

## Item 1 Cover Page

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### Part 2A of Form ADV: *Firm Brochure*

This Brochure provides information about the qualifications and business practices of Rainier Group Investment Advisory, LLC. If you have any questions about the contents of this brochure, please contact us at 425-463-3000 or via email: [mpellegrino@rginv.com](mailto:mpellegrino@rginv.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Rainier Group Investment Advisory LLC also is available on the SEC's website at <http://www.adviserinfo.sec.gov>. You can search this site by a unique identifying number, known as a CRD number. Our CRD number is 132486.

## Item 2     Material Changes

Rainier Group Investment Advisory, LLC updates its ADV Part 2A annually, or more frequently in the event of certain material changes. This section outlines and summarizes the specific changes made to this Brochure since our last update.

- We have updated Item 5 to clarify fees on margin balances within our managed portfolios. We have also added information related to the fees for Family Office Services

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## Item 4 Advisory Business

### Overview, History and Ownership

Rainier Group Investment Advisory, LLC ("RGIA", "us" or "we") is an SEC-registered investment adviser that began conducting business in 2004. We are headquartered in Bellevue, Washington and have offices in Los Angeles, California, Portland, Oregon, and Dallas, Texas.

Our principal owner is the Rainier Group, Inc. Robert Gruber, the CEO of Rainier Group Inc. indirectly through his ownership of Rainier Group, Inc., collectively owns more than 25% but less than 50% of RGIA. For more information regarding who owns and controls RGIA, please see Schedules A and B of Part 1A of our Form ADV.

The Rainier Group was founded in 1988 to fill a need for the owners of well-established, private businesses. Specifically, Rainier Group, among other things, helps clients with ownership transition, management succession, and corporate consulting. In 1995 we expanded our service offerings by formally providing professional investment advisory services, and in 2004 Rainier Group formed RGIA to assist our clients with their long-term wealth management and financial planning needs. All professional employees of Rainier Group are also employees of RGIA and, as required, are registered with RGIA as Investment Adviser Representatives.

The Rainier Group also delivers business consulting services through our Bank Advisory Services program. Since 1997 we have provided several large regional banks with the capacity to advise their business clients on matters such as ownership transition, management succession, key employee retention, and other corporate consulting engagements.

### Types of Advisory Services

Our clients are predominantly high net worth individuals and families with complex holdings and a need for comprehensive investment and financial advice. We may advise and provide services to many different accounts and entities related to our clients, including personal and retirement accounts, education savings accounts, accounts of minor children, revocable and irrevocable trusts, family partnerships, foundations, charitable organizations and similar entities. The complexity of our clients' financial lives often requires that we work in close collaboration with other advisors that the client has engaged, including other investment advisors, attorneys, CPAs, insurance professionals, and bill payment services, and in many cases integrating business consulting services offered through our parent company, the Rainier Group, Inc.

When providing investment advice, we may recommend the purchase of various mutual funds and other pooled investment vehicles, and we may also recommend hiring third party investment managers for some or all of your investments. We may also manage individual stocks or bonds for you, depending on your particular needs and circumstances.

All of our advice is tailored to your individual needs and goals. We work with you to develop a customized Investment Policy Statement setting out your time horizon, risk tolerance and investment targets. We are willing to accept direction from you regarding specific investments and will hold specific securities in your account, if you wish. We also are willing to report on investments held away from RGIA, as requested. Different fees may apply in these instances; please see Item 5 for additional details.

Our advisory services may also include Family Office Services, which are designed to assist those clients who require a higher level of coordination and structure. Different fees will apply for Family Office Services. Please see Item 5.

Through our affiliation with the Rainier Group, Inc., we also offer Wealth Advisory Services. Financial modeling is a principal component of our Wealth Advisory process, and allows you to see the current and long-term impact of choices on financial security, taxation, wealth preservation and other concerns. We create a detailed profile of your business, personal, family and financial situation and objectives. Based on this understanding, financial models are used to compare and contrast planning strategies under various assumptions. This process helps you evaluate your options and make informed decisions regarding your investments, asset allocation, estate plan and other related financial strategies. The ability to compare alternatives in detail simplifies the decision-making process and leads to confidence in the selected strategy.

Every client's goals and objectives are unique. That's why when we determine planning strategies, we customize them to reflect specific personal, family and financial desires. Our client-centric process helps you clarify your objectives and make carefully planned decisions. Our Wealth Advisory Services through the Rainier Group, Inc. include:

- Personal Financial Security Analysis
- Family Wealth Mentoring
- Income Tax Management
- Investment Strategy Formulation
- Retirement Planning
- Philanthropic Planning
- College Education Funding
- Estate Tax Reduction and Control

We gather required information through in-depth personal interviews. Information gathered includes your current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents you supply and prepare a written report. We develop a comprehensive profile of your situation and use financial models to help identify opportunities. Should you choose to implement the recommendations contained in the plan, we suggest you work closely with your attorney, accountant, insurance agent, and/or investment advisor. Implementation of financial plan recommendations is entirely at your discretion.

Typically the financial plan is presented to you within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. Financial planning recommendations are not limited to any specific product or services offered by a broker-dealer or insurance company. All recommendations are of a generic nature. We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

As of December 31, 2013, we were actively managing \$765,560,921 of clients' assets on a discretionary basis.

## Item 5 Fees and Compensation

With the exception of our Financial Modeling services, our fees are typically based on a percentage of assets held in your portfolio. We may occasionally charge an hourly or flat fee for advice regarding investment analysis or related planning (through Rainier Group, Inc.). Unless otherwise agreed, all fees are billed quarterly in advance and are deducted directly from your account. Certain legacy client agreements may be governed by fee schedules different than those listed below.

Investment Advisory fees are calculated on a graduated basis, e.g., an account with a value of \$3,000,000 will pay an annual fee of 1.00% on the first \$2,000,000 and .85% on the asset value of the remaining \$1,000,000. Fee calculations are based on the market value of the account on the last trading day of the previous quarter. Fees for partial quarters at the commencement or termination of this Agreement will be prorated based on the number of days the account was open during the quarter. Additionally, fees may be pro-rated for large contributions or withdrawals at our discretion. Any partial-period fee will be charged or rebated at the next billing period

### Investment Advisory Fees:

ASSETS UNDER MANAGEMENT	ANNUAL FEE
0 - \$2,000,000	1.00%
\$2,000,001 - \$5,000,000	0.85%
\$5,000,001 - \$10,000,000	0.70%
\$10,000,001 - \$25,000,000	0.50%
Over \$25,000,000	Negotiable

### Specialized Advisory Fees:

PORTFOLIO NAME	ANNUAL FEE RANGE
Liquidity Management and Enhanced Income Portfolios	0.25% - 0.60%
Fixed Income Only Portfolios <sup>1</sup>	0.65% - 0.75%
Alternative Investments <sup>2</sup>	0.75%
Household reporting on outside assets <sup>3</sup>	\$2,000
Analysis on 401(k), annuities, or other held away securities	0.25%
Advisor may occasionally charge an hourly or flat fee for advice regarding investment analysis or related planning and investment services.	
Advisor may aggregate certain related client accounts for the purposes of determining the account size and/or annual fee.	
Minimum annual fee	\$8,000

<sup>1</sup> Funds, securities, and/or unaffiliated third-party managers (\$250,000 minimum)

<sup>2</sup> Non-Proprietary investments offered through limited partnerships or other pass-through structures

<sup>3</sup> Applicable only if electronic data feeds are not provided

We do not have a minimum account or relationship size, however, our minimum fee is \$8,000 per year.

In addition to the fee for services we provide as described in this Brochure, you will pay fees and expenses that are embedded in the underlying mutual funds, exchange-traded funds and other pooled investment vehicles. These fees are deducted from the fund or annuity by the sponsor internally and reduce overall return. The fees described in the tables above are advisory fees only

and do not include transaction fees, commissions, mark-ups, or other charges that may be imposed by the executing broker or account custodian.

**Family Office Services Fee(s):**

ASSETS UNDER MANAGEMENT	ANNUAL FEE
0 - \$5,000,000	1.10%
\$5,000,001 - \$10,000,000	1.00%
\$10,000,001 - \$25,000,000	0.76%
\$25,000,001 - \$50,000,000	0.83%
Over \$50,000,000	Negotiable

The minimum fee for Family Office Services is \$55,000 annually.

**Additional Information About Our Advisory Fees**

**Limited Negotiability of Advisory Fees:** Although we have established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fees we charge. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, and account composition, among other factors. The specific annual fee applicable to your relationship with us will be identified in the Investment Advisory Agreement between us. As we charge fees on a relationship basis, we may group certain related client accounts together for the purposes of determining the annualized fee. Discounts, while not generally available to our advisory clients, may be offered to family members, friends or associated persons of RGIA.

**Fees on Margin Accounts:** For clients with margin accounts, we will bill fees gross of your margin balance. This means you will be billed on your long market value **and** the absolute value of your margin balance.

**Fees charged on assets managed by a non-affiliated third-party sub-advisor:** We generally negotiate management fees on your behalf directly with the sub-advisor and bill one inclusive amount to you quarterly, in advance, based on the annual rates indicated above. The total fee you pay could be more than the fee charged by the third-party sub-advisor directly. However, in many instances you may not have direct access to these third-party sub-advisors as such access may only be available through arrangements we have negotiated directly with the sub-advisor.

**Alternative Asset Class Fees:** As indicated in the above fee table, we assess an annual flat advisory fee of .75% based on the value of the investment and billed quarterly in advance, for alternative asset class investments that are accessed through limited partnership vehicles. These investments include those in private equity and hedge fund vehicles, among others. The advisory fee covers our efforts to access the vehicle, primary due diligence on the offering, active and ongoing monitoring, communication with the manager, and reporting of results.

Other fees assessed on these investments will include management fees charged by the sponsor, and as applicable, an incentive or performance fee, which generally is assessed by the sponsor after a defined performance hurdle has been met. Other fees, such as transaction fees, commissions, markups, tax, legal etc. are generally absorbed and paid pro-rata by each investor to the sponsor. Such fees are separate, distinct and in addition to the advisory fees we charge. Details related to the

fees and expenses of this type of investment can be found in the offering documents applicable to the particular investment.

**Other Services:** RGIA will undertake special projects as required by client needs, and also may provide general consultation on estate planning and taxation matters, in coordination with your other professional advisors. Examples of special projects include strategies for managing concentrated stock positions; consultation and negotiation with respect to variable prepaid forward contracts; option strategies; and charitable remainder trust considerations. Such services may be offered on a fixed-fee basis or will be included as part of the assets under management charge described above, generally determined by the scope and complexity of the project. Services other than general consulting will only be performed pursuant to a written agreement between us, with the scope and expectations clearly defined. All clients do not receive all potential services.

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 5 days written notice. RGIA assesses no termination fees. As indicated above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a reimbursement of fees, we will pro-rate the reimbursement according to the number of days remaining in the billing period from the date notice is received.

**Mutual Fund Fees:** All fees paid to RGIA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, ETFs, ETNs, structured notes and other pooled investment vehicles. These fees and expenses are described in each fund's prospectus or offering document. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. However, as an institutional investor, RGIA almost exclusively employs no-load share classes of the mutual funds it recommends. You could invest in a mutual fund directly, without our services. In that case, you would not receive the services provided by RGIA, through our proprietary manager screening and selection platform, which is designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds and our fees to fully understand the total amount of fees you will pay in relation to the services we offer.

**Additional Fees and Expenses:** In addition to our advisory fees, you are also responsible for the fees and expenses charged by your custodian or imposed by broker dealers we may use to execute transactions on your behalf. Please refer to Item 12 "Brokerage Practices" below for additional information.

We may choose to execute fixed income or equity trades with firms other than the custodian/broker-dealer holding your assets, referred to as "trading away". Custodians typically charge an extra fee for settling trades executed in this manner. We consider the effect of extra charges on your yield and return when deciding whether to execute with or trade away from your custodian.

**ERISA Accounts:** RGIA is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, we are subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we may only charge fees for investment advice about products for which we and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which we and/or our related persons



receive commissions or 12b-1 fees, however, only when such fees are used to offset our advisory fees.

## Item 6 Performance-Based Fees and Side-By-Side Management

We do not charge performance-based fees, however, investments we recommend to you may include an incentive or performance based fee. We do not share in or derive any benefit from such fees.

## Item 7 Types of Clients

We provide advisory services to high net worth individuals and families and their trusts, estates, charitable organizations, corporations, business entities, foundations and endowments.

We do not require a minimum account size, although in general, we seek clients that desire to establish a discretionary relationship with us involving at least \$800,000 in investable assets.

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

### Key Doctrines, Investment Process, Implementation and Methods of Analysis

#### Key Doctrines

**Objective Advice:** We believe in providing objective advice, employing preferred, non-proprietary managers in each of the strategic asset classes that comprise a client's portfolio. We employ a proprietary manager screening and selection platform in identifying those managers, in each asset class, that we believe best meet our clients' return expectations and assumption of risk objectives.

**Institutional Approach:** We employ an institutional approach to portfolio structure, much like the Yale Endowment would employ, but geared toward private individuals and families. At the core of our clients' portfolios are more traditional asset classes – U.S. Stocks and Bonds. However, that core is surrounded by a number of alternative asset classes with varying levels of correlation to traditional stocks and bonds, including Senior Bank Loans, Emerging Market Debt, High Yield Bonds, Hedge Strategies, Commodities, Master Limited Partnerships, Global Real Estate, Global Infrastructure, and International and Emerging Market Equities.

**Tactical Investment Decision-Making:** With Post-Modern Portfolio Theory as a philosophical underpinning, we prefer to set a client's portfolio structure based upon the economic and market circumstances prevalent at any particular moment, rather than remain in a static, strategic allocation throughout the entire (up and down) market cycle. Our goal is to participate appropriately in up cycles, while protecting well in down cycles.

**Active Management:** We believe in the use of active managers rather than passive strategies or vehicles.

***Use of Opportunistic Investments:*** We prefer to establish modest exposure, within a client's overall portfolio, to investments targeted around certain global themes. This may also include exposure to preferred Global Macro managers, who look across the world's financial markets for those pockets of strength that exist at any point in time, and then make targeted investments in those areas.

### **Investment Process**

Our investment solutions are designed to manage the financial assets of our advisory clients by combining our internal expertise in traditional and alternative asset categories with external expertise in domestic and global equity, domestic and global fixed income, and alternative investments. Our methods of analysis and portfolio construction include fundamental, technical and quantitative analysis. Our sources of data may include financial news and publications, inspections of corporate activities, research materials prepared by others, corporate rating services, press releases and filings with the SEC, including prospectuses and annual reports.

While our investment professionals are engaged in informal discussions with each other daily and weekly, formal investment decisions flow through our Investment Policy Committee ("IPC"). This Committee is chaired by our Chief Investment Officer and populated by all of our investment decision-making professionals, including those in Relationship Management, Portfolio Management, Research, and Client Services functions. The Committee meets once each month at a predetermined date and time. There is a formal agenda for each meeting which includes, among other items: (a) setting of an economic forecast; (b) setting of a market forecast; (c) changes to the Executive Summary of our Market Outlook piece, which is used in portfolio review meetings with clients; (d) strategic and tactical changes to portfolio models, by asset class; (e) identification of new preferred managers; (f) discussion of a negative outlook for any current manager; (g) a review of our Trend Optimization Model, which is used to identify the dominant trends within the various asset classes; and (h) a review of our Macro Trend analysis, which is used as a means to assess the tenor of the fundamental indicators that we believe drive market behavior. Minutes of these meetings are recorded and shared with appropriate professionals within the firm.

### **Implementation**

With goals-based investing as an underpinning, our Relationship Managers undertake a profiling of your lifestyle and financial goals, so that an appropriate investment strategy can be developed for your investable assets. If a Wealth Security Probability Analysis has been performed in conjunction with any Business Advisory or Wealth Advisory activities employed on your behalf, those analytics are likely also to be used to develop portfolio allocation. Once your investment strategy has been developed, it is formalized in an Investment Policy Statement and reviewed for changes regularly, but no less often than every two years.

Strategic or tactical changes that emanate from IPC decisions are used by the Portfolio Managers to update our portfolio models. We then rebalance client portfolios based on these strategic or tactical changes. Besides strategic and tactical changes to the portfolio models, a number of other events serve as triggers for portfolio changes or rebalancing your portfolio, including money movement, asset movement, change in your market sentiment, and establishment of a margin position, among others. Outside of these specific triggers, and while there is a wealth of opinion around how often a portfolio should be rebalanced, we believe rebalancing once per quarter to be an appropriate time frame.

## Methods of Analysis

As an institutional investor, we have a number of outlets available to us for use in economic, market and securities analysis. Our Bloomberg access is used in a host of useful ways each day, but is used more specifically to develop a package of economic and market data that is reviewed prior to and during IPC meetings by the members of the Committee. Bloomberg is also employed in developing in-depth analyses on our clients' individual equity positions.

Given our preference for preferred, non-proprietary managers, we employ our own manager screening and selection platform, developed over the course of many years. This platform consists of a number of both quantitative and qualitative factors that allow our analysts to identify some of the most attractive managers in each asset class. As an institutional investor, our professionals also receive office visits and participate in conference calls and webcasts with most managers, providing the opportunity for more in-depth analysis of the managers' practices.

## **Liquidity Management Portfolios and Enhanced Income Management Portfolios**

In addition to the strategies described above, we also offer investment strategies designed to provide additional income above money market rates on clients' surplus liquidity or cash reserves. Liquidity Management Portfolios generally reflect shorter duration and lower risk than Enhanced Income Management portfolios.

## **Material Risks**

Any investment activity, including investing in securities, involves risk of loss that clients should be prepared to bear. All investments carry the risk of loss, including complete loss, and there is no guarantee that any investment strategy will meet its objective. Any past success of a particular investment strategy or methodology does not imply or guarantee future success. We ask that you work with us to help us understand your tolerance for risk.

Depending on the investment strategy and the type of financial instruments used at any given time to implement that strategy, advisory clients may face the following material investment risks:

***Equity Instruments:*** Investments in equity securities generally involve a high degree of risk. Stock prices are volatile and change daily, and market movements are difficult to predict. Movements in stock prices and markets may result from a variety of factors, including those affecting individual companies, sectors or industries. Such movements may be temporary or last for extended periods. The price of an individual stock may fall or fail to appreciate, even in a rising stock market. A client could lose money due to a sudden or gradual decline in a stock's price or due to an overall decline in the stock markets generally.

***Fixed Income Instruments:*** Generally, prices of fixed income instruments can exhibit some volatility and change daily. Investments in fixed income instruments present numerous risks, including credit, interest rate, reinvestment and prepayment risk, all of which affect the price (i.e., value) of the instruments. For instance, a rise in interest rates may cause fixed income instruments to lose value. We make certain assumptions regarding interest rates when evaluating fixed income securities including, among other things, the yield curve of the security. A variation in the slope of a fixed

income security's yield curve from the slope we assumed would be present will have an impact in allocating assets to these fixed income securities. Such variation could have a material adverse effect on the value of the client's account. In addition, the value of fixed income instruments may decline in response to events affecting the issuer, its credit rating or any underlying assets backing the instruments. High-yield fixed income instruments (often referred to as "junk bonds") are speculative and involve a greater risk of default and price change than investment grade fixed income instruments. Prices of high-yield instruments are especially sensitive to developments affecting the issuer's business and to changes in the ratings assigned to the issuer by rating agencies. High-yield instruments can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, sales by major investors, default, perceived creditworthiness or other factors. The secondary market for high-yield fixed income instruments may be less liquid than the market for investment grade instruments, and a client's account may be unable to sell illiquid high-yield instruments at an advantageous time or price. In all cases, developments in the credit markets may adversely affect fixed income instruments held in a client's account and could result in substantial losses. An event of default by an issuer may result in the issuer's fixed income instruments being worthless.

***Small and Mid-Capitalization Companies:*** Depending on the investment strategies we use to manage a client's assets, we may allocate a substantial portion of the assets to a manager that focuses on smaller and less established companies (i.e., small-capitalization and mid-capitalization companies). These smaller companies may present greater opportunities for capital appreciation, but typically are more volatile and involve greater risk than companies that are larger and more established. Such smaller companies may have limited product lines, markets or financial resources and their securities may trade less frequently and in more limited volumes than the securities of larger, more mature companies. As a result, the prices of the securities of such smaller companies may fluctuate to a greater degree than the prices of the securities of other issuers and these companies may be more likely to fail, which could result in substantial losses.

***Non-U.S. Investments:*** We may allocate to a manager that invests in instruments issued by non-U.S. companies and governments, including those in developing nations, emerging markets and frontier markets. Such investments involve a number of risks not usually associated with investing in securities of U.S. companies or the U.S. government. Those risks include, among other things, trade balances and imbalances and related economic policies, currency exchange rate fluctuations, imposition of exchange control regulation, withholding taxes, limitations on the repatriation of funds or other assets to the U.S., possible nationalization of assets or industries, political difficulties and political instability, any of which could lead to substantial losses.

***Turnover:*** We may, either directly or through an outside manager, trade in a client's account many times per month. A higher turnover rate, or increased trading in a client's account, may result in higher transaction costs and higher taxes in taxable accounts, and may materially affect performance. Since we primarily employ no-load mutual funds, high turnover costs are unlikely to be experienced by our clients.

***Management:*** Our judgments regarding the attractiveness, value or potential appreciation of a particular asset class or investment instrument may be incorrect and there is no guarantee that any asset class or instrument will perform as we expect. We may fail to implement a strategy as we

intended or we may not identify all risks associated with a strategy or a shift in strategy, all of which may cause substantial losses.

**Market Risk; Liquidity Risk:** General economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws, trade barriers, currency fluctuations and controls, and national and international political circumstances can materially affect a client's account. For example, any of these factors may affect price volatility and the liquidity of instruments held in a client's account. Even an instrument that generally is, or recently was, liquid may unexpectedly and suddenly become illiquid. Such volatility or illiquidity could result in substantial losses.

**Extraordinary Events:** Global terrorist activity and armed conflicts may negatively affect general economic conditions, including sales, profits and production, and may materially affect prices and/or impair our trading facilities and infrastructure or the trading facilities and infrastructure of our sub-advisors, counterparties or the exchanges or markets on which we (they) trade.

**Regulatory Developments:** The legal, tax and regulatory environment worldwide in the financial industry is evolving, and changes in regulations affecting the financial industry, including RGIA and the issuers of financial instruments held in client accounts, may have a material adverse effect on our ability to pursue the investment strategies described above or the value of the instruments held in client accounts. There has been an increase in scrutiny of the financial industry by governmental agencies and self-regulatory organizations. Various national governments have expressed concern regarding the disruptive effects of speculative trading and the need to regulate the financial markets in general. New laws and regulations or actions taken by regulators that restrict our ability to pursue our investment strategies or conduct business with broker-dealers and other advisors or counterparties with whom we work could adversely affect client accounts.

**Concentration:** Client accounts may have highly concentrated positions in issuers engaged in one or a few industries. This increases the risk of loss relative to the market as a whole.

**Derivatives:** Derivatives (a term that includes a broad range of investments, including futures, options, forward contracts and swaps) may trade in unexpected ways due to the use of leverage and other factors and may result in increased volatility or losses. Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. Use of derivatives also involves counterparty risk, meaning that the counterparty to a derivative contract may fail to comply with the terms of the contract. Any dispute concerning a derivative contract could be expensive and time consuming to resolve, and even a favorable resolution could come too late to prevent liquidity problems and substantial losses.

**Short Sales:** In certain circumstances, based on a client's goals and objectives, and to facilitate a particular strategy for a client, and, if appropriate given the size and sophistication of the client, we may sell securities short in a client's account or may purchase an investment vehicle in which short sales are employed. Short sales can result in profits to a client's account if the price of the securities sold short declines. In a short sale, securities are sold that have been borrowed, usually from a broker. To obtain the borrowed shares, we typically will pledge cash or securities held in the client's account in an amount equal to or exceeding the value of the borrowed securities. The amount of the deposit may increase or decreased to reflect changes in the market value of the borrowed securities,

and the lender generally may demand the return of the borrowed securities at any time. The client's account will profit only if it repays the lender with securities purchased at a lower price than it borrowed them. The client's account could experience losses if it is required to replace borrowed securities by purchasing them in the market at a time when the market price is higher than the price at which it borrowed them. Accordingly, short sales generally involve the potential for unlimited loss.

**Leverage:** We do not, as a general rule, employ leverage (i.e., borrowing cash or securities in connection with an investment position) in a client's account. Nevertheless, at the request of an advisory client, and if appropriate given the size and sophistication of the client, we may employ leverage in that client's account, typically for a relatively brief period of time. Some examples of investment positions that use leverage include derivatives, short sales and purchasing securities on margin. The use of leverage generally involves a high degree of risk.

Typically, a client's account will be required to post cash or securities as collateral against the amount borrowed. If the value of the derivatives or securities in the client's account that have been posted as collateral falls below the margin or collateral levels required by the lender, then additional margin or collateral would be required. Failing to post additional margin or collateral could cause the lender to terminate the transactions and liquidate or retain the collateral and margin. In addition, because the use of leverage allows the client's account to hold a position worth more than the amount of the client's investment in the position, the amount the client's account may lose if the price moves against the client's position will be high in relation to the amount invested.

**Alternative Investments:** In addition to more traditional stock and bond investments, we also offer our clients access to alternative investments, which may include U.S. and non-U.S. unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private alternative or other investment funds. These other funds and accounts have their own fees (including management fees) and expenses and may have separate incentive or performance fees or allocations. Accordingly, if a client invests in these other funds or accounts, the client will bear the fees and expenses of the other fund or account, in addition to our management fee. Also, U.S. mutual funds generally must distribute all gains to investors, including investors who may not have an economic gain from investing in the fund, which can lead to negative tax effects on investors, particularly non-U.S. persons.

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to your evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

## Item 10 Other Financial Industry Activities and Affiliations

Rainier Group Investment Advisory, LLC is wholly owned by the Rainier Group, Inc. Employees may work for both companies. There is a contract between the Rainier Group, Inc. and RGIA that allows them to share office space, equipment and other typical business resources. Employees who provide

investment advisory services may also have clients who are clients of the Rainier Group, Inc. Consulting clients of the Rainier Group, Inc. are not obligated to engage us for their investment advice or wealth management services. However, the Rainier Group has a financial interest in referring clients to us. The relationship between Rainier Group, Inc. and RGIA creates a conflict of interest that may impair the objectivity of employees of the Rainier Group when making recommendations on the engagement of an investment advisory provider. We endeavor at all times to put the interest of our clients first as one of our core values, which supports our fiduciary duty as a registered investment adviser.

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

We have adopted a Code of Ethics ("the Code"), which sets forth the high ethical standards of business conduct that we expect of our employees, including compliance with applicable federal securities laws. The Code provides guidance and specific standards of conduct for situations where violations, inadvertent or otherwise, could occur in the conduct of business. Employees must avoid situations where their personal interest conflicts with the interest of the company and our clients. The Code describes appropriate conduct surrounding gifts, outside employment, fiduciary appointments, political activities, personal investments and trading activities. In addition, the Code prohibits dishonest and fraudulent acts and reaffirms our commitment to client confidentiality. Every employee is required to annually sign a statement acknowledging that he or she agrees to follow the standards set forth in the Code.

Employees of the Company may, from time to time, purchase or sell shares of the same securities, which are held in our clients' accounts. As part of our fiduciary duty, all employees must put client interests ahead of their own, and this includes not trading ahead of clients (i.e. ramping or front-running). Given the market capitalization of these securities and the daily trading volume they experience, we do not believe there is a material risk that our employees' personal trades that may coincidentally be placed at or near the time of client trades would in any way be detrimental to our clients. Furthermore, our policy prohibits insider trading by any of our employees. The Code is designed to ensure that the personal securities transactions, activities, and interests of all employees will not interfere with making decisions in the best interest of our advisory clients, while, at the same time, allowing employees to invest for their own accounts.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email to: [mpellegrino@rginv.com](mailto:mpellegrino@rginv.com).

## Item 12 Brokerage Practices

Unless otherwise designated in your Investment Advisory Agreement, we will determine the custodian used and the commissions paid in connection with transactions effected directly by RGIA for your account(s).

RGIA has entered into agreements with Pershing Advisor Solutions ("Pershing") as well as National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Pershing and Fidelity provide us with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related



services that are intended to support intermediaries like us in conducting business and in serving the best interests of our clients, but that may also benefit us.

Pershing and Fidelity charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., commissions are charged for individual equity and debt securities transactions). Pershing and Fidelity offer us, through their respective institutional channels, many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Pershing and Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Pershing and Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Pershing and Fidelity also make available to us, at no additional charge, certain research and brokerage services, including research services obtained directly from independent research companies. These research and brokerage services presently include services such as strategy, economic, industry and company reports and are used by RGIA to assist us in formulating investment strategies.

We may receive additional services at no additional charge, which may include industry data, provider recommendations, operational consulting and platform training. Without these arrangements, we might be compelled to purchase the same or similar services at our own expense.

As a result of receiving such services for no additional cost to us or to our clients, we may have an incentive to continue to use or expand the use of Fidelity and/or Pershing's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and Pershing and have determined that the relationships are in the best interests of our clients and satisfy our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while we will seek competitive rates to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Neither RGIA nor the Rainier Group, Inc. is affiliated with Fidelity or Pershing.

## Item 13    Review of Accounts

### Individual Portfolio Management

**Reviews:** While the underlying securities within client accounts are continually monitored, each client portfolio is reviewed at least quarterly. Portfolios are reviewed in the context of your stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment.

These reviews are conducted by assigned Portfolio Managers and Relationship Managers.



**Reports:** In addition to the monthly statements and confirmations of transactions that you receive from your custodian, the great majority of our clients receive a customized quarterly report summarizing portfolio performance, balances, asset allocation and holdings. Additionally, clients receive a summary of their Investment Policy Statement annually. Your Relationship Manager will usually review the quarterly report, and/or an interim report, with you in person, by phone or by videoconference. Clients who do not receive such reports quarterly will receive them on an annual basis.

### Third-Party Sub-Advisors

Before any initial investment, our typical process is to request in-depth information from the sub-advisor; evaluate the data provided by the sub-advisor and other resources including manager databases and industry contacts; compare and contrast the sub-advisor to competitors; meet in-person or over the phone with the portfolio managers, compliance officer(s) and other key personnel; and conduct an onsite visit. Following selection of a sub-advisor we usually engage in contract and fee negotiations, and we perform follow-up evaluations at least every six months and onsite visits at least annually. Sub-advisors will be removed for a variety of reasons, including breach of duty, deviation in strategy, persistent underperformance, change in leadership or structure that we believe may impact future results, or a better opportunity elsewhere.

Below is a summary of the due diligence we perform on third party sub-advisors:

- Overview of the Firm
- Management Team
- Philosophy and Investment Strategy
- Portfolio Review and Performance Evaluation
- Risk Assessment
- Administration/Operational/Legal Evaluation

These reviews are usually conducted by the Chief Investment Officer, Portfolio Managers, and Analysts.

## Item 14 Client Referrals and Other Compensation

**Client Referrals.** We may compensate certain non-employee individuals for the referral of clients. These individuals are referred to as “solicitors” or “co-providers”. In these situations, we have a written contract with the solicitor or co-provider that specifies, among other things, the amount of compensation he or she will receive. This compensation does not affect the fees that any client pays to us. Any clients referred to us by a solicitor or co-provider is furnished with a written disclosure with details of the compensation arrangement between the solicitor or co-provider and RGIA before they sign a contract with us.

**Custodians.** We generally require that clients open brokerage/custodial accounts at custodians not affiliated with us, typically Fidelity or Pershing. We are not compensated directly for recommending a custodian to a client, though we may receive indirect economic benefits from those custodians. For example, the custodians, at no cost or at a discount, may provide us with support services or products. We describe these and related conflicts of interest in Item 12 “Brokerage Practices”.

Our agreement with Fidelity also provides that RGIA will receive additional compensation based on the amount of client funds held in non-retirement accounts in Fidelity’s “No Transaction Fee” (“NTF”)

mutual funds. RGIA will have a financial incentive to recommend i) that clients custody their accounts with Fidelity; and ii) recommend NTF mutual funds instead of other funds available through Fidelity. Our receipt of this additional compensation does not diminish our duty to act in the best interests of our clients.

## Item 15 Custody

When clients hire us to provide advisory services, we may take custody of their investment assets. This means that we may have the ability to direct transactions in a client account at Pershing or Fidelity (or another qualified custodian as applicable) and that we may have the ability to obtain possession of these assets for the purpose of providing investment advice. For example, clients may give us the authority to transfer cash from one account to another for investment in a different fund or with a different manager. The client may also give us the authority to transfer cash or securities out of an account at their direction.

To comply with the requirements of the SEC's custody rule, we have arranged for advisory clients to receive, at least quarterly, account statements from their custodian (typically Fidelity or Pershing). We urge advisory clients to carefully review those statements and compare the official custodial records to the quarterly statements provided by us, as described in Item 13 "Review of Accounts", above. Our statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities. Because the custodian does not calculate the amount of the advisory fees to be deducted from each account, it is important for you to carefully review your custodial statements to verify the accuracy of the calculation, among other things.

We urge you to carefully compare the information provided on these statements and reports to ensure that all account transactions, holdings and values are correct and current. You should contact us directly if you believe that there may be an error on your statement.

RGIA has custody of certain accounts where a client has given us online access to their outside investment accounts. The purpose for this access is to view holdings and allocation information in order to provide a detailed report on all of the client's investable assets.

We also have custody of client accounts where a client requests standing money movement authorization from their account to a designated third party without the need for a signature each time. You must sign an initial request providing us with the third party's name and account information.

On an annual basis we engage the services of an independent auditor that is certified by the Public Company Accounting Oversight Board to perform annual surprise audits of any accounts where we have been deemed to have custody.

## Item 16 Investment Discretion

We usually receive discretionary authority from you at the outset of an advisory relationship. You grant us this authority in the Investment Advisory Agreement ("IAA") and in your custodial paperwork. The IAA generally gives us the discretion to invest funds in one or more accounts, including accounts managed by sub-advisers chosen by us. Discretion means that, without having to obtain prior approval, we may execute investment transactions in a portfolio in order to implement the investment

policy we have developed with you. Investment transactions include executing specific purchase, sale or other securities transactions and establishing specific investment accounts. Additionally, you grant us authority to hire and fire selected asset investment manager(s) in sub-advised portfolios as described in Items 4 and 13. You give us this authority when you sign the IAA, and may limit this authority by giving us written instructions. You may change/amend these limitations by once again providing us with written instructions. Investment discretion does not include the ability to obtain possession of the securities in a portfolio other than to process transactions in those securities, including the movement of securities or cash from one portfolio account to another registered in your name. In all cases, however, we will only exercise discretion in a manner consistent with your stated goals and investment objectives. When selecting securities and determining amounts for investment, we are guided by an Investment Policy Statement, which includes your risk tolerance and other restrictions and requirements you have provided to us. At all times, you retain the authority to provide us with direction regarding investments, including limitations regarding types of securities and the timing of transactions. You must provide investment guidelines and restrictions to us in writing.

## Item 17 Voting Client Securities

As a general matter, we have the authority to vote proxies relating to securities owned by the accounts we are advising and managing directly. Where sub-advisers are engaged to manage assets, the sub-adviser may have authority to vote proxies, as disclosed in the agreements and other materials describing that sub-adviser. You may also elect to retain proxy-voting authority. This must be communicated to us in writing at the time we establish our relationship. You may, at any time, change your decision by notifying us in writing and/or direct us how to vote proxies on your behalf. We have engaged Institutional Shareholder Services (“ISS”) to assist us with the analysis and voting of proxy ballots and related recordkeeping. ISS provides independent assessment and recommendations with regard to all proxy items for securities held in accounts we manage directly. We have adopted written policies and procedures, the form of which was provided by ISS, regarding the voting of account proxies. These policies and procedures are designed to ensure that we fulfill our fiduciary obligation to you in connection with proxy voting and to address a wide range of common business and social issues often contained in proxy statements and vote them in your best interest. We address items not specifically addressed in the policies and procedures on a case-by-case basis with guidance from ISS. If a material conflict of interest does present itself, we will notify you or refrain from voting the shares affected by the conflict of interest. If we determine that the cost of voting proxies exceeds the expected benefit to one or more of our advisory clients, we may refrain from voting proxies with respect to those accounts, after providing notice to you. You may obtain a copy of our complete proxy voting policies and procedures and information about how any proxies were voted on your behalf upon request. Any such request must be in writing and directed to [mpellegrino@rginv.com](mailto:mpellegrino@rginv.com). We may provide you with consulting assistance regarding proxy issues if you contact us with questions at our principal place of business.

## Item 18 Financial Information

We do not require or solicit prepayment of fees six months or more in advance. We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to clients. We have never been the subject of any bankruptcy petition.