



Form ADV Part 2A: Firm Brochure

Item I

Cover Page

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Stairway Partners, LLC (Stairway) is an Investment Adviser registered with the United States Securities and Exchange Commission (SEC). Registration of an investment adviser does not imply a certain level of skill or training.

The oral and written communications of an adviser provide clients and prospective clients with important information about which they determine to hire or retain an adviser. This brochure provides information about the qualifications and business practices of Stairway.

If you have any questions about the contents of this brochure, please contact us at (630) 371-2626 or email stairwaypartners@stairwaypartners.com.

The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Stairway Partners, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Stairway is required to provide existing and prospective advisory clients with current disclosure of our business practices, conflicts of interest, and the background of our firm and personnel. These disclosures are made using Form ADV Part 2, commonly called a “Brochure”. During 2010, the SEC amended Part 2 of Form ADV. The amendments significantly revised the format of Part 2. This Item 2 “Material Changes” is a new addition to the format.

As a fiduciary, Stairway has an ongoing obligation to inform its clients of any material information that could affect our advisory relationships. Both currently and in the future, this Item 2 will be used to provide clients with a summary of any material changes that have been made to our Brochure since the previous annual update. Our last annual update was made on March 1, 2011.

This Brochure is materially different from our annual filing made prior to the 2010 SEC rule change both in format and because it includes certain new information that our previous brochure did not require. Additionally, during 2010, Stairway began providing subadvisory services to the clients of an unaffiliated registered investment advisor. More information about this arrangement can be found in Items 4, 5 and 7. Lastly, Stairway has added to its staff by hiring an additional investment professional. More detailed information on the education and business backgrounds of the investment professionals at Stairway can be found in the attached Brochure Supplement, also called Form ADV Part 2B.

A copy Stairway’s Brochure may be requested by contacting our Chief Compliance Officer at (630) 371-2626. Alternatively, our Brochure is always available to our clients on our website by selecting the ‘Legal’ tab at www.stairwaypartners.com.

Additional information about Stairway Partners, LLC is available on the SEC’s website at www.adviserinfo.sec.gov. The SEC’s website also provides information about any persons affiliated with Stairway who are registered, or are required to be registered, as investment adviser representatives of the firm.

Item 3 **Table of Contents**

Item 1 – Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation.....	5
Item 6 – Performance-Based Fees and Side-by-Side Management.....	6
Item 7 – Types of Clients.....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9 – Disciplinary Information.....	7
Item 10 – Other Financial Industry Activities and Affiliations.....	7
Item 11 – Code of Ethics.....	7
Item 12 – Brokerage Practices.....	8
Item 13 – Review of Accounts.....	9
Item 14 – Client Referrals and Other Compensation.....	9
Item 15 – Custody.....	9
Item 16 – Investment Discretion.....	10
Item 17 – Voting Client Securities.....	10
Item 18 – Financial Information.....	10
Part 2B of Form ADV: Brochure Supplement.....	Attachment

Item 4 Advisory Business

Investment Supervisory Services

Stairway Partners was founded in May 2004 by principal owner Anthony Richards and other senior investment colleagues from Brinson Partners – an industry pioneer in the areas of global investing and asset allocation. Our disciplined and rigorous approach to investing comes from our collective knowledge in serving large institutional clients over many years. Our vision is to provide our clients with a low-cost comprehensive institutional investment capability that focuses on global asset allocation and risk management.

Stairway's client base consists primarily of high net worth individuals and institutional investors. Our core investment belief is that asset allocation is the single most important determinant of success in any investment plan - the dominant amount of risk and return comes from the asset class mix, not from the selection of individual investments.

Stairway is a process-driven firm that incorporates an expected risk and return framework which is applied to each of our clients individually, through the development of their customized benchmark and Investment Policy. Stairway's investment approach focuses on the liquid global markets with an emphasis on long-term investment strategies that manage the asset allocation process around the risk preference of each client as expressed in the client's Investment Policy.

One hundred percent of the client assets managed by Stairway are managed on a discretionary basis. **As of February 21, 2011 Stairway had \$274,400,000 of Assets Under Management (AUM).**

Subadvisory Portfolio Management Services

In addition to providing investment supervisory services to our direct clients, Stairway offers subadvisor management services to clients of unaffiliated registered investment advisors (UIAs) pursuant to an Investment Subadvisor Agreement between Stairway and each UIA. Under this Agreement, the UIA maintains the direct relationship with their client(s) and Stairway provides limited-service discretionary portfolio management of the assigned client assets.

When a UIA recommends that a client authorize Stairway to manage all or a portion of their assets, the UIA, in coordination with its client, is responsible for defining the appropriate investment objectives, guidelines and policies in development of the client's Investment Policy. Stairway is responsible for the day-to-day management of the assigned assets pursuant to the selected Investment Policy. Clients receiving our subadvisor services have regular contact with their primary investment advisor who monitors the on-going performance and suitability of Stairway.

The advisory fee charged for subadvisor management services is based on the aggregate amount of client assets under management for each separate UIA. Subadvisor fees are noted in Item 5 below. In addition to fees paid to us for providing subadvisor services, UIA clients pay management fees to their primary advisor (as set forth in their Investment Management Agreement and Form ADV) reflecting that the advisor is responsible for marketing, monitoring, reporting, recordkeeping and other client services not performed by Stairway. Subadvisor asset management fees are paid directly to Stairway by each client. We do not receive any compensation from, or pay any compensation to, a UIA.

Item 5 Fees and Compensation

Investment Advisory Fees

All of our client assets are maintained in accounts at unaffiliated qualified custodians. This means that Stairway does not have custody of client assets unless authorized in writing by the client and even then, only to deduct quarterly investment advisory fees. The specific manner in which fees are charged by Stairway is established in the client's written agreement with us (Investment Advisory Agreement). Fees begin to accrue at the time Stairway begins managing an account and are due at the beginning of each calendar quarter thereafter. Our annualized fees are noted in the table below labeled "Assets Under Management". Fees are calculated based on the total market value of the assets of the account at that time, and are deducted by Stairway from the client's custodial account. The fee rate applied to a portfolio is computed based on the weighted average of the asset amount in each rate bracket. For example, a client with \$5 million in assets under management would pay 0.75% on the first \$3 million and 0.65% on the next \$2 million, making their weighted average fee rate 0.71%.

<u>Assets Under Management</u>	<u>Annual Rate</u>
First \$3 million	0.75%
Next \$3 million	0.65%
Next \$4 million	0.50%
Excess over \$10 million	0.35%

Either the client or Stairway may terminate the relationship on 30 days prior written notice. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Stairway's fees are exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses which are assessed by a broker or custodian and are incurred by the client.

Stairway does not utilize soft dollars or any other form of compensation from third parties. We do not receive any portion of the commissions, fees, and costs that clients pay to a broker or custodian. Please see Item 12 for a detailed summary of our brokerage practices including the factors that Stairway considers in selecting executing brokers and determining the reasonableness of their commission charges.

Subadvisory Fees

As with our investment advisory fees, subadvisory fees begin to accrue at the time we begin managing a UIA client's account and are due at the beginning of each calendar quarter thereafter. The rate applied to a UIA client's portfolio is a weighted average fee computed using the aggregate amount of clients' assets under management for a single UIA. The fees are deducted by us from the custodial account of the UIA client. A UIA client may terminate the relationship on 30 days prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. UIA clients receive a disclosure statement that specifically describes the fees they will pay to both Stairway and to their primary adviser.

<u>Aggregate Assets Under Management</u>	<u>Annual Rate</u>
First \$10 million	0.60%
Next \$10 million	0.55%
Next \$10 million	0.50%
Next \$20 million	0.45%
Excess over \$50 million	0.40%

Item 6 Performance-Based Fees and Side-by-Side Management

Stairway does not charge a performance-based fee and therefore does not engage in side-by-side management of client assets (i.e., managing client accounts that are charged performance based fees along side accounts that are not charged performance fees.)

Item 7 Types of Clients

Stairway provides portfolio management services primarily to high net worth individuals, foundations, charitable organizations and institutional clients. We generally require our clients to have a minimum of \$1,000,000 in assets to be managed by the firm. For UIA clients, Stairway requires a minimum asset value of \$300,000 to open an account. We may make exceptions to the foregoing at our discretion, and have historically done so for employees of the firm.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Stairway's methods of analysis include using our own proprietary valuation framework to build expected risks and returns for each asset class over relevant time horizons. Return is a function of expected fundamental cash flows discounted for the risk inherent in each asset class. Our risk model incorporates expected volatility and correlation, and quantifies risk on both a relative (to client's benchmark as stated in their Investment Policy) and absolute basis for each client portfolio.

Our performance attribution provides analytical information on actual returns for each client portfolio we manage. This analysis is useful in understanding which exposures and investment decisions added to or detracted from value. Accountability is a key driver of Stairway's process.

Investment Strategies

Stairway is characteristically a long-term investor for its clients. We believe that keeping transaction costs low is a significant benefit to investors. Our investment actions are typically the result of price changes in the market relative to fundamentals. Such price changes may necessitate a change in strategy to either invest in areas that have become attractive, or reduce risk in markets that we believe have become overpriced. Generally, portfolio changes are implemented universally across accounts consistent with each discrete Investment Policy.

Underpinning the investment strategies of the firm is the building and maintaining of custom benchmarks and policies for each client. Stairway uses an internally developed methodology of translating a client's investment objectives and risk preferences into a long-term, explicit Investment Policy. We have also assembled a proprietary database that encompasses the liquid global capital markets. The data include risk, return, financial and economic variables and are sourced from various index providers and other intermediaries. These data are used in our proprietary research and modeling and are updated on a continual basis.

Stairway may offer investment advice on behalf of clients in managing portfolios consistent with each client's objectives, benchmark and Investment Policy using the following types of securities: Equity securities (exchange-listed, over-the-counter, and foreign issuers), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, US government securities, and options on securities. We may also engage in foreign currency transactions including but not limited to, hedging non-US currency exposure in US dollars to reduce the risk presented by overpriced foreign currency or converting US dollar exposure into more attractive foreign currencies.

Risk of Loss

Stairway uses open-ended mutual funds (MUTFs) and Exchange Traded Funds (ETFs) as its primary investment vehicles. A MUTF is a company that pools money from many investors and invests the money in a combination of stocks, bonds, or other assets. Each share of a MUTF represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. Open-ended MUTFs are not traded by investors on an exchange but are issued by the fund to each new investor and redeemed at their net asset value back to the fund when an investor withdraws.

An ETF is a security that tracks an index or basket of assets like an index fund, but trades like a stock on an exchange at approximately the same price as the net asset value of its underlying assets. Stairway believes ETFs are attractive as investments because of their low cost, tax-efficiency, and stock-like features. Both ETFs and MUTFs are an effective tool in implementing our core investment belief that asset allocation is the most important factor in an investment plan.

Investing in securities involves risk of loss that clients should be prepared to bear.

Stairway generally trades in only very liquid, highly-capitalized MUTFs and ETFs. As with any investment vehicle, there are risks. Some of the potential risks to be aware of in connection with trading in various ETFs include stock market risk, liquidity risk, currency risk and credit risk. Equity-based ETFs are subject to risks similar to those of stocks; fixed income-based ETFs are subject to risks similar to those of bonds. Investment returns will fluctuate and are subject to market volatility so that an investor's shares when sold may be worth more or less than their original cost.

Similarly, while the risks associated with MUTF trading vary depending on the specific objective of the MUTF, the potential downside is the same – loss of principal and income. Some of the risks to be aware of in connection with investing in MUTFs include market risk, asset class risk, issuer risk, and management risk. Every fund issues a prospectus which provides detailed information about the MUTF including the material risks associated with investing.

Item 9 Disciplinary Information

Stairway is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of our firm, or the integrity of Stairway's management. Neither Stairway, nor its owners or employees have any current or past involvement with any legal or disciplinary events.

Item 10 Other Financial Industry Activities and Affiliations

Stairway has no current outside financial industry activities or affiliations.

Item 11 Code of Ethics, Participation/Interest in Client Transactions and Personal Trading

Code of Ethics

Stairway has adopted a Code of Ethics applicable to all employees (also referred to as "associated persons") of the firm describing its high standard of business conduct, and its fiduciary duty to its clients. Among other things, the Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities

trading procedures. Stairway's associated persons are required to follow the firm's Code of Ethics and to acknowledge annually their understanding of, and continued compliance with, the terms of the Code of Ethics.

Stairway's clients or prospective clients may request a copy of the firm's Code of ethics by contacting our Chief Compliance Officer.

Participation/Interest in Client Transactions

Stairway does not engage in any proprietary trading. We do not buy or sell as principal to any of our clients or act as an investment adviser to an investment company. Nevertheless, most of Stairway's associated persons have portfolios managed by Stairway. The portfolios of our associated persons are treated the same as every other client account, including purchasing and selling securities at the same time as all of our client accounts (See Item 12 below for a detailed discussion of aggregating transactions) and paying the same fees.

Personal Trading

Subject to satisfying our Code of Ethics and applicable laws, associated persons of Stairway may trade for their personal securities accounts including in securities which Stairway transacts for its clients. All personal securities transactions by or for associated persons in their outside brokerage accounts, are subject to Stairway's internal compliance program. Our compliance policies and procedures include disclosure and reporting requirements designed to prevent actual or apparent conflicts of interest between transactions effected by employees for their own brokerage accounts and transactions made by Stairway for its clients. In particular, the Code of Ethics requires pre-clearance of personal transactions, and restricts employee trading in close proximity to client trading activity. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Stairway and our clients.

Item 12 Brokerage Practices

Soft Dollars

As mentioned in Item 5, Stairway does not enter into soft dollar arrangements. Soft dollar arrangements are frequently associated with brokerage practices and involve an investment manager directing brokerage transactions to certain brokers in return for research products and other economic benefits. All outside resources, including outside research, data vendors, software and hardware are paid directly by us. Additionally, we conduct our own proprietary research. Stairway has built proprietary models for risk, valuation and performance attribution as well as developed an in-house portfolio analytics system.

Best Execution

Clients of Stairway authorize us, in our sole discretion, to place orders for their accounts with broker-dealers we select. Stairway chooses brokers based on our evaluation of best execution, including the size and difficulty of completing the transaction and the most reasonable costs for our clients. Stairway also may take into consideration particular expertise in the type of security or transaction, access to relevant markets and prior experience, or the value of ongoing relationships with a broker. We will evaluate and seek competitive commission rates but will not necessarily attempt to obtain the lowest possible commission for transactions.

Order Aggregation

It is our goal to provide individualized asset management services to each of our clients while ensuring that the execution and distribution of investment opportunities among participating client

accounts is fair and equitable. One of the ways we accomplish this is by aggregating or “bunching” our client orders in an effort to obtain more favorable execution prices or commission rates. Order aggregation is the process of combining together orders to purchase or sell the same security as a single larger order. Stairway will always aggregate client orders for execution when effecting portfolio rebalancing and strategy change transactions. Under other circumstances, we will aggregate orders when we believe that doing so will be in the best interest of the participating client portfolios. Once executed, we allocate aggregated transactions in a manner consistent with our fiduciary obligations to our clients in that every client account participating in an aggregated transaction is allocated trades at the average execution price, and execution costs are shared in proportion to each account's participation.

Stairway primarily transacts in highly liquid, well-capitalized securities such that “partial fills” are unlikely. However, in instances when an aggregated order is only partially executed, or executed at different prices, we will use price averaging to allocate the transaction to accounts pro rata based on each portfolio's participation. In addition, Stairway has established a Trade Aggregation and Allocation Policy to ensure aggregated orders are allocated in accordance with applicable laws and regulations.

Directed Brokerage

A client may direct Stairway, in writing, to use a particular broker to execute all transactions for their account (directed brokerage). Under such circumstances, the client will assume sole responsibility to negotiate terms and arrangements for the account with the broker. Stairway will not seek better execution services or prices from other brokers and may not be able to aggregate such transactions with orders for other accounts managed by us. As a result, clients electing to direct brokerage may pay higher commissions or other transaction costs or receive less favorable net prices on transactions for their accounts than would otherwise be the case.

Item 13 Review of Accounts

Stairway's Managing Principals, Anthony Richards and James Jackson, regularly review all client accounts. At a minimum, accounts are reviewed whenever transactions are made in the account, when significant market movements occur, or when major news developments take place which may affect the portfolios. Stairway maintains a proprietary portfolio analytic system which includes a “drift monitor” to identify potential deviations from strategy across all client portfolios. Account reviews are also triggered by notification of material changes in client circumstances that may necessitate a change in the client's Investment Policy. Further, an automatic daily reconciliation is made between Stairway's accounting system and the accounting downloads received from the qualified independent custodian(s) maintaining our clients' assets.

An additional review of each account is made on a monthly basis when the performance analysis for the prior month has been completed. The Managing Principals conduct the formal reviews of each account including evaluating performance and appropriateness of benchmarks and Investment Policy. This analysis includes the account's return, attribution of return to management decisions, and performance relative to the client's objectives.

Trade confirmations of all transactions and monthly account statements are delivered to each client by their custodian. Additionally, at any time, Stairway clients can access and view their portfolio holdings, risk, and performance on the firm's website.

Item 14 Client Referrals and Other Compensation

Stairway currently does not have any referral arrangements.

Item 15 **Custody**

Other than with respect to the payment of quarterly fees made by deduction from a client's account held at an unaffiliated qualified custodian, Stairway does not maintain custody or possession of client account assets. Clients will receive trade confirmations and account statements directly from their qualified custodian. We urge clients to carefully review these statements. Stairway also reconciles the transaction and position files it receives from the custodian every day and makes a summary of client portfolio holdings available to each client on our website. Clients may elect to pay their quarterly fees by check rather than by deduction from their account.

Item 16 **Investment Discretion**

Stairway exercises discretionary authority over each of our client accounts subject to each client's stated investment guidelines as set forth in their Investment Policy and in accordance with any additional limitations established by the client. Before assuming discretionary authority, clients execute an Investment Advisory Agreement granting Stairway full power of authority to supervise and direct the investment of their assets on a discretionary basis. Similarly, subadvisory clients will execute a Limited Power of Attorney granting us investment discretion over the assigned assets.

Item 17 **Voting Client Securities**

Another element of Stairway's discretionary authority is the requirement that Stairway vote proxies on the securities held in our clients' portfolios. Stairway's Proxy Voting Policy requires all proxies to be voted in the best interest of our clients. **Clients may obtain a copy of our proxy voting policy and procedures upon request. Clients may also obtain information from Stairway about how we voted any proxies on their behalf.**

Stairway does not vote the proxies of our subadvisory clients. Subadvisory clients will receive proxies and other solicitations directly from their custodians and should contact their primary investment advisor with questions about a particular solicitation.

Item 18 **Financial Information**

Stairway has no financial commitments that impair our ability to meet contractual and fiduciary obligations to our clients. Neither have we been the subject of a bankruptcy proceeding.