



# Relationship Disclosure Information

Updated and effective as of January 1, 2024



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### Rally Assets

Rally Assets is an impact investment management and advisory firm. The firm helps investors generate positive social and environmental impact alongside a financial return. Rally creates specialized solutions for corporate and institutional investors, foundations, family offices and individual accredited investors. Through its joint venture in Realize Capital Partners, Rally is also a fund-of-funds manager for the Government of Canada’s Social Finance Fund.

Rally is a Portfolio Manager and Exempt Market Dealer registered in Alberta, British Columbia, Ontario and Quebec with the respective provincial securities commissions.

Rally is a certified B Corporation. Certified B Corporations meet the highest standards of verified social and environmental performance, public transparency and legal accountability to balance profit and purpose.

[rallyassets.com](http://rallyassets.com)

## 1. Introduction

In this document we provide important information about the relationship between Rally Assets Inc. and you, our valued client.

When we use terms “**we**,” “**us**” or “**Rally**,” we mean Rally Assets Inc. When we refer to “**you**” or “**your**” we are referring to you as the holder of an account or accounts for which we provide services and, if applicable, to a person or persons authorized to give instructions with respect to your account or accounts. When we use the term “**account**” we mean all accounts you open with Rally Assets Inc. When we refer to “**Rally Fund**” or “**Rally Funds**” we mean an investment fund or investment funds managed by Rally.

This document is current as of January 1, 2024, and will be updated from time to time. When that happens, we will refer you to our website or send you a copy of the updated document if you request one.

If you have any questions about this document, please contact us:

- By mail at 317 Adelaide Street West, Suite 1005, Toronto, Ontario M5V 1P9
- By email at [info@rallyassets.com](mailto:info@rallyassets.com)
- By telephone at 416-861-1717

Alternatively, please contact your Rally adviser or primary point of contact at Rally.

## 2. Who We Are

Rally Assets is registered as a Portfolio Manager and an Exempt Market Dealer in Alberta, British Columbia, Ontario, and Quebec. We provide institutional and high net worth private investors with investment management services. Through our joint venture we are also a fund-of-funds manager for the Government of Canada’s Social Finance Fund operating as Realize Capital Partners.

We strive to optimize our clients’ accounts for both risk-adjusted financial returns and risk-adjusted positive impact by investing in securities that generate a positive social and/or environmental impact alongside a financial return. Our process starts by intentionally identifying impact-suitable securities then applying traditional financial analysis to invest in or recommend a broad range of Canadian and/or non-Canadian securities across multiple asset classes including public equity, fixed income, private debt, and private equity. We invest in or recommend both individual securities and investment funds.

We seek to ensure that our impact investment decisions are aligned with the 17 Sustainable Development Goals developed by the United Nations (SDGs). We have mapped these SDGs into five investable themes to encompass a broad range of economic activities and impact:

- Sustainably meeting basic needs
- Empowering the structurally excluded
- Sustainable use of natural capital
- Addressing climate change
- Social infrastructure

We have developed a proprietary framework to manage and measure impact that we call the Rally Inclusive Impact Methodology (“RIIM”). RIIM is used at all stages of the investment process, from screening to post-investment monitoring. We use it to identify and measure an investment’s **potential** impact and our contribution towards that impact and then to measure, analyse and report on the positive impacts **achieved** and our contributions towards those investments. RIIM is a methodology that is evidence-based to enable strong fundamental analysis. RIIM is aligned to global standards.

With public companies, we use specialized third-party data and impact investment screens as a starting point for identifying a potential investment shortlist. We then conduct fundamental impact and financial analysis to determine securities eligible for inclusion in client accounts. With funds, both public and private, we use direct research and detailed discussions with fund managers as our starting point. For all holdings, we engage in a thorough and systematic analysis, utilizing the five dimensions of impact (Impact Norms), along with an evaluation of operational practices and an assessment of any negative impacts. Recognizing the challenge posed by the absence of standardized, comprehensive impact data in public markets, we integrate multiple data sources to formulate Key Performance Indicators (KPIs) that enable us to effectively measure and monitor the impact of our holdings over time. In the realm of private markets, our approach is further strengthened by our use of in-house impact assessment surveys designed to capture the Impact Norms related to product issuers and their portfolios.

### 3. Our Products and Services

Under our Portfolio Manager registration, we offer investment management and investment counselling accounts.

#### **Investment Management Account**

If you select an Investment Management Account, we will make investment decisions for your account on a discretionary basis in alignment with your Investment Policy Statement (IPS) that outlines the parameters governing investment actions such as size, asset class, restrictions and thematic areas. This means that we will act on your behalf in deciding which securities to buy for or sell out of your account, when and in what amount.

#### **Investment Counselling Account (Formally known as “Investment Advisory Account”, or IAA)**

If you select an Investment Counselling Account, we will make recommendations to you about which securities to buy for or sell out of your account, when, and in what amount. We will not act on any trade recommendations provided to you unless we have obtained approval from you to do so.

We must ensure that any securities that we recommend to you, that you transfer to us, or about which we make decisions on your behalf, are suitable for you. We will put your interests first when we make investment decisions on your behalf or make an investment recommendation to you.

To assess suitability, we consider factors set out in the Investment Policy Statement (“IPS”) that we develop with you and that is based on the know your client (“KYC”) information we collect from you, including by way of our “Investor Profile and Questionnaire.” That information includes information on your financial circumstances, investment objectives, investment knowledge and experience, risk tolerance, risk profile, investment time frame, liquidity needs and legal and tax considerations, among other factors. For clients that are not individuals, it includes information concerning the nature of their business, its control structure, and specified beneficial ownership, as applicable.

To meet our suitability obligation, we must also “know” and understand each investment we make for you or recommend to you. This occurs through our “know-your-product” (“KYP”) due diligence process, through which we analyse every investment we make for or recommend to you. This KYP process is coordinated by the firm’s advising representative(s) and dealing representatives, as applicable. Without limitation, as part of the firm’s KYP process, we generally consider such things as the reputation and track record of the investment product, the potential for profit and loss, its potential impact, the associated risk level, and potential for conflicts of interest, the investment’s time horizon and complexity, and the specific features of any investment, including costs and fees, liquidity, redemption rights, and the frequency, completeness and accuracy of an issuer’s disclosure.

Once we have collected your KYC information and we have conducted our KYP process, we can then use all that information to determine whether an investment is suitable for you.

### **Rally Funds**

We act as the portfolio manager of two investment funds, the Rally Global Equities Impact Fund and the Rally Total Impact Fund. These funds are available to clients who are qualified as accredited investors under National Instrument 45-106 Prospectus and Registration Exemptions. The investment objectives and investment strategy of these funds as well as the risks and the fees associated with the funds are set out in their Offering Memorandum.

We place no limitations on the type of securities that we recommend or select for our clients and may purchase both “proprietary products,” such as the Rally Funds, and the products of third parties, provided that such products are readily available and are suitable for you.

As needed, we will act as the Exempt Market Dealer in connection with the purchase of investment fund units, including but not limited to a Rally Fund, at no extra cost to you.

We do not provide advice or guidance on your general financial needs or circumstances, nor do we offer custody services, brokerage services, tax advice, actuarial advice or financial planning.

### **Illiquid and Exempt Securities**

Some securities purchased for a client account or recommended to a client may have certain restrictions that affect our or your ability to liquidate or resell them. For example, certain investment funds may have restrictions regarding the period during which units of the funds can be redeemed. If you invest in an investment fund or private equity fund, you will be bound by the redemption provisions in that fund’s documentation (as well as all other provisions), because those provisions are legally binding. Such redemption provisions can be restrictive and/or require lengthy advance notice prior to redemption, which means that you could be restricted from receiving a return of your investment for a lengthy period. This is known as an illiquid investment. You should ensure you are comfortable with a long-term commitment of capital prior to investing in any such investment product. You should also be aware that if you invest in exempt market securities, which are securities that are not qualified by a prospectus, you may have limited rights to transfer those securities to someone else or resell them, other than in accordance with applicable securities legislation and the terms of the issuer’s documentation.

## 4. Fees and Operating Expenses

### **Rally Fees**

You will pay us a fee as agreed in your investment management or investment counselling agreement.

A tiered fee structure is outlined in Schedule A of the agreement based on your asset mix noted in the IPS. Fees are calculated monthly, based on either the Market Value of Account Assets and/or the Value of Committed Assets. Each asset type has an assigned fee percentage, and this will be applied according to the asset mix to come up with the custom fee structure for you.

A minimum management fee per month may be applicable in certain circumstances, to account for mandates where significant upfront work is required before capital is committed and only for the period of time until fees based on the market value or committed capital of the account equal or exceed the minimum fee. All other details relating to fees are noted in Schedule A of your investment management or investment counselling agreement.

### **Other Fees**

You will also incur any fees or expenses in connection with units of any investment fund purchased by us for your account or recommended by us to you. These fees and expenses are not charged directly to you (except if you own units in a certain series of a fund) but rather are taken directly from the fund as a percentage of its total assets. When you receive information about the value of your investment in fund units, the fund fees and expenses associated with those units will already have been factored into the information, including any information about the fund's investment performance.

Your account will also be subject to other fees and expenses charged by third parties such as custody, foreign exchange, and wire transfer fees and brokerage fees for the execution of trade orders for your account.

Paying fees and expenses out of an account reduces the capital it has for investment and therefore its ability to generate investment returns. The effect of fees and expenses paid out of an account on investment performance is compounded over time.

We receive fees for acting as the portfolio manager of the Rally Funds. These fees are set out in the applicable fund's Offering Memorandum which will be made available to you upon request.

It is our policy not to accept any sales commission or charge, trailing commission, commonly known as "trailer fees," or any similar fees or payments from a third-party issuer of investment products.

In the case of any investment fund for which we act as the portfolio manager or a sub-adviser, including the Rally Funds, we will exclude the market value of the investment fund units from the calculation of its fees to ensure clients are not charged twice for the same investment of capital.

## 5. Custody of Your Assets

We will not have physical custody of securities in your account. Those securities could either be held by one or more “qualified custodians,” as defined in Canadian securities regulations or “off-book” directly with the product issuer. While custodians will make their best effort to custody each asset in a client portfolio, certain private assets cannot be custodied due to their structure and reporting frequency.

If you do not have a relationship with a custodian or require an additional custodian, we may recommend one to you. Such a recommendation will be based on the custodian’s reputation and ability to deliver quality services appropriate to the type of securities we invest in on behalf of, or recommend to, our clients, on a cost-effective basis.

Your custodian(s) may employ sub-custodians including foreign sub-custodians. Your custodian(s) will provide you with, on at least a quarterly basis, statements showing, among other things, security holdings and transactions in your custody account(s). The custodian will provide certain services to you including establishing and servicing your account; acting as custodian for the assets in your account; providing certain administrative services in connection with your account; and executing trades for your account. We are responsible for providing the custodian with all instructions related to securities transactions to be executed for the account, ensuring such transactions are suitable for you and for complying with all applicable “know your client” and “know your product” obligations.

The arrangement with the custodian is intended to enhance the protection of client assets since the custodian is a qualified custodian that is functionally independent from us. Although we will monitor the services performed by the custodian, in the event of the bankruptcy or insolvency of the custodian, there is no certainty that you will not incur losses due to your assets being unavailable for a period of time, the ultimate receipt of less than full recovery of your assets, or both. The custodian will advise us on the acceptable form and location of the asset to be custodied and hold it in either book-based or digital form. The custodian may hold the same through a sub-custodian, agent, or nominee if necessary or usual for it to do so in respect of like securities. The custodian will take all reasonable steps to receive and collect all proceeds, income or other revenue or distributions from the securities held, as well as enter into and settle foreign exchange transactions, notify us, as applicable, of matters affecting the securities, such as corporate action notices, and ensure that all property is kept separate and distinct from its own assets and those of other clients and keep a separate record for each account.

For securities held “off-book,” we will maintain records and retain relevant documents to substantiate transactions and have access to the product issuer in case of any required verification.

## 6. Your Account Statements and Reports

Every quarter, we will provide you with a statement that includes details about each transaction or activity that occurred in your account during the previous quarter and information about each security, including its cost, and the cash balance, if any, in your account at the end of the quarter. On a quarterly and annual basis we will provide you with impact updates on your portfolio.

If you are not a Permitted Client, we will provide you with an annual report on any charges that you paid to us as well as any other compensation that we received in connection with operating your account. We will also provide you with an annual report on the investment performance of each account or, with your consent, all of your accounts on a

consolidated basis. We are not obligated to provide such a report to any client who is a “permitted client” as defined in Canadian securities regulations and who is not an individual. (See National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, Section 1.1.)

## 7. Risks Associated with Investing

All investments, apart from certain investment products that are described as guaranteed in certain circumstances, are subject to fluctuations in value and risk of loss and, unlike bank accounts or guaranteed investment certificates, the value of stocks, bonds, money market securities and investment funds is not covered by the Canada Deposit Insurance Corporation or other government deposit insurer.

Before finalizing an Investment Policy Statement for your account, we encourage you carefully consider your investment goals, your level of risk tolerance and the risks associated with the type of securities that we might recommend to you or purchase for your account. The following are risks that might affect your investments.

**General market risk** – the risk that the performance of or outlook for an industry, sector, region or country or the general economic, social or political climate might negatively impact securities in general.

**Interest rate risk** – the risk that a change in interest rates will have a negative effect on the value of fixed income securities or the securities of entities highly affected by interest rate levels.

**Currency risk** – the risk that a security denominated in a currency other than Canadian dollars will be adversely impacted by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

**Security risk** – the risk that the issuer of a security will not meet its business, financial, impact and other goals and that this will have a negative effect on the value of the issuer’s securities.

**Default risk** – the risk that the issuer of a security will be unable to pay the interest, dividends or other payments owed and the associated risk that the market value of the security will be negatively affected as the possibility of a default increases.

**Impact risk** – the risk that the investment will not generate or continue to try to generate the positive social and environmental impacts that it aimed to generate at the date of investment.

**Foreign market risk** – the risk of heightened volatility in the price of a security and/or a heightened possibility of financial loss because of the security being issued in or subject to the laws of a foreign jurisdiction or generating revenue or having operations in such foreign jurisdiction.

**Concentration risk** – the risk that investing capital in a particular issuer, group of issuers, industry, sector, country or region or to produce a particular impact will entail more market value volatility and a greater risk of financial loss than if security holdings were more diversified.

**Liquidity risk** – the risk that a security cannot readily be converted into cash when required.

**Valuation risk** – the risk that, for an illiquid investment such as a private equity fund whose valuation is infrequent and is performed by the fund managers or third-party service providers on a best-efforts basis, the actual realized value of the investment may differ when its underlying assets are monetized.

**Derivative risk** – the risk that the counterparty to a derivative contract will not meet its obligations.

Risks associated with purchases of units of investment funds, including the Rally Funds, are disclosed in the investment funds’ offering documents.



## 8. Using Borrowed Money to Purchase Securities

The use of leverage - that is, borrowing money to make an investment - is not suitable for all investors. If you are considering borrowing money to make investments or considering providing us with borrowed money to make investments on your behalf, please be advised that a leveraged purchase involves greater risk than a purchase using available cash resources only. You need to consider carefully to what extent a leveraged purchase may create undue risk based on your personal circumstances, your risk tolerance and return objectives before borrowing money.

## 9. Best Execution of Trades

We will use all reasonable efforts to ensure that clients receive, with respect to orders for publicly traded securities on behalf of their accounts, the best execution of those orders by the investment dealers that we have chosen to use. Best execution considerations include the price at which a trade would occur and the speed, certainty, and overall cost of execution.

## 10. Use of Benchmarks

An investment performance benchmark (“benchmark”) is a standard against which the performance of an investment fund or an investment account can be compared. In some circumstances, a benchmark can be a specified rate of return or the return of another investment option, for example a 5-year Government of Canada bond. But typically, benchmarks are “market indices,” for example the S&P TSX 60 Index, or a blend of market indices that are representative of the investment fund or account being considered.

A good benchmark should be reflective of the investment objectives and circumstances of the fund or account being considered. It should also be measurable and investable. Although a market index is measurable, it is not possible to invest directly in it and a market index does not reflect the management fees, administrative costs, commissions and other costs of investing that must be taken into consideration when making comparisons with the performance of a fund or an account.

When comparing a benchmark return to the return of a fund or an account, it is important to ensure that the time periods are the same for the benchmark and the fund or account. It is also important to note that the rate or return of a benchmark can be different from the rate of return of a fund or an account due, partly or wholly, to the use of different performance calculation methods.

Until December 31, 2023, we used the MSCI World ESG Select Impact ex. Fossil Fuels Index (MWEIF) as the standard against which the financial performance of Rally Global Equities Impact Fund (RGEIF) was measured. At the time of selection, the index’s underlying holdings reflected the most genuine ESG and impact criteria of all available benchmarks and thus a “best fit” to serve as the fund’s benchmark. In November 2023, given several material changes that had occurred to the benchmark’s constituents over the prior 12 months, which caused a material deterioration in our assessment of the benchmark’s relevance, we concluded the benchmark was no longer relevant or reflective of the investment objectives of RGEIF. Consequently we decided to no longer use MWEIF, effective

January 1, 2024. As a suitable replacement benchmark does not exist at this time, commencing in Q1 2024 and going forward RGEIF financial performance will no longer be tracked against a benchmark.

Until December 31, 2023, we used a composite benchmark as the standard against which the performance of Rally Total Impact Fund (RTIF) is measured. The benchmark is comprised of various public indices as well as a representative financial instrument and a standard against which cash holdings can be measured. Details of the composite benchmark are available from us upon request. As described above, given that a significant portion of RTIF's holdings mirror those in RGEIF except for weight, and no benchmark is being used for RGEIF, we also determined that the prior benchmark for RTIF is no longer relevant, and a suitable replacement benchmark does not exist at this time. Consequently, commencing in Q1 2024 RTIF financial performance will no longer be tracked against a benchmark.

For our client Custom Impact Portfolio accounts, we do not currently compare the rate of return to any benchmark.

## 11. Your Privacy

We have established protocols to prevent the loss of, unauthorized access to, or disclosure of personal and/or confidential information that we collect about our clients ("client information"). "Personal information" is defined in Canadian law as information about an identifiable individual and includes, but is not limited to, race, national or ethnic origin, religion, age, marital status, medical, education or employment history, financial information, DNA, social insurance number and driver's license number.

### **Purpose of Collecting Client Information**

We collect client information to:

- Open an account for you
- Identify you and help protect you against possible fraud or other malfeasance by a third party
- Identify any actual or potential conflicts of interest between you and us
- Satisfy our "know your client" information requirements under securities law
- Meet our obligations under Canada's anti-money laundering, anti-terrorist financing and income tax laws
- Meet requirements set out in any contractual agreements with you
- Subscribe for investment fund units to be held in your account or to assist you to subscribe for such units
- Provide you with account statements and related reports
- Provide information to you about securities, financial markets, events, news and other matters related to your investment interests and objectives and for
- Support sales and marketing

### **Methods of Collecting Client Information**

We, or an entity acting on behalf of us, may collect client information from you through client onboarding forms and documents, in person, online or by telephone or email. We may also collect such information from publicly available sources.

### **Disclosure of Client Information**

We may disclose your client information to comply with:

- Securities, income tax and other laws
- A subpoena or warrant or an order made by a court, person, or body with jurisdiction to compel the production of information
- Court rules regarding the production of records and information

or as otherwise required or authorized by law.

We may also disclose it to third parties that provide services to us (“service providers”), to your custodian(s), and to the managers of investment funds whose units we buy on your behalf.

Note that investment funds are required to file reports with the relevant securities regulatory authority setting out a fund unitholder’s name and address and certain details about the unitholders’ investment in a fund.

We will disclose only such client information as required under the circumstances.

### **Storage and Protection of Client Information**

Client information will be stored in a protected digital environment controlled by us or one of our service providers, or in stored in paper format in secure filing cabinets in our office.

We use various means to protect client information including but not limited to:

- Rules about who can access the information
- Digital user account management protocols limiting access to certain files
- Locked cabinets and offices
- Confidentiality agreements if and where applicable
- Usernames and passwords stored using a secure password manager
- Multi-factor authentication on electronic logon credentials
- Around-the-clock network monitoring and IT service provider support
- Automatic data backup
- Digital certificates, firewalls and SSL protocols and
- Employee training on privacy, cybersecurity and related issues.

We require our service providers to use client information only for the purposes specified in our agreements with them and to have appropriate measures in place to safeguard the information.

### **Retention of Client Information**

Client information collected by us will be retained for seven years unless more stringent regulatory or contractual requirements apply. Client information collected to satisfy our AML and ATF related requirements will be retained for five years after the closing of a client account. Client information collected for any other purposes is kept only for as long as such information is required.

### **Privacy Breaches**

We will notify the affected client and the Office of the Privacy Commissioner of any privacy breach where it is reasonable to believe that the breach creates a real risk of significant harm to the client.

Significant harm includes humiliation, damage to reputation or relationships, and identify theft. Determination of whether a real risk exists will be based on, among other things, an assessment of the sensitivity of the information and the probability of its misuse.

In an event that one of our employees becomes aware of a potential or actual privacy breach, the employee must immediately advise our Chief Compliance Officer of the situation. The Chief Compliance Officer will seek to determine the root cause of the breach, its scope, any associated risk of significant harm to a client and any corrective action to be taken.

### **Access to and Correction of Client Information**

Subject to certain limited exceptions prescribed by law, you will be given access to your client information and are entitled to challenge the accuracy and completeness of the information and have it amended as appropriate. You can help us maintain the accuracy of your client information by notifying us on a timely basis of any changes to it.

## **12. Conflicts of Interest**

Under Canadian securities law, we are required to address and manage existing and reasonably foreseeable, material conflicts in the best interest of our clients. A conflict of interest can include any circumstance where:

- The interests of different parties, such as the interests of the firm and those of a client, are inconsistent or divergent
- The firm or one of its registered representatives may be influenced to put their interests ahead of a client's interests
- Monetary or non-monetary benefits available to the firm or a registered representative, or potential detriments to which they may be subject, may compromise the trust that a reasonable client has in the firm or the individual

Whether a conflict is "material" or not depends on the circumstances. In determining whether a conflict is material, we will typically consider whether the conflict may be reasonably expected to affect the decisions of the client in the circumstances, and/or the recommendations or decisions of the firm or its registered representatives in the circumstances.

In general, we deal with and manage relevant conflicts as follows:

- Avoidance - this includes avoiding conflicts that are prohibited by law as well as conflicts that cannot effectively be addressed
- Control – we manage acceptable conflicts through means such as separating different business functions and limiting the internal exchange of information
- Disclosure – we provide you with information about conflicts of interest so you can independently assess their significance when evaluating our recommendations and any actions we take

Our employees and board directors are trained to recognize conflicts of interest between themselves, individually, and any client and between Rally as a firm and any client. They are also required to report any existing or potential conflicts of interest to our Chief Compliance Officer. When such a report is made, a formal conflict of interest assessment of the situation is performed by Rally's Chief Compliance Officer who determines how the matter will be resolved in the best interest of clients.

On an annual basis, or more frequently as appropriate, we review existing, potential or reasonably foreseeable conflicts of interest between us, including each individual acting on our behalf, and our clients. The following are the conflicts of interest that we have identified and a description of how they are addressed.

### **Personal Trading**

#### Nature and Extent of the Conflict of Interest

An employee might take unfair advantage of their knowledge of our clients' investment and trading information to profit illicitly from that knowledge when trading in their personal accounts.

#### Potential Impact on and Risk to a Client

Such trading might be contrary to the clients' best interests in that in rare cases, high-volume trades by an employee may influence the share price adversely resulting in a client selling their shares at a lower price or purchasing at a higher price.

#### How the Conflict of Interest has Been or Will be Addressed

Our employees are required to disclose personal holdings of securities over which they or certain related parties have discretionary trading authority and to obtain authorization before trading in any securities except mutual funds, exchange-traded funds, securities issued by the Canadian federal or provincial government and GICs, CD's and term deposits with any financial institution.

### **Gifts and Entertainment**

#### Nature and Extent of the Conflict of Interest

The acceptance of gifts and entertainment from third parties could compromise the independence or objectivity of our employees when making investment decisions for or recommendations to clients.

#### Potential Impact on and Risk to a Client

An employee may be influenced to prioritize one client over another based on which clients provide such employee gifts and thus not have a particular client's best interests in mind when making investment decisions for or recommendations to certain clients.

#### How the Conflict of Interest has Been or Will be Addressed

Employees are prohibited from accepting gifts or entertainment from persons or organizations with which we have an existing or potential business relationship and that could reasonably be expected to compromise or give the impression of compromising their independence in connection with managing a client account or providing investment recommendations to clients.

### **Outside Activities**

#### Nature and Extent of the Conflict of Interest

An employee might engage in activities outside of their employment engagement with us that entail contractual or fiduciary duties to that third party that would conflict with what is in the best interests of our clients.

#### Potential Impact on and Risk to a Client

The conflicting contractual activity might be contrary to the clients' best interests in that an employee may exercise preferential treatment or bias when making client decisions or recommendations in order to benefits their other outside activities.

How the Conflict of Interest has Been or Will be Addressed

Employees are prohibited from engaging in activities outside of work that might compromise their ability to act objectively and in the best interest of our clients. Employees must obtain approval from our Chief Compliance Officer before engaging in outside activities and such approval may be subject to stipulations.

**Operational Errors**

Nature and Extent of the Conflict of Interest

We might correct an error in a manner that unfairly advantages Rally and/or one or more of our employees at the expense of a client or other party.

Potential Impact on and Risk to a Client

The client may suffer financial losses in their portfolio and actions taken to correct the error may be contrary to the client's best interests.

How the Conflict of Interest has Been or Will be Addressed

We will correct any operational errors in a way that is fair and equitable to all clients and places client interests ahead of our own.

**Referrals**

Nature and Extent of the Conflict of Interest

We might make referrals of third parties to our clients that are not in the best interest of our clients in order to maximize our compensation.

Potential Impact on and Risk to a Client

The referral arrangement might be contrary to the clients' best interests in that the products or services provided by the referred agent may not be suitable for the client.

How the Conflict of Interest has Been or Will be Addressed

We will refer a client to another party only if it has a reasonable basis to consider such a referral to be in the client's best interest. In making that determination, we consider the benefits to the client of making a referral to an alternative party or not making a referral to any party at all. We will also disclose the existence of a referral arrangement and any fees it may receive from the referral arrangement prior to the referral.

**Fair Allocation of Investment Opportunities**

Nature and Extent of the Conflict of Interest

We might manage our trading in a way that favours the interests of one client over another, and by extension favour the interests of Rally over the interests of a client.

Potential Impact on and Risk to a Client

One client may not have access to investment opportunities or suffer financial losses in their portfolio.

How the Conflict of Interest has Been or Will be Addressed

Where we aggregate trade orders for an investment opportunity by creating a "block trade", if such a block trade is completed or only partially completed we will ensure that each client account participating in the block trade receives its pro rata share of the securities being purchased or pro rata share of the proceeds of the securities sold and pays its pro rata share of any commissions involved. Pro rata calculations will be made on the basis of the weighted

average of the purchase or sale prices and commissions paid. If an investment opportunity cannot be allocated on a pro rata basis among all participating client accounts, we will make every effort to address any trading inequities at the next opportunity so that every account will, over time, receive equitable treatment in the allocation of investment opportunities.

### **Cross Trades**

#### Nature and Extent of the Conflict of Interest

We might manage trading in a way that favours the interests of one client over another, and by extension favour the interests of Rally over the interests of a client.

#### Potential Impact on and Risk to a Client

The client may suffer financial losses in their portfolio.

#### How the Conflict of Interest has Been or Will be Addressed

We do not permit cross trades between client accounts unless we have disclosed the conflict of interest involved to each client whose account would be involved, obtained their written consent before the cross transaction takes place and the cross transaction has been determined, after a formal conflict of interest assessment by our Chief Compliance Officer, to be in the best interest of all clients involved. If one of the clients involved is in an investment fund, the disclosure will be provided to, and consent obtained from each unitholder of the fund.

### **Use of Client Brokerage Commissions**

#### Nature and Extent of the Conflict of Interest

We might select one or more brokers to conduct trades on behalf of clients based, in whole or in part, on benefits that we would receive from a particular broker and (a) these benefits are paid for out of commissions generated by our trading activity on behalf of clients and (b) the benefits we receive cannot be shown to provide a proportionate benefit to the clients whose commission dollars are involved.

#### Potential Impact on and Risk to a Client

The client's account may incur unnecessary or higher trading costs.

#### How the Conflict of Interest has Been or Will be Addressed

We do not utilize commission dollars generated by our securities trading activities to obtain goods or services from any broker unless those goods or services are directly related to the execution of trades for the clients whose commission dollars are involved.

### **Related and Connected Issuers and Proprietary Products**

#### Nature and Extent of the Conflict of Interest

An issuer of securities is "related" to Rally if, through ownership or direction or control over voting securities, we exercise a controlling influence over that issuer or that issuer exercises a controlling influence over us or the same third party exercises a controlling influence over both us and the issuer. An issuer is "connected" to Rally if due to indebtedness or other relationships, a reasonable prospective purchaser might question if that issuer and Rally are independent of each other.

Our related and connected issuers include investment products we manage and offer pursuant to prospectus exemptions to individuals and entities qualifying as "accredited investors" or who can purchase in reliance on another

available prospectus exemption. Our related and connected issuers will be considered “proprietary products” given the relationship between us and such issuers.

In carrying on our business as a portfolio manager and/or exempt market dealer, we may, with respect to securities of related and/or connected issuers:

- Exercise discretionary authority to buy or sell these securities for client accounts
- Make recommendations regarding these securities to clients
- Distribute securities to clients of investment products we established and manage

When we manage investment funds, we will also be the adviser of such funds. If we cause a client managed account to invest in an investment fund that we manage, the adviser of that fund will also be the adviser of the managed account. In such circumstances, the mind and management of both the fund-adviser and the managed account adviser will be individuals within Rally.

#### Potential Impact on and Risk to a Client

An investment in a related and connected issuer and proprietary products may not be in the best interest of the client and may result in financial losses.

#### How the Conflict of Interest has Been or Will be Addressed

Disclosure concerning specific related and connected issuers is provided, and any necessary client consent is obtained, in our account opening documentation, including the investment management agreement entered into.

### **Accessibility of Non-Proprietary Products**

#### Nature and Extent of the Conflict of Interest

We might favour proprietary products over non-proprietary products contrary to the best interests of a client.

#### Potential Impact on and Risk to a Client

Limiting clients to our proprietary products may not be in the best interest of the client.

#### How the Conflict of Interest has Been or Will be Addressed

We do not create any impediments to the use of non-proprietary products in our client accounts.

### **Compensation for the Use or Recommendation of Third-Party Securities**

#### Nature and Extent of the Conflict of Interest

A Rally employee might (1) recommend to/buy on behalf of a client or (2) recommend that a client retain/decide, on behalf of a client, to retain a third-party security in a client's account in order to maximize Rally revenues, profits and compensation, including to the employee, for example in a situation where a mutual fund has embedded commissions (trailer fees) payable to entities purchasing the fund on behalf of / recommending the fund to clients.

#### Potential Impact on and Risk to a Client

The investment may not be suitable for the client or in the best interests of the client and may result in higher fees or financial losses.

#### How the Conflict of Interest has Been or Will be Addressed

We do not accept compensation related to the use of third-party products such as sales commissions and “trailer” fees. We have established controls to ensure that employees base their investment actions and recommendations on,



in addition to all other relevant factors, the quality of the securities involved without influence from any potential third-party compensation or benefit that we might derive, for example trailer fees, in connection with purchasing or recommending a security.

## **Other**

### Nature and Extent of the Conflict of Interest

An employee might financially or otherwise exploit a client, given the client's trust in the employee's professionalism and professional ethics, by advising or permitting the client to enter into an arrangement with the employee that is not in the client's best interest.

### Potential Impact on and Risk to a Client

The arrangement is not in the best interests of the client and may result in financial losses.

### How the Conflict of Interest has Been or Will be Addressed

Employees are prohibited from purchasing assets from a client outside of the normal course of business and from exercising full control or authority over the finances of a client, for example, by acting under a power of attorney arrangement for the client.

## **13. Trusted Contact Person**

We may ask you to provide us with the name and contact information of a person that you trust to assist us in protecting your account. This is known as a Trusted Contact Person or Trusted Contact.

We cannot share private information about you without your permission. By making this appointment you allow us to contact and share information with your Trusted Contact in the following circumstances:

- We are concerned about your mental capacity as it relates to financial decision making
- We need to know or confirm the identity and contact information of your legal representative (if any)
- We need to confirm your current contact information
- We are concerned that you might be subject to financial exploitation, which could include fraud, coercion, or unauthorized transactions

We are not obligated in any circumstance to contact your Trusted Contact. Your Trusted Contact has no authority to instruct us unless he or she is also your legal representative – that is, your Guardian or Attorney for Property, or is an authorized signatory on your account.

If your Trusted Contact Person should be changed or you need to update their contact information, please be sure to notify us in a timely manner.

## 14. Our Complaint Handling Process

If you have a complaint, we will make every reasonable effort to deal with it to your satisfaction. You may make your complaint orally or in writing. However, we request that you make your complaint in writing and provide as many relevant details as possible.

In the case of any of the following complaints we will send you a written acknowledgement of your complaint within five business days of receiving it:

- Our advising or trading activities
- A breach of client confidentiality
- Theft, fraud, misappropriation, or forgery
- Misrepresentation
- An undisclosed or prohibited conflict of interest or
- Any personal financial dealing between you and a representative of Rally

Our acknowledgement will include the name and contact information of the staff member assigned to work with you on your complaint, outline our obligations in connection with your complaint and, if you are eligible, the steps you must take to obtain the services of an independent dispute resolution or mediation service available to you at our expense (the “independent service”) and the name of and contact information for the independent service. We may also contact you to request additional information.

If you are a resident of Quebec: Your independent service will be the Autorité des marchés financiers (the “AMF”). For more information about the AMF, please visit [lautorite.qc.ca](http://lautorite.qc.ca). You can contact the AMF toll-free at 1-877-525-0337. For all other clients: Your independent service will be the Ombudsman for Banking Services and Investments. For more information about OBSI, please visit [www.obsi.ca](http://www.obsi.ca). You can contact OBSI via email at [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca) or by telephone toll-free at 1-888-451-4519.

You may escalate your complaint to the independent service if:

- We do not notify you of our decision within 90 days of receiving your complaint
- We have given you such notice and you are not satisfied with the decision

Bear in mind that certain time limits apply in connection with the use of an independent service. These include the timeframe within which you must take your complaint and the timeframe within which you can request the independent service to reconsider its decision or recommendations. Bear in mind also that there are limitations on the amount of monetary compensation that an independent service can recommend. For example, in the case of OBSI, the limit is \$350,000.

The use of an independent service does not restrict your ability to take your complaint to a dispute resolution or mediation service of your choosing at your own expense or to bring an action in court. If you are considering legal action with a lawyer bear in mind there are time limits to starting a lawsuit known as “limitation periods.”

## 15. Your Protection as an Investor

We carry financial institution bond insurance in the amounts prescribed under National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations against various losses including but not limited to losses resulting from employee dishonesty, forgery, theft, and other fraudulent means.

If your assets are held by a custodian, there may be additional coverage protecting your assets. Please consult your custodian(s) directly for additional information.

## 16. Your Role in Our Relationship

It is important that you participate actively in our relationship. We encourage you to:

- Provide us with full and accurate information about your financial situation, investment objectives, risk profile, time horizon and other information relevant to assisting you to meet your investment goals and promptly inform us of any material changes to that information that could result in a change in our assessment of the types of investments suitable for you
- Carefully review the information in your account opening documentation and any other information provided to you in relation to your account and ask us any question you have about the information
- Carefully review all account statements and reports you receive from us and your custodian(s) and promptly contact us to discuss and resolve any discrepancies between them and your own records
- Consult professionals, such as a lawyer or an accountant for legal or tax advice where appropriate
- Ensure that you understand the information contained in this document by reading it carefully and asking questions if you need any clarification of your relationship with us or any individual acting on our behalf