

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

**Rainier Group Investment Advisory LLC**

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This brochure provides information about the qualifications and business practices of Rainier Group Investment Advisory LLC ("RGIA"). If you have any questions about the contents of this brochure, please contact us at 425-463-3000 or [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 [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 132486.

## Item 2     Material Changes

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## Item 4      Advisory Business

Rainier Group Investment Advisory LLC is an SEC-registered investment adviser with its principal place of business located in WA. Rainier Group Investment Advisory LLC began conducting business in 2004.

Listed below is the firm's principal shareholder (the entity controlling 25% or more of this company).

- RAINIER GROUP INC.

In addition, the following information identifies the individual that indirectly owns 25% or more of our firm:

- Robert Michael Gruber, Principal

Rainier Group Investment Advisory LLC offers the following advisory services to our clients:

### INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. IAS is a discretionary management program although the firm frequently consults with clients about specific strategies or transactions. An RGIA associate will meet with the client to ascertain financial needs, objectives, risk tolerance, and investment history. This profiling process may also include financial modeling, as necessary. RGIA will then develop a portfolio for the client that may include a variety of securities, such as no-load mutual funds, exchange-traded funds and notes, and individual stocks and bonds. The firm may also recommend private placements, including hedge funds and other similar instruments, where appropriate for the client.

RGIA will monitor performance and allocations on an ongoing basis, but no less than quarterly, and will make portfolio changes as the firm thinks necessary.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities

- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Interests in partnerships investing in other forms of assets

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **Integrated Asset Management Services ("IAMS Program")**

RGIA performs manager searches of various registered investment advisers. Based on the client's individual circumstances and needs we determine which selected registered investment adviser's ("asset manager's") portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, manager performance results and the investment philosophy of the selected asset manager. Clients should refer to the asset manager's Firm Brochure or other disclosure document for a full description of the services offered. Client meetings are held as often as quarterly, or as determined by the client, to review the account.

Once we identify the most appropriate asset manager(s), our firm provides the selected adviser with the client's objectives, who then creates and manages the client's portfolio.

On an ongoing basis, we monitor the performance of the asset manager(s). If we determine that a particular adviser is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with that client's objectives, then we may move the client's portfolio to a different asset manager and/or program sponsor. Under this scenario, our firm retains the discretion to hire and fire the asset manager and/or move the client's portfolio to a different program.

At least annually, we meet with the client to review and update, as necessary, the client's objectives. However, should there be any material change in the client's personal and/or financial situation, we should be notified immediately to determine whether any review and/or revision of the client's Investment Policy Statement is warranted.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is an evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, questions, information and analysis are considered as they impact and are impacted by the financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan may address any or all of the following areas:

- **PERSONAL** Family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** The client's income tax and spending and planning for past, current and future years; the impact of various investments on the client's current income tax and future tax liability.

- **INVESTMENTS:** Investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** Existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** Current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** The client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Interests in partnerships investing in other

- Variable Prepaid Forward Contracts

Typically the financial plan is presented to the client 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 service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### AMOUNT OF MANAGED ASSETS

As of December 31, 2012, we were actively managing \$769,995,386 of clients' assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Investment Advisory Services**

#### **IAS Program Fees**

Fees are generally deducted directly from the client's account unless otherwise agreed. 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. Certain legacy client agreements may be governed by fee schedules different than those listed below. We may occasionally charge an hourly or flat fee for advice regarding investment analysis or related planning and investment services. 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.

#### **Assets Under Management Annual Management Fee (Billed Quarterly)**

Diversified portfolios of no-load mutual funds, exchange traded funds, and individual securities  
1.00% for \$ 2,000,000 and under  
0.85% for \$ 2,000,001 - \$ 5,000,000  
0.70% for \$ 5,000,001 - \$ 10,000,000  
0.50% for \$10,000,001 - \$25,000,000  
Over \$25,000,001 – negotiable

Or

Liquidity Management and Enhanced Income Portfolios  
0.25% - 0.60% per year

Or

Fixed Income Only: funds, securities and/or individual third-party managers (\$250,000 minimum)  
0.65% – 0.75% per year

Or

Alternative Investments (non-proprietary) offered through a limited partnership or other pass-through structure  
0.75% per year

Household reporting on outside assets where electronic data feeds are not provided  
\$2,000 per year

Analysis on 401(k), annuities, and other held away securities  
.25% per year

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

Clients who own mutual funds or variable annuities effectively pay two entirely separate management fees on the same assets: one fee is paid for services by RGIA and described above. The other fees are paid in the form of mutual fund or variable annuity management fees and expenses (which are deducted internally and reduce overall return). In addition, fees described above are advisory fees only and do not include transaction fees, commissions, mark-ups, custodial fees, or other charges by the executing broker or account custodian.

***Limited Negotiability of Advisory Fees:*** Although RGIA has 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 fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, among other factors. The specific annual fee schedule will be identified in the agreement between the adviser and each client.

As we charge fees on a relationship basis, we may group certain related client accounts for the purposes of determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members, friends or associated persons of our firm.

All fees described above are advisory fees only and do not include transaction fees, commissions, mark-ups, custodial fees, or other charges incurred by the executing broker or account custodian.

RGIA negotiates management fees with the asset manager and bills one inclusive amount to the client quarterly, in advance. RGIA will then re-allow a negotiated percentage of the total fee paid to the asset manager. The total fee paid by the client could be more or less than the fee charged by the asset manager if RGIA did not receive a percentage of management fees. However, clients may not have direct access to these asset managers and access may only be available through arrangements negotiated by RGIA.

### **Liquidity Management or Enhanced Income Management Portfolios**

The firm offers 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. Our annual investment advisory fees on these portfolios are charged as a percentage of assets under management. The fee is 0.25% for Liquidity Management Portfolios and 0.60% for Enhanced Income Management Portfolios.



### **Fixed Income-Only Management Fees**

Our annual fee for individual portfolios of fixed income securities that are managed by a third party asset manager (separate account manager) is between 0.65% and 0.75% of the portfolio market value.

### **Alternative Asset Class Fees**

RGIA will assess a flat advisory fee of .75% of market value per year 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 RGIA's primary due diligence on the offering, active ongoing monitoring, communication with the manager, and reporting of results.

Other fees assessed on these investments will include management fees charged by the fund, along with an incentive or performance fee to the manager, oftentimes assessed after a defined performance hurdle has been met. Such fees are separate, distinct and in addition to advisory fees charged by RGIA and paid by the client, and do not include transaction fees, commissions, mark-ups, custodial fees, or other charges by the executing broker or account custodian and ultimately paid by the client.

### **Other Services**

The firm will undertake special projects as required by client needs, and also may provide general consultation on estate planning and taxation matters, in coordination with the client's other professional advisors. Examples of special projects include strategies for managing concentrated stock positions; consultation 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 if specifically agreed to by the client and RGIA in the written document that memorializes their agreement. Specific advice regarding tax law should be obtained from the client's other professional advisors. All clients do not receive all potential services.

Where separate fees are charged for these services, the scope of services and related charges are specified in the firm's Client Contract or a separate disclosure notice.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed 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 client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***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 and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

RGIA may choose to execute fixed income trades with firms other than the custodian/broker-dealer holding the client's account. This occurs when the other firm may have a more extensive inventory than the custodian. Custodians typically charge an extra fee for settling trades executed in this manner. RGIA considers the effect of extra charges on the client's yield and return when deciding whether to execute with or away from the 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, our firm is 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, RGIA may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset RGIA's advisory fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered. As state-registered advisers are subject to the rules and regulations of their home state (i.e., the state in which the firm maintains its principal place of business) these firms should review home state requirements which may limit prepayment of fees in excess of \$500.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

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

RGIA does not charge performance-based fees.

## Item 7 Types of Clients

RGIA provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Corporations or other businesses not listed above

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Technical Analysis.*** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We may purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short-term purchases.** When utilizing this strategy, we may purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Margin transactions.** We may purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We may also use options to "hedge" a purchase of the underlying security; in other words, we may use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We may use "covered calls", in which we sell an option on a security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We may use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's 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

Clients should be aware that the receipt of additional compensation by RGIA and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. RGIA endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser. As such, we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Our firm has agreements with investment advisers or other parties that are referred to as Solicitor's Agreements or Co-Provider Agreements. We pay a percentage of the management fee collected from the client to the referring party. Clients under these agreements will not be charged fees higher than the standard fees described in Item 5. We do not currently have any Solicitor's Agreements.

We currently have a Co-Provider Agreement with:

- Traner Smith Wealth Management, Inc., an investment adviser
- Jim Lindell, an investment adviser

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

RGIA and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

RGIA's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [mpellegrino@rginv.com](mailto:mpellegrino@rginv.com), or by calling us at 425-463-3000.

RGIA and individuals associated with our firm are prohibited from engaging in principal transactions.

RGIA and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.

2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
10. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

For discretionary clients, RGIA requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

RGIA does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

RGIA will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. RGIA's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with RGIA, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable RGIA to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) RGIA's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on RGIA's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

RGIA has arrangements 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 our firm 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 RGIA 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 enable RGIA to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Pershing's 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 our firm, at no additional charge to us, certain research and brokerage services, including research services obtained directly from independent research companies, as selected by RGIA (within specified parameters). These research and brokerage services presently include services such as strategy, economic, industry and company reports and are used by our firm to manage accounts for which we have investment discretion.

Our agreement with Fidelity also provides that RGIA will receive compensation based on the amount of client funds held by Fidelity in the firm's "No Transaction Fee" ("NTF") mutual funds. RGIA will have a financial incentive to recommend NTF mutual funds instead of other funds available through Fidelity.

RGIA may also receive additional services which may include industry data, provider recommendations, operational consulting and platform training. Without this arrangement, 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, we may have an incentive to continue to use or expand the use of Fidelity's 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 RGIA's clients and satisfies 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 RGIA 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. RGIA is not affiliated with Fidelity or Pershing.

## Item 13    Review of Accounts

### INDIVIDUAL PORTFOLIO MANAGEMENT

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

These accounts are reviewed by assigned Portfolio Managers or Relationship Managers.

*REPORTS:* In addition to the monthly statements and confirmations of transactions that clients receive from their custodian, the great majority of our clients receive quarterly reports summarizing account performance, balances, asset allocation and holdings. The firm will usually review the

quarterly reports in person or by phone with clients. Clients who do not receive such reports quarterly will receive them on an annual basis.

### **SEPARATE ACCOUNT MANAGER PROGRAM**

*REVIEWS:* Administrative personnel provide initial data review of all accounts. The firm's Chief Investment Officer (CIO), working with RGIA's analysts, then conducts a quarterly review of holdings, asset allocation, and asset manager performance pursuant to production of the RGIA reports.

Clients may also initiate a review or evaluation as the need arises.

## **Item 14 Client Referrals and Other Compensation**

It is RGIA's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

We urge our clients to carefully compare the information provided on these statements and reports to ensure that all account transactions, holdings and values are correct and current.

Our firm has custody of certain accounts where our 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 our client's assets.

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

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**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

### **MANAGER OF MANAGERS APPROACH**

As previously disclosed in Item 4 of this brochure, we do not "manage" client portfolios in the traditional sense of the definition, rather RGIA manages the managers of client portfolios within this program. Accordingly, clients participating in this program grant us authority to hire and fire the selected asset manager(s) managing client accounts.

Clients give us this authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may change/amend these limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business. We may also recommend the use of a third party proxy voting service if the client does not wish to vote their own proxies.

## **Item 18 Financial Information**

RGIA has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

RGIA has not been the subject of a bankruptcy petition at any time during the past ten years.

