology in the future), and such systems could be subject to certain limitations or mistakes, causing the interruption of trading orders for the portfolio.

**Trading on Exchanges.** A portfolio can trade, directly or indirectly, securities on exchanges located anywhere. Some exchanges, in contrast to those based in the U.S., for example, are “principals’ markets” in which performance is solely the individual member’s responsibility with

whom we are trading and not that of an exchange or its clearinghouse, if any. In the case of trading on such exchanges, a portfolio will be subject to the risk of the inability of, or refusal by, a counterparty to perform with respect to contracts. Moreover, in certain jurisdictions there is generally less government supervision and regulation of worldwide stock exchanges, clearinghouses and clearing firms than, for example, in the U.S. A portfolio is also subject to the risk of the failure of the exchanges on which its positions trade or of their clearinghouses or clearing firms and there could be a higher risk of financial irregularities and/or lack of appropriate risk monitoring and controls.

**Failure of Brokers, Counterparties, Exchanges.** Client portfolios will be exposed to the credit risk of the counterparties with which, or the brokers, dealers, custodians, and exchanges through which, client portfolios deal, whether engaging in exchange-traded or off-exchange transactions. Client portfolios could be subject to risk of loss of assets on deposit with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of client portfolios, or the bankruptcy of an exchange clearing house. Client portfolios can also be subject to risk of loss of their funds on deposit with brokers who are not required by their own regulatory bodies to segregate customer funds. Client portfolios could be required to post margin for foreign exchange transactions either with RaeLipskie or other foreign exchange dealers who are not required to segregate funds (although such funds are generally maintained in separate accounts on the foreign exchange dealer's books and records in the name of the client).

In the case of a bankruptcy of the counterparties with which, or the brokers, dealers, custodians and exchanges through which, client portfolios deal, or a client loss as described in the foregoing paragraph, client portfolios might not be able to recover any of their assets held, or amounts owed, by such person, even property specifically traceable to client portfolios, and, to the extent such assets or amounts are recoverable, client portfolios might only be able to recover a portion of such amounts. Further, even if client portfolios can recover a portion of such assets or amounts, such recovery could take significant time. Prior to receiving the recoverable amount of the client account property, client accounts could be unable to trade any positions held by such person, or to transfer any positions and cash held by such person on behalf of client portfolios. This could result in significant losses to client portfolios.

Client portfolios can initiate transactions on "over the counter" or "interdealer" markets. Participants in these markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. To the extent that client portfolios invest in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, client portfolios can take a credit risk relative to parties with which it trades and could bear the risk of settlement default. These risks could differ materially from those involved in exchange-traded transactions, which generally are characterized by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries.

**Currency Counterparty Risk.** Contracts in the foreign exchange market are not regulated by a regulatory agency, and such contracts are not guaranteed by an exchange or clearing house. Consequently, there are no requirements with respect to record-keeping, financial responsibility

or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank-traded instruments rely on the dealer or counterparty being contracted with to fulfil its contract. As a result, trading in interbank foreign exchange contracts could be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which a client portfolio has a forward contract. Although RaeLipskie intends to trade with counterparties it believes to be responsible, failure by a counterparty to fulfil its contractual obligations could expose a client portfolio to unanticipated losses.

**Climate Change Risk.** Climate change and the transition toward a low-carbon economy could result in physical and transition risks to all portfolio companies and may give rise to increasing operating or capital costs that could be material financially for certain companies in which a portfolio invests.

**Cybersecurity Risk.** As the use of technology has become integral to conducting business, RaeLipskie has become more susceptible to operational and information security risks. A breach in cybersecurity refers to both intentional and unintentional events that may cause RaeLipskie to lose proprietary information, suffer data corruption or lose operational capacity. This in turn could cause RaeLipskie to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cybersecurity breaches may involve unauthorized access to RaeLipskie's digital information systems (e.g., through "hacking" or malicious software coding), but may also result from outside attacks, such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cybersecurity breaches of a RaeLipskie's third-party service providers can also subject RaeLipskie to many of the same risks associated with direct cybersecurity breaches. As with operational risk in general, RaeLipskie has established risk management systems designed to reduce the risks associated with cybersecurity. However, there is no guarantee that such efforts will succeed, especially since RaeLipskie does not directly control the cybersecurity systems of third-party service providers.

**Coronavirus and Public Health Emergency Risk.** Any public health emergency, including any outbreak of coronavirus ("COVID-19"), SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on markets and client accounts, and could adversely affect the client's ability to fulfill their investment objectives. The extent of the impact of any public health emergency on client accounts will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of client accounts. In addition, the operations of RaeLipskie may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of personnel.

**Risks Related to Russian Invasion of Ukraine.** Russia's invasion of Ukraine and corresponding events which began in February 2022, have had, and could continue to have, severe adverse effects on regional and global economic markets. Following Russia's actions, various governments, including Canada and the U.S., have issued broad-ranging economic sanctions against Russia, including, among other actions, a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs; a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications, the electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. The duration of ongoing hostilities and the vast array of sanctions and related events cannot be predicted. These events present uncertainty and risk with respect to markets globally, which pose potential adverse risks to client portfolios and their performance.

### **C. Risk Factors Related to Types of Securities**

See Item 8.B above for information about material risks related to the types of securities for which RaeLipskie provides investment advice.

We believe the professional and disciplined execution of our investment philosophy and due diligence will assist our clients in achieving their objectives over time, although there are no guarantees. We seek to mitigate investment risk by way of our top-down macro analysis with rigorous investment manager due diligence to identify investment opportunities and assist in the portfolio construction and asset allocation process. However, no investment is guaranteed. RaeLipskie clients placing funds in our strategies should do so with the full knowledge that loss of principal is a real risk.

## **ITEM 9: DISCIPLINARY INFORMATION**

Like other registered investment advisers, RaeLipskie is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of RaeLipskie or the integrity of its management. RaeLipskie is not aware of any legal or disciplinary events that would be material to an investor's or a prospective investor's evaluation of RaeLipskie or the integrity of its management.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Related Broker-Dealers**

None of RaeLipskie or any management persons of RaeLipskie are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer under United States law.

RaeLipskie is registered as a Portfolio Manager and/or Investment Fund Manager in certain Canadian provinces.

**B. Related Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser**

Neither RaeLipskie nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

**C. Other Material Relationships**

Through its parent company's ownership structure, RaeLipskie is affiliated with numerous financial service entities located inside and outside the U.S., as detailed below. This list of affiliated entities is subject to change over time.

- **GuardCap Asset Management Limited** ("GuardCap"), with its principal place of business in London, is a specialist investment firm focused solely on managing concentrated, bottom-up, equity strategies constructed on an "index-agnostic" basis for institutional, wrap and model-based platform clients. GuardCap is a subsidiary of Guardian Capital Group Limited, is registered with the SEC as a foreign adviser and is authorised and regulated by the Financial Conduct Authority of the United Kingdom.
- **Guardian Capital LP** is an independent, institutional investment firm. Guardian Capital LP is a subsidiary of Guardian Capital Group Limited, is registered as a Portfolio Manager in all provinces of Canada and is an SEC-registered investment adviser. Guardian Capital LP is the manager of a group of pooled trust funds, the Guardian Capital Funds, and advises a private investment fund complex known as the Guardian Aurora Funds. The Guardian Aurora Funds complex consists of a Cayman Islands domiciled master fund and two feeder funds.
- **Guardian Capital Advisors LP** ("GCALP"), another subsidiary of Guardian Group, is a registered investment adviser (in the U.S. and Canada) and exempt market dealer (in Canada) that specializes in advising high net worth individuals and is an affiliate of RaeLipskie.
- **Alexandria Global Investment Management Limited**, an indirect subsidiary of Guardian Group, is registered as a mutual fund manager under the laws of the Cayman Islands, and is the manager of a mutual fund, The Alexandria Fund, which is sold to the public outside Canada and the U.S. The fund consists of numerous "sub-funds", each of which has a different investment objective.
- **Guardian Capital Holdings Ltd.**, a wholly owned subsidiary of Guardian Group, holds a 100% interest in Guardian Capital Real Estate Inc., which is the manager of Guardian Capital Real Estate Fund LP, a limited partnership that invests in direct real estate. Guardian Capital Holdings Ltd. also holds a 100% interest in Guardian Capital Real Estate GP Inc., which acts as general partner to Guardian Capital Real Estate Fund LP.



- **Alta Capital Management, LLC** (“Alta Capital”) is an SEC-registered investment management firm based in Salt Lake City, Utah and principally owned by Guardian Capital, LLC an indirect subsidiary of Guardian Group. Alta Capital invests primarily in U.S.-based equity securities using a quality growth investment discipline on behalf of institutional, wrap and model-based program, high net worth, and individual clients.
- **Guardian Partners Inc.** is a private company established in 1997, with its principal place of business in Toronto, Ontario, to provide wealth management services to individuals, families, and institutions. In March 2021, Guardian Capital Group Limited completed the acquisition of BNY Mellon Wealth Management, Advisory Services, Inc., and renamed it Guardian Partners Inc.
- **ModernAdvisor Canada Inc.** is a subsidiary of Guardian Group and is registered as an investment adviser in Canada.
- **Agincourt Capital Management, LLC** (“Agincourt”) is an SEC-registered investment management firm based in Richmond, Virginia in the United States and principally owned by Guardian Capital, LLC an indirect subsidiary of Guardian Group. Agincourt primarily manages fixed income portfolios for a wide range of institutional clients.

RaeLipskie and its affiliates maintain written compliance policies and procedures designed to mitigate conflicts associated with shared resources. Certain persons who are not employees of RaeLipskie may be designated as supervised persons and/or access persons of RaeLipskie to ensure that the Firm fulfills its fiduciary duty to all clients in all circumstances.

Each affiliated entity has its own full-time professional staff who carries out the day-to-day trading and advising, and who may also be officers, and represented on the boards of directors, of the entities involved. Each entity has its own conflicts of interest policies. Compliance with both internal and external regulations and policies and procedures are monitored at all levels of the organization, under the guidance of the compliance team and the Governance Committee of the Board of Guardian Group.

#### **D. Selection of Other Investment Advisers**

As noted above, RaeLipskie may recommend third-party managers to provide clients with exposure to certain asset classes and related expertise. RaeLipskie does not receive any compensation from third-party managers for such recommendations.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Code of Ethics**

RaeLipskie values investor trust and places its fiduciary responsibilities to clients first and foremost in all aspects of its business. In accordance with Rule 204A-1 under the Advisers Act, RaeLipskie has adopted a code of ethics (the “Code of Ethics”). The Code of Ethics outlines a high standard of business conduct and reinforces each employee’s role in discharging the fiduciary duty to clients.

The Code of Ethics sets forth standards of conduct expected of RaeLipskie’s supervised persons, reflects our fiduciary duties and addresses conflicts that arise from personal trading, gifts and entertainment, and outside business activities. RaeLipskie is committed to maintaining the confidentiality, integrity, and security of current and prospective clients’ nonpublic personal information and adheres to high standards to safeguard such information. RaeLipskie’s Code of Ethics includes, among other things, the following minimum standards for RaeLipskie and its supervised persons. Supervised persons are those employees, partners, officers, directors (or other persons occupying a similar status or performing similar functions) as well as any other persons that provide advice to U.S. clients on behalf of RaeLipskie and are subject to RaeLipskie’s supervision and control. Certain key requirements include:

- A requirement to comply with applicable U.S. Federal securities laws;
- A requirement for supervised persons who are access persons to report and in some cases pre-clear, and RaeLipskie to periodically approve or review, their personal securities transactions and holdings;
- A requirement to report any violations of RaeLipskie’s Code of Ethics promptly to the Chief Compliance Officer; and
- A requirement that RaeLipskie provide each supervised person with a copy of the Code of Ethics and any amendments, and a requirement that supervised persons provide RaeLipskie with a written acknowledgment of their receipt of and compliance with the Code of Ethics and any amendments.

From time-to-time, a financial instrument may be added to a ‘restricted list’ that is maintained by RaeLipskie, for example, where the Firm has inside information about a public company. In such circumstances, personal account transactions in the financial instrument are strictly prohibited. In addition, supervised persons must not disclose confidential or inside information to a third party where it can be reasonably ascertained that the third party will transact in financial instruments based on this information.

A copy of RaeLipskie’s Code of Ethics is available to any current or prospective client by contacting our Chief Compliance Officer at [Joe@raelipskie.com](mailto:Joe@raelipskie.com).

## **B. Transactions with Related Parties**

Before we can buy or sell a security on behalf of a client in which RaeLipskie or an employee has a material financial interest, we must obtain the client's prior written consent. This consent is also obtained for a transaction involving an affiliated issuer listed in Brochure Item 10C above. We will disclose the nature and extent of the relationship between RaeLipskie and the affiliated issuer to obtain consent prior to investing.

## **C. Trading in the Same Securities as Clients**

RaeLipskie and/or a related person may occasionally purchase or sell securities or funds that they may recommend to clients. In such event, the Firm's Code of Ethics sets forth the basic policies of ethical conduct for personnel to follow to ensure that clients are not disadvantaged. The Code of Ethics also governs personal trading by supervised persons so as to avoid any actual or potential conflict of interest between supervised persons and clients.

Supervised persons are required to obtain pre-approval from the compliance staff prior to personal account transactions in certain designated financial instruments. In no circumstance will a supervised person be permitted to knowingly trade ahead of a client where RaeLipskie is buying or selling the same security on behalf of clients. This policy applies to financial instruments in which the supervised person has any direct or indirect beneficial ownership.

As noted above, RaeLipskie collects and maintains records of securities holdings and securities transactions effected by supervised persons and related persons as detailed above. These records are reviewed to identify and resolve potential conflicts of interest.

## **D. Trading in the Same Securities at the Same Time as Clients**

See Items 11.B. and 11.C. above for a discussion of certain conflicts of interest that may arise in situations where RaeLipskie or supervised persons may transact in the same securities in which a client account may also transact at the same time, and the manner in which RaeLipskie addresses such conflicts of interest.

# **ITEM 12: BROKERAGE PRACTICES**

## **A. Selection of Brokers**

Where third-party managers or sub-advisers retain discretionary authority to transact on behalf of our clients, RaeLipskie does not select or recommend broker-dealers for client transactions.

When RaeLipskie retains discretion to make such a selection, RaeLipskie's policy on broker selection is to ensure that RaeLipskie, on behalf of its clients, receives good value from brokerage firms. This is achieved by allocating trades to approved brokerage firms based on their efforts, for the benefit of our clients. RaeLipskie maintains a list of approved brokerage firms. RaeLipskie is

not permitted to conduct a trade with or direct a trade to a brokerage firm unless the brokerage firm is on the list of approved brokers.

When selecting brokers to conduct securities transactions on behalf of client portfolios, investment and trading teams consider many factors, in the context of the over-riding responsibility to seek best execution, including without limitation:

- The execution ability of the broker with reference to the specific trade;
- Trading expertise and prompt access to large blocks of securities;
- Willingness of the broker to commit its own capital to facilitate trading; and
- Expertise with access to relevant markets and security types.

## **1. Research and Other Soft Dollar Benefits**

Brokerage commissions represent client assets. We have a continuous duty to be sure that client transactions meet best execution standards, minimize transaction costs (market impact plus commissions), and benefit clients.

In limited situations, RaeLipskie does receive research or other products or services other than execution from a broker-dealer or third party as a result of client securities transactions. RaeLipskie's policy is to direct commissions for best execution and research only.

There are conflicts when we spend client commissions which benefit RaeLipskie. Canadian and U.S. securities regulators, along with the CFA Institute, provide guidance about the appropriate use of client brokerage commissions to avoid such conflicts. Client commissions may only be used to pay for order execution and research that is related to the investment decision-making process. RaeLipskie never uses client brokerage commissions to pay for general overhead expenses or other services that do not directly benefit our clients. RaeLipskie does not pay affiliated brokers who are in the same corporate group as RaeLipskie, for research.

Clients may pay more than the lowest available commission rate for eligible brokerage services to obtain better qualitative trade execution and in recognition of research provided by brokers, but only when we determine in good faith that commissions paid are reasonable in relation to such benefits. We make this determination based on our overall responsibilities to clients, not necessarily on a trade-by-trade basis.

## **2. Brokerage for Client Referrals**

RaeLipskie does not receive client referrals from any broker-dealer when we select for or recommend that broker-dealer to clients.

## **3. Directed Brokerage**

RaeLipskie's policy is to not utilize directed brokerage unless the following conditions are satisfied: (a) directed brokerage is requested in writing by the client (a copy of the request must be provided to the compliance staff and must be maintained in the client's file); and (b) the client is provided with written disclosure regarding: RaeLipskie's inability to negotiate commissions,

inability to necessarily obtain volume discounts or best execution, the possibility of disparity in commission charges; and the potential conflicts of interest arising from brokerage firm referrals.

## **B. Trade Aggregation**

RaeLipskie maintains standards that are directed toward ensuring fairness in the allocation of investment opportunities among client accounts, whether providing investment advisory or discretionary management services.

The regulatory concern is that an adviser may unfairly favour some accounts over others. This concern is most acute when a security is unusually attractive at the time of purchase and/or difficult to obtain, or it is unattractive, or difficult to dispose of, at the time of sale. This is especially true for as security that is thinly traded and/or is of limited availability.

In circumstances where RaeLipskie engages one or more third-party managers in respect of a client account, each applicable third-party manager's allocation of orders policy will govern trade management, aggregation, and allocation. RaeLipskie will review each manager's allocation policy prior to entering into the applicable agreement and periodically thereafter while such agreement is in force to ensure that the manager's policy is satisfactory to RaeLipskie.

When RaeLipskie directly initiates client trades, our policy is to ensure fair treatment of all clients over which we have discretionary authority in situations where two or more such clients participate simultaneously in a buy or a sell program involving the same security. We owe a duty to each client and, therefore, the Firm has an obligation to treat each client fairly.

RaeLipskie shall exercise diligence and thoroughness in making an investment action on behalf of each of its clients. RaeLipskie must have a reasonable and adequate basis for such actions, supported by appropriate research. RaeLipskie will manage each client's portfolio within the investment guidelines and restrictions set for that client.

Orders follow a pro rata allocation protocol per client account based upon target weighting as determined by the portfolio managers at the time of order entry – the belief being that in most instances a pro rata allocation will ensure fairness. However, the policy recognizes that no rigid formula will always lead to a fair and reasonable result, and that a degree of flexibility to adjust to specific circumstances is necessary. Therefore, under certain circumstances, allocation on a basis other than strictly pro rata based on order size is permitted if it is believed that such allocation is fair and reasonable. The overriding principle we follow in applying the following guidelines is to be fair and reasonable to all clients participating at the same time in a buy or sell program of the same security, considering each client's investment objectives, portfolio management policies and avoiding the appearance of favouritism or discrimination among clients.

It is part of RaeLipskie's policy to aggregate or bunch client orders when it is determined that it is in the best interests of clients. RaeLipskie can, either directly through a separate account or indirectly through a pooled investment vehicle, manage proprietary accounts of RaeLipskie or its related persons, including employees. RaeLipskie will treat these accounts in the same manner as accounts of non-related persons and will not favor one type of account over the other.

RaeLipskie periodically reviews its treatment of proprietary accounts to ensure that it does not favor them over non-proprietary accounts.

Clients should be aware that the need to carefully review an account guideline or relevant portfolio restriction (including an applicable law) could in some cases create a potential opportunity cost. RaeLipskie can choose, as a prudential matter, to limit certain client accounts from trading in a specific instrument while it reviews and interprets relevant law or contractual limitations or, where necessary, obtains client consent. This delay could cause some client accounts to miss investment opportunities. In certain situations where we are unable to confirm with confidence that a specific client account is permitted to invest in a specific opportunity, or where client discussion and consent is needed, but cannot practically be arranged in a timely manner, RaeLipskie could be unable to proceed with the investment for that client account, even if other clients do participate.

### **ITEM 13: REVIEW OF ACCOUNTS**

#### **A. Periodic Review of Client Accounts**

Client portfolio holdings and third-party managers are reviewed on a continuous basis by the investment team. Client portfolios are reviewed and compared to the investment policy statement on a periodic basis.

#### **B. Review of Client Accounts Other than on a Periodic Basis**

Certain factors could trigger additional review of a client's account. The frequency, interval, and scope of these reviews depend upon many factors, including but not limited to:

- Changes in third-party managers;
- Changes in market conditions;
- Re-balancing of assets to maintain proper asset allocation;
- Contributions to or withdrawals of cash or securities from an account;
- Change in the investment restrictions, investment objectives, or investment policy statement;
- Client requests such as tax-loss harvesting; and/or
- Questions regarding performance or structure.

Clients should contact us if any changes occur in their investment objectives which could affect the services we provide or the construction of the portfolio.

#### **C. Reports to Clients**

The Firm offers multiple reports to clients, including:

- Quarterly portfolio and performance reports.
- Quarterly newsletters and investment commentary from our Chief Investment Officer.
- Direct communication at any time with your Portfolio Managers.
- Monthly eNewsletter.

Additionally, we conduct regular face-to-face portfolio review meetings with clients.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Compensation from Third Parties**

RaeLipskie does not accept compensation or other economic benefits from any person who is not a client for providing investment advice or other advisory services to our clients.

### **B. Compensation for Client Referrals**

Clients may be referred to us by financial planners and investment firms. When such financial planners and firms are paid a fee for the referral and ongoing client relationship management, such arrangements are governed by written agreements and disclosures in accordance with governing regulations. Such arrangements will be disclosed in regulatory filings, in accordance with each regulator's requirements.

## **ITEM 15: CUSTODY**

Custody occurs when an adviser or related person directly or indirectly holds client funds or securities or may gain possession of them. RaeLipskie does not have direct custody over client funds or securities. Custody is maintained by a custodian selected by the client. Our clients work with various broker-dealers, banks and other qualified custodians who provide periodic statements of all securities and funds held. Clients should receive at least quarterly statements from the qualified custodian that holds and maintains investment assets. We urge clients to carefully review statements, which represent official custodial records, and compare them to the account statements or reports that we could provide.

We have adopted policies and procedures to safeguard client assets, including assets maintained in client accounts where RaeLipskie has the authority to deduct advisory fees. If RaeLipskie is granted the authority by the client to directly deduct fees from a U.S. client's account, we will perform a specific due inquiry to confirm that the qualified custodian sends an account statement, at least quarterly, to each client for which the qualified custodian maintains funds or securities.

## **ITEM 16: INVESTMENT DISCRETION**

RaeLipskie provides investment advisory services on a discretionary basis to clients. Our advice is provided in accordance with the investment objectives, limitations, and guidelines set forth in the applicable client agreement and investment policy statement. Prior to assuming discretion in managing a client's assets, RaeLipskie enters into a written investment management agreement with the client that sets out the scope of our discretion. The investment discretion that we exercise will be subject to any investment limitations set forth in the client agreement or investment policy statement.

When client accounts are managed by third-party managers, we retain the discretion to hire and fire such managers, but we do not retain day-to-day discretion over decisions specific to the selection and amount of securities to be bought or sold in client accounts, the timing of transactions, or the broker-dealer to be used for the purchase or sale of securities. Third-party managers retain such discretion, although they are subject to RaeLipskie's oversight.

## **ITEM 17: VOTING CLIENT SECURITIES**

### **A. Proxy Voting Policies**

When RaeLipskie has been directly delegated proxy voting authority on behalf of a client, proxy voting is a key part of our engagement process as it provides an important way for us to convey our views to issuer boards and management. Voting responsibly is part of our fiduciary duty and we make our voting decisions independently, in accordance with our Proxy Voting Guidelines. Our voting guidelines provide an overview of the corporate governance principles we support. Proxy Voting Guidelines are updated as necessary to ensure we meet our fiduciary duty.

We generally vote in alignment with portfolio company management although there will be occasions where the investment team determines that the best interest of the client could require a vote that differs from the recommendation of management. On such occasions, the investment team will document the reasons for the voting decision.

Where a conflict, or potential conflict exists between the interest of a client and the interest of RaeLipskie or its affiliates or related persons, proxies are voted in accordance with investment considerations and investment merits, without regard to any other business relationship that could exist between RaeLipskie and the portfolio company.

RaeLipskie maintains the following records relating to proxy voting analysis and decisions:

- Proxy statements received for client securities;
- Records of votes cast on behalf of clients;
- Records of client requests for proxy voting information and the response provided by RaeLipskie; and
- Documents that record the basis for decisions on voting matters, and any supporting materials.

There could be situations in which RaeLipskie decides in the best interests of its clients to deviate from its proxy policies and procedures. If this occurs, the Firm will document in writing the reason for the deviation.

Clients can obtain a copy of RaeLipskie's voting policies and procedures as well as information on how proxies were voted for their account(s) by contacting our Chief Compliance Officer at [Joe@raelipskie.com](mailto:Joe@raelipskie.com).

### **B. Other Proxy Voting Arrangements**

RaeLipskie could decline to vote in special situations, including cases where an issue is not relevant to the proxy policy's voting objective or where we believe it is not possible to ascertain what effect a vote could have on the value of an investment (e.g., social issues) or where costs are prohibitive. If this occurs, the Firm will document in writing the reason for the decision not to vote.

Clients that choose to vote their own securities will receive proxy solicitations from their custodian and/or transfer agent. Clients may contact us with any questions about or seek RaeLipskie's insight relative to a specific proxy solicitation.



If a security that was/is held for a client is involved in a class action suit, no action will be taken on the clients' behalf unless the potential financial return to the client is significant and worth the time and effort for both RaeLipskie staff and the client.

#### **ITEM 18: FINANCIAL INFORMATION**

##### **A. Prepayment of Fees**

RaeLipskie does not require or solicit prepayment of advisory fees six months or more in advance.

##### **B. Financial Commitments**

RaeLipskie has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients or investors.

##### **C. Bankruptcy**

RaeLipskie has not been the subject of a bankruptcy or insolvency proceeding.

#### **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not Applicable