



Item 1 - COVER PAGE

FORM ADV PART 2A*
SEC-Required Brochure

June 2012

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*This brochure provides information about the qualifications and business practices of Rayner & Haynor. If you have any questions about the contents of this brochure, please contact us at telephone 415.332.7433. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state authority. Additional information about Rayner & Haynor is available on the SEC's website at www.advisorinfo.sec.gov.

Item 2 - MATERIAL CHANGES FROM PRIOR FORM ADV 2A

This updated Form ADV Part 2A contains the following changes from the prior version:

- Routine revisions and updates to formatting.
- Non-material edits to the existing descriptions of prior disclosures.
- Inclusion of Index of ERISA Related Disclosures following the Table of Contents

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INDEX OF ERISA RELATED DISCLOSURES

Rayner & Haynor (sometimes the “Firm” or “Advisor”) may provide investment management services to retirement plans governed by the Employee Retirement Investment Security Act (“ERISA”). ERISA regulations require that specific disclosures be made to the ERISA plan fiduciary that is authorized to enter into, or extend or renew, an agreement with the Firm to provide these services. The following Index identifies the disclosures required and the location where plan representatives may find them. It is intended to assist ERISA Plan representatives with compliance with the service provider disclosure regulations under section 408(b)(2) of ERISA. Any questions concerning this guide or the information provided regarding our services or compensation should be addressed to our Chief Compliance Officer at the number noted on the cover page of this ADV Part 2A.

Required Disclosure	Location of the Required Disclosure
Description of the services that Advisor will provide to covered ERISA plans	Item 4 of this Form ADV Part 2A and Paragraphs 1-2, and 4-6 of the investment management agreement.
Statements that the services that Advisor will provide to covered ERISA plans will be as an ERISA fiduciary and registered investment adviser	Item 4 of this Form ADV Part 2A.
Description of the direct compensation to be paid to Advisor	Item 5 of this Form ADV Part 2A and Paragraph 3 of the investment management agreement.
Description of the indirect compensation Advisor might receive from third parties in connection with providing services to covered ERISA plans, if any	Items 12 and 14 of this Form ADV Part 2A
Description of the compensation to be shared between Advisor and any third party or any affiliated entity, if any	Item 14 of this Form ADV Part 2A.
Compensation that Advisor will receive upon termination of its agreement to provide investment management services, if any	Item 4 of this Form ADV Part 2A.

Item 4 - ADVISORY BUSINESS

Registration Status - Registered with the SEC on December 16, 1977
Principal Owners - Charles M. Haynor and Tracy M. Haynor

ADVISORY SERVICES

Investment Management Services

Rayner & Haynor (sometimes “Advisor” or the “Firm”) is an independent and privately owned registered investment advisory firm located in Mill Valley, California that provides investment management and financial consultation services to its clients. Rayner & Haynor’s investment management services include, among others, financial goal setting, risk assessment, strategic asset allocation and the selection and management of securities and investments. Securities transactions are supervised on a continuous basis and each client’s portfolio holdings and asset allocations are monitored on a periodic basis.

Our approach, which we call Investment Counseling, is grounded in the belief that to produce the best investment results we must first understand each client as an individual. To develop this broad and complete view, we gain an initial and ongoing understanding of a client’s financial goals, personal aspirations, estate plan, tax situation, cash-flow needs, and complete balance sheet, including any real estate and mortgages and/or debts. With a firm understanding of this comprehensive background, we can confidently recommend an asset allocation target, defining the risk-reward tradeoff that best fits each client’s situation.

A client may make additions to and withdrawals from their investment account at any time, subject to the Firm’s right to terminate an account if the amount of assets drops below our account size minimum. Clients may withdraw account assets with notice to the Firm, subject to the usual and customary securities settlement procedures. However, we design client portfolios as long-term investments and caution our clients that asset withdrawals may impair the achievement of the client’s investment objectives.

Additions to an account may be in cash or securities provided that we may decline to accept particular securities into a client’s account or may recommend that the security be liquidated if it is inconsistent with the Firm’s investment strategy or the client’s investment objectives. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Financial Consulting Services

Under certain circumstances based upon client requests, Rayner & Haynor provides financial consultations on a variety of matters, including financial planning analysis and advice on investment strategy, asset allocation, review of specific investment programs or products, review of alternative investment opportunities or review of other financial advisors, among others.

Financial consultation clients are not required to be investment management clients of the Firm. A client may, under a separate investment management agreement and fee, retain the Firm to provide investment management services. The Firm may recommend to its financial planning or consultation clients that they retain the Firm to implement its recommendations and that such recommendation may be viewed as a conflict of interest. Clients are under no obligation to act upon any of the recommendations made by Rayner & Haynor under a financial consulting engagement and/or to engage it for investment management services. The client retains absolute discretion over all planning and consultation implementation decisions and is free to accept or reject any of Rayner & Haynor's recommendations.

Fiduciary Status Under ERISA

To the extent any investment management client is a retirement plan or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and depending upon the investment management services provided by us, the Firm may be considered a "fiduciary" under ERISA.

General Notice

In performing its services, Rayner & Haynor relies upon the information received from its client or from their other professional legal and accounting advisors, and is not required to independently verify such information. Clients must promptly notify us of any change in their financial situation or investment objectives that would necessitate a review or revision by our advisors of the client's portfolio and/or financial plan.

ASSETS UNDER MANAGEMENT AS OF DECEMBER 31, 2011

Discretionary Assets - \$150,868,222
Non-discretionary Assets - \$6,703,743

TERMINATION OF AGREEMENT

Rayner & Haynor's investment strategy is, in part, based upon a long-range investment strategy. Nevertheless, the Firm and its clients may terminate their investment management relationship at any time, upon 30 day's written notice. The Firm does not assess any fees related to termination but will be entitled to all management fees earned up to the date of termination. Any earned investment management fees owed to Rayner & Haynor and/or any unearned investment management fees owed to the client will be determined on a *pro rata* basis according to the amount of time expired in the calendar quarter.

If a copy of this Form ADV Part 2A disclosure statement was not delivered to the client prior to or simultaneous with a client entering into a written advisory contract with Advisor, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract. For purposes of this provision, a contract is considered entered into when all parties to the contract have signed the

contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded. Any transaction costs imposed by the executing broker or custodian for establishing the custodial account or for trades occurring during those five days are non-refundable.

Item 5 - FEES AND COMPENSATION

ADVISORY FEES

For its investment management services, Rayner & Haynor charges a fee based on a percentage of the market value of the investments held in each client's account. Some assets, as mutually agreed to, which may include real estate, mortgages, holdings in personal or closely held corporations and other investments, may be excluded from the fee calculation. The management fee is billed quarterly, in advance, and prorated for accounts established or terminated at times other than the start of the quarter.

The Firm's investment management fee is calculated by the Firm based on the fair market value of the assets in the client's account, as of the last business day of the preceding calendar quarter. The Firm's calculation of account value may differ slightly from the custodian's due to the custodian's transaction settlement reporting practices. The annual investment management fee paid to Rayner & Haynor is calculated according to the following standard fee schedule:

Standard Investment Management Fee Schedule

Value of Account Assets	Annual Fee Rate
On the market value up to \$2,000,000	1.00% plus
On the market value between \$2,000,001 - \$5,000,000	0.75% plus
On the market value between \$5,000,001 - \$10,000,000	0.55% plus
On the market value above \$10,000,000	0.40%

Under certain circumstances, based upon the nature of the client's account and the services requested, Rayner & Haynor in its discretion may agree to assess a different management fee.

For its investment management services, the Firm charges a minimum quarterly management fee of \$3,000. Under certain circumstances, and in its sole discretion, the Firm may negotiate an alternative minimum management fee based upon the nature of the account and such factors, among others as: historical relationship with the client, number of related accounts, account composition, anticipated future earning capacity, or anticipated future additional assets.

Rayner & Haynor also offers an alternative fee schedule for clients who wish to follow a fund-only strategy for equities (Exchange Traded Funds or Mutual Funds)(the “Fund Only” strategy). That schedule’s annual asset-based fee is as follows:

Fund Only Strategy Fee Schedule

Value of Account Assets	Annual Fee Rate
On the market value up to \$1,000,000	1.00% plus
On the market value between \$1,000,001 - \$2,000,000	0.50% plus
On the market value above \$2,000,000	0.25%

For its Fund Only investment management services, the Firm charges a minimum quarterly management fee \$2,500. As above, under certain circumstances, and in its sole discretion, the Firm may negotiate an alternative minimum management fee for its Fund Only clients.

Clients are invoiced at the beginning of each calendar quarter. Clients customarily authorize Rayner & Haynor to deduct its quarterly investment advisory fee directly from their custodial account. This authorization is granted through the client’s instructions to the custodian. It is the client’s responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated on the client’s behalf.

At the discretion of Rayner & Haynor, clients may arrange to pay their fee directly to the Firm rather than via deduction from the Account. Under this arrangement, payment is due upon client’s receipt of a billing invoice from the Firm.

Financial Consulting Services and Fees

For its financial consulting services, the Firm charges an hourly fee of \$400 per hour.

Prior to engaging Rayner & Haynor to provide financial consulting services, the client will generally be required to enter into a separate written agreement with the Firm setting forth the terms and conditions of the engagement and describing the scope of the services to be provided.

General Fee Disclosure

The client’s fee is determined in accordance with the above fee structure, with exceptions negotiated on a case-by-case basis at Rayner & Haynor’s discretion. Any deviations from the fee structure are based upon a number of factors including the amount of work involved, the amount of assets placed under management and the attention needed to manage the account.

We believe our investment management fees are competitive with the fees charged by other investment advisors in the San Francisco Bay area for comparable services. However, comparable services may be available from other sources for lower fees than those charged by Rayner & Haynor.

Rayner & Haynor receives no commissions on investment products purchased or sold for client accounts.

We do not provide clients advice as to the tax deductibility of our advisory fees. Clients are directed to consult a tax professional to determine the potential tax deductibility of the payment of advisory fees.

CUSTODIAN AND BROKERAGE FEES

Clients incur certain charges imposed by their custodians and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Advisor's investment management fee.

FUND DISCLOSURES

Mutual funds, closed-end funds, exchange traded funds and alternative investment funds are investment vehicles and the investment strategies, objectives and types of securities held by such funds vary widely. In addition to the advisory fee charged by Rayner & Haynor, clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, "indirect" fees and expenses as charged by each mutual fund (or other fund) in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by Rayner & Haynor. As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

BOND DISCLOSURE

Clients whose assets are invested in bonds purchased directly from an underwriter or on the secondary market may pay a sales credit or sales concession on the trade (in lieu of a sales commission).

Item 6 - PERFORMANCE-BASED FEES and SIDE-BY-SIDE MANAGEMENT

Rayner & Haynor does not charge performance related fees. No part of the investment management fee is calculated as a percentage of the capital gain or capital appreciation of assets.

Item 7 - TYPES OF CLIENTS

Our clients include individuals and their trusts and estates, corporations and other business entities, pension and profit sharing plans and charitable foundations. We require a minimum account size of \$1,000,000 for investment management services and impose a minimum quarterly investment management fee of \$3,000 for certain accounts and \$2,500 for others (see Advisory Fees, above). As a result, Rayner & Haynor's services may not be appropriate for everyone. Particularly for smaller accounts, other investment advisors may provide somewhat similar services for lower compensation, although still others may charge more for similar services. Under certain circumstances, and in its sole discretion, Rayner & Haynor may negotiate an alternative minimum account size and/or alternative minimum annual fee based upon the nature of the account.

Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS

METHODS OF ANALYSIS

Depending upon the type of investment, Rayner & Haynor utilizes a combination of fundamental and technical analysis to evaluate investment opportunities. Fundamental analysis involves analyzing real data, including overall economic and company-specific information available to determine the value of a particular investment. Technical analysis involves analyzing statistics provided by market activity such as past prices and volume to identify patterns that can be used to predict future activity. In performing these analyses, the Firm consults third-party research materials, company annual reports and other regulatory filings, and financial newspapers and periodicals.

INVESTMENT STRATEGY

Based on our research of macroeconomic, interest rate and earnings trends, we build globally-diversified portfolios of equities, fixed income and cash equivalents.

Our investment philosophy is grounded in Modern Portfolio Theory, a Nobel Prize winning approach to investing that demonstrated how asset classes can be combined to produce

optimal returns for given levels of risk. We build portfolios using a combination of individual securities (stocks and bonds) and/or Exchange Traded Funds or Mutual Funds. The exact strategy chosen depends on client-specific factors and the fee schedule selected. (See Section 2: Standard and Fund-Only Fee Schedules.)

INVESTMENT RISKS

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Risk refers to the uncertainty that the actual return the investor realizes could differ from the expected return. Risks may be systematic, referring to factors that affect the returns on all comparable investments and that affect the market as a whole, or unsystematic. Systematic risks include market risk, interest rate risk, reinvestment rate risk, purchasing power risk and exchange rate risk. Unsystematic risks depend on factors that are unique to the specific investment security. These risks include business risk and financial risk.

Here are some of the general risks associated with parts of our investment strategy:

Short-term purchases - on occasion, we may determine to buy or sell securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security's value.

Bond Pricing - The price of bonds depends in part on the current rate of interest. Rising interest rates decrease the current price of bonds because current purchasers require a competitive yield. As such, decreasing interest rates increase the current value of bonds with associated decrease in bond yield. We may decide to exchange to a lower or higher duration bond or to another asset class due to interest rate risk that could affect investment performance.

Inflation - Inflation is the loss of purchasing power through a general rise in prices. If an investment portfolio is designed for current income with a real rate of return of 4% and inflation were to rise to 5% or higher, the account would result in a loss of purchasing power and create a negative real rate of return.

Price Fluctuation - Security prices do fluctuate and clients must accept that risk associated with the fluctuations or change to a more appropriate investment portfolio in alignment with their risk tolerance.

Reinvestment of Dividends - An investor can choose to reinvest interest, dividends and capital gains to accumulate wealth. This is an appropriate strategy for a portfolio designed for capital growth. However, the reinvested earnings could result in a lower or a higher rate than was initially earned.

Mutual Funds with Foreign Asset Holdings - Any investments in mutual funds that make foreign investments are subject to the uncertainty with changes in the foreign currency value. The client will bear more risk and may earn a substantially higher return or a substantially lower return.

Item 9 - DISCIPLINARY INFORMATION

Rayner & Haynor has no disciplinary history and consequently, is not subject to any disciplinary disclosures.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Rayner & Haynor is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. Although we recommend that our clients custody their investment accounts at Charles Schwab & Co., Inc. ("Schwab"), we have no affiliation with Schwab, do not supervise its brokerage activities and are not subject to its supervision.

Although we may refer our clients to other professionals such as attorneys or accountants for estate planning, tax or other matters, neither the Firm nor its principals or employees are affiliated with any law or accountancy firm.

Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Rayner & Haynor, its officers and employees and their immediate families (sometimes collectively "employees") are permitted to buy and sell securities for their personal investment accounts. The Firm has adopted employee personal trading policies and procedures and a code of ethics to govern proprietary (on behalf of the Firm itself) and employee trading practices. Employees may not "trade on" any knowledge they may have regarding the potential market impact of transactions entered on behalf of clients. Employees are required to report all personal securities transactions on a regular basis and for non-exempt personal trades, must obtain pre-trade approval from the Firm. All employees are required to sign a certification agreeing to abide by the Firm's personal trading practices and code of ethics.

Employees may trade in the same securities as those traded for clients. However, it is Firm policy not to give preference to orders for personnel associated with the Firm regarding such trading. From time to time, trading by employees in particular securities may be restricted in recognition of impending investment decisions on behalf of clients. If a security is purchased or sold for client accounts and employees on the same day, employee trades will be aggregated with client trades or will be executed at the end of the trading day, after client trades have been completed. Because such transactions will

be executed at different times, it is possible that employees' personal transactions might be executed at more or less favorable prices that were obtained for clients.

Employees may buy or sell securities, based on personal investment considerations, which the Firm may not deem appropriate to buy or sell for clients. It is also possible that employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. Employees may also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. This can occur when securities that are not suitable for clients at the time of purchase (e.g., speculative stocks, micro-cap stocks, penny stocks), are purchased by employees. If these securities subsequently appreciate, these personal transactions could be viewed as creating a conflict of interest.

Conversely, employees may liquidate a security position that is held both for their own account and for the accounts of Firm clients, sometimes in advance of clients. This occurs when personal considerations (i.e., liquidity needs, tax-planning, industry/sector weightings) deem a stock sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions could be viewed as a conflict of interest.

A copy of Rayner & Haynor's employee trading policies and code of ethics is made available to clients and prospective clients upon request.

Item 12 - BROKERAGE PRACTICES

RECOMMENDATION OF SCHWAB AS CUSTODIAN AND EXECUTING BROKER

Rayner & Haynor recommends that clients establish brokerage accounts with Schwab, a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Schwab is independently owned and operated and not affiliated with Rayner & Haynor and does not supervise or otherwise monitor Rayner & Haynor's investment management services to its clients. Schwab provides Rayner & Haynor with access to its institutional trading and custody services, which typically are not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab, but are not otherwise contingent upon Rayner & Haynor committing to Schwab any specific amount of business (in the form of either assets in custody or trading). Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Rayner & Haynor's client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through

commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to Rayner & Haynor other products and services that benefit Rayner & Haynor but may not benefit its clients. Some of these other products and services assist Rayner & Haynor in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Rayner & Haynor's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Rayner & Haynor's accounts, including accounts not maintained at Schwab. Schwab also makes available to Rayner & Haynor other services intended to help Rayner & Haynor manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to Rayner & Haynor by independent third parties. Schwab may discount or waive fees it otherwise would charge for some of these services or pay all or a part of the fees of a third-party providing these services to Rayner & Haynor.

Rayner & Haynor's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Rayner & Haynor of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

DIRECTED BROKERAGE

In a limited number of cases, clients may direct Rayner & Haynor to place all orders for securities transactions with a specific broker-dealer (directed brokerage). In these cases, Rayner & Haynor is not obligated to, and will generally not solicit competitive bids for each transaction or seek the lowest commission rates for the client. As such, the client may pay higher commission costs, higher security prices and transaction costs than it otherwise would have had it not directed Rayner & Haynor to trade through a specific broker. In addition, the client may be unable to obtain the most favorable price on transactions executed by Rayner & Haynor as a result of Rayner & Haynor's inability to aggregate/bunch the trades from this account with other client trades.

Furthermore, the client may not be able to participate in the allocation of a security of limited availability for various reasons, including if those investments are provided by another broker or dealer. As a result of the special instruction, Rayner & Haynor may not execute client securities transactions with brokers that have been directed by clients until non-directed brokerage orders are completed. Accordingly, clients directing brokerage may not generate returns equal to clients that do not direct brokerage.

Due to these circumstances, there may be a disparity in commission rates charged to a client who directs Rayner & Haynor to use a particular broker and performance and other differences from other similarly managed accounts. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs and possibly with more favorable execution.

BEST EXECUTION POLICY

Federal law requires Rayner & Haynor to deal fairly and honestly with and on behalf of its clients. While the Firm is not required to obtain the lowest available commission rate for executing a given trade, it is our fiduciary obligation to use our “best efforts” to obtain a reasonable commission rate in relation to the quality of the execution and the value of brokerage services received from the executing broker*. Therefore, the Firm has adopted standards with respect to executing broker selection.

In selecting broker-dealers, Rayner & Haynor’s primary objective is to obtain the best execution. Expected price, giving effect to brokerage commissions, if any, and other transaction costs, are principal factors, but the selection also takes account of other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealers willingness to commit capital, the broker-dealers reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the market for the security, the value of any research and other brokerage services provided by the broker-dealer, and the cost incurred by placing prime brokerage trades in client accounts.

Based upon an evaluation of some or all of these factors, Rayner & Haynor may execute client trades through broker-dealers that charge fees that are higher than the lowest available fees. Rayner & Haynor may select broker-dealers whose fees may be greater than those charged for similar investments if Rayner & Haynor determines that brokerage services and research materials provided by that broker-dealer warrant the payment of higher fees.

SOFT DOLLAR ARRANGEMENTS AND POTENTIAL CONFLICTS

Rayner & Haynor is not a party to formal agreements whereby, in exchange for directing commissionable trades to a broker-dealer, it receives research or brokerage services, known as “soft dollar” services and research, from that broker or allows the broker to pay for such research or services on its behalf. “Soft dollars” refers to the use of brokerage commissions on client trades to pay for the soft dollar research or brokerage services received. Soft dollar research and services may include among others, economic and market information, portfolio strategy advice, proxy voting services, industry and company comments, technical data, recommendations, research conferences, general

* This constitutes the Firm’s definition of “best execution.”

reports, periodical subscription fees, consultations, performance measurement data, on-line pricing, news wire charges, quotation services, computer hardware and software.

Although Rayner & Haynor does not formally participate in soft dollar arrangements, it may receive certain services and research from Schwab by virtue of having its clients custody their assets with Schwab. In such cases, it is the Firm's policy is to limit its use of soft dollar arrangements to those falling within the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934, as amended. Only *bona fide* research and brokerage products and services that provide assistance to Rayner & Haynor in the performance of its investment decision-making responsibilities are permitted.

Rayner & Haynor may, on occasion, be the recipient of unsolicited discounts on software and other services. The discounts are generally offered to all firms who fit a common profile and Rayner & Haynor is not offered such discounts because of a particular event or request. Such discounts are accepted with the intent to benefit all clients and the value of these discounts is not considered in the process of selecting securities to purchase for client accounts.

AGGREGATION OF TRADES AND POTENTIAL CONFLICTS

Rayner & Haynor may combine transaction orders on behalf of multiple clients and allocate the securities or proceeds on an average price basis among the various participants in the transactions. Rayner & Haynor and/or its associated persons may participate in such aggregated orders.

While Rayner & Haynor believes combining transaction orders in this way should, over time, be advantageous to all participants, in particular cases the average price could be less advantageous to a particular client than if such client had been the only client effecting the transaction or had completed its transaction before the other participants. There may be circumstances in which transactions on behalf of Rayner & Haynor or its associated persons may not, under certain laws and regulations, be combined with those of some of Rayner & Haynor's other clients. In such cases, neither Rayner & Haynor nor any associated person will effect transactions in a security on the same day as clients until after the clients' transactions have been executed.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client by the client's custodian according to the client's custodial agreement. It is our policy that trades are not allocated in any manner that favors one group of clients over another over time. Client transactions may be aggregated according to custodial relationship in consideration of "trade away" charges that may be imposed if trades are directed to a non-custodial broker-dealer for execution. Aggregated trades placed with different executing brokers may be priced differently.

ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS

Because we manage more than one client account, there may be a conflict of interest related to the allocation of investment opportunities among all accounts managed by the Firm. We attempt to resolve all such conflicts in a manner that is generally fair to all of clients over time. We may give advice and take action with respect to any of our clients that may differ from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances. It is our policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients.

The Firm is not obligated to acquire for any client account any security that the Firm or its owners, officers, employees or affiliated persons may acquire for their own accounts or for the account of any other client, if in the discretion of the portfolio managers, based upon the client's financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

Item 13 - REVIEW OF ACCOUNTS

Client accounts are supervised continuously by the Firm's portfolio managers. Trades are made throughout the quarter to rebalance account holdings as necessary. Quarterly reviews are conducted with regard to the objectives of the account, investment strategy and consistency with client restrictions. Additional account reviews may be triggered by a specific client request, a change in client goals and objectives, an imbalance in a portfolio's asset allocation, tax law changes or current market / economic conditions. A client may request a review of his or her account at any time, and portfolio managers are available by telephone and for scheduled, in-person conferences. It is the client's responsibility to notify Rayner & Haynor immediately of any material change in their personal and/or financial situation, which would require immediate review/revision of the client's investment goals or guidelines.

Rayner & Haynor provides each client with an account report on a quarterly basis, within the month following the close of each calendar quarter. These reports contain a detailed valuation of individual securities, their cost and market value, and a summary of the total account by security type. In addition, the report includes a transaction history showing each purchase and sale during the quarter.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

In the past, Rayner & Haynor was a participant in the Schwab client referral program, a third party marketing arrangement whereby the Firm paid a portion of its investment management fee to Schwab as a referral fee for referring clients to the Firm. Although the Firm no longer participates in this or any other third party referral program, it still pays Schwab a portion of its fee with respect to clients previously referred to the Firm. These marketing arrangements are consistent with Rule 206(4)-3 of the Investment Advisers Act as amended. Under no circumstances are clients that are referred to the

Firm by a third-party solicitor disadvantaged by the payment of such referral fees. Clients of the Firm whose accounts involve third party marketing arrangements are advised of the arrangement at the time of the referral and do not pay higher fees as a result of the arrangement.

Rayner & Haynor employees are not paid “sales awards” or other prizes for referring clients to the Firm.

Item 15 - CUSTODY

Rayner & Haynor does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a “qualified custodian,” namely a broker dealer, bank or trust company. Rayner & Haynor is unable to take even temporary possession of client assets for the purpose of transferring them to the client’s account. Each client has a direct relationship with their custodian and is responsible for making deposits to and withdrawals from their account as necessary. The Firm is given the authority to receive payment of its management fees directly from the account, but it is not authorized to make any other withdrawals or to transfer money out of the account to a third party without specific client authorization.

Disclosures Related to Custodians

Schwab acts as custodian and executing broker-dealer for Rayner & Haynor clients. For Rayner & Haynor client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into client accounts that are held with Schwab. In most cases, trade executions for client accounts custodied at Schwab will be made by Schwab to avoid “trade away” charges otherwise imposed for trades executed at other broker-dealers. In cases where a desired security is not available for purchase or sale through the custodial broker, and in light of our best execution evaluation, certain executions may be made at a different broker-dealer.

Schwab sends account statements directly to the client (or to an independent third party representative designated by the client), no less than quarterly, showing all funds and securities held, their current value and all transactions executed in the client’s account, including the payment to Rayner & Haynor of its investment management fees.

Item 16 - INVESTMENT DISCRETION

Clients appoint Rayner & Haynor as their investment advisor and grant full trading and investment authority over their assets at the time they establish their investment accounts. Subject to the Firm’s investment strategy and the client’s investment objectives, our portfolio managers are given full discretion to determine:

1. Types of investments;
2. Which securities to buy;
3. Which securities to sell;
4. The timing of any buys or sells;
5. The amount of securities to buy or sell; and
6. The broker-dealer to be used in the transaction; and

This discretion may be limited by client investment guidelines and by any investment restrictions set by the client. Where possible, the Firm will attempt to negotiate the commission rates at which transactions for client accounts are effected, with the objective of attaining the most favorable price and market execution for each transaction.

Except in the case of directed brokerage instructions, client securities transactions generally are executed through the custodian of their account to avoid “trade away” fees for trades that are executed at other broker-dealers. In the event a particular security is not be available through the client’s custodian or available only at a cost that makes the use of an alternative executing broker more advantageous the portfolio managers have the discretion to select the broker to execute the trade.

In certain instances, at the request of clients, Rayner & Haynor may agree to monitor assets held in an account on a non discretionary basis. Regarding such client assets, over which the client has retained discretionary authority, Rayner & Haynor may not enter into any transaction without prior client authorization.

Item 17 - VOTING CLIENT SECURITIES

Rayner & Haynor accepts proxy voting authority from its clients and votes all proxies on behalf of each account over which it has proxy voting authority based on its determination of the best interests of that account. In making that determination, Rayner & Haynor considers a number of factors, including the economic effect the proposal would have on shareholder value, the threat posed by the proposal to existing rights of shareholders, the dilution of existing shares that would result from the proposal, the effect the proposal would have on management or director accountability to shareholders, and, if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual. Rayner & Haynor abstains from voting proxies when Rayner & Haynor believes that it is appropriate.

In the absence of a material conflict of interest regarding any proxy solicitation received, Rayner & Haynor will vote the proxy in accordance with its proxy voting guidelines and procedures. If Rayner & Haynor determines that a material conflict of interest may exist between the Firm and the best interests of the client’s account, Rayner & Haynor will notify the client of the conflict and request that the client consent to the Firms voting of the proxy. If the client consents, Rayner & Haynor will vote the proxy in a manner

consistent with its proxy voting guidelines. If the client does not consent, Rayner & Haynor will forward the proxy solicitation to the client for voting.

A client may obtain a copy of the Firm's proxy voting policies and procedures at any time by contacting the Firm's Chief Compliance Officer.

Item 18 - FINANCIAL INFORMATION

Rayner & Haynor does not require or solicit prepayment of its management fees from clients six or more months in advance. There are no adverse conditions related to the Firm's finances that are likely to impair its ability to meet its contractual commitments to its clients. The Firm has not been the subject of a bankruptcy filing.