

Balanced Comments—1st Quarter 2012

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The Rainier Balanced Portfolio outperformed the Balanced benchmark during the first quarter.

Equity results were similar to those of the Large Cap Equity Portfolio where gains during the quarter emerged from a broad range of sectors, including technology, financials and consumer discretionary. Technology stocks had both the best absolute returns within the market and also the largest contribution to relative performance in the portfolio. Leading the way was our largest holding, Apple Inc., which gained 48% in the quarter.

Bank stocks rallied upon the completion of the Federal Reserve's second round of stress testing in which 19 of the largest financial institutions were reviewed for capital adequacy. Top contributor in the sector JPMorgan Chase & Co. rose nearly 40% on a passing score from the Fed.

A combination of an increased exposure and select opportunities in consumer discretionary aided performance. Handbags and accessory retailer Coach Inc., online travel provider Priceline.com Inc. were both positive contributors.

Performance of the fixed income portion of the Portfolio was close to that of the Intermediate Fixed Income Portfolio.

Corporate bonds outperformed all other fixed income asset classes in the quarter, returning 2.75%. Treasuries were the worst performing asset class for the quarter generating a negative return of 0.48%.

The underlying growth characteristics of the equity portion of the Portfolio are well above the market average for the coming year. This outlook, combined with financial strength and management skill, keeps us confident in the ability of the companies in which the portfolio is invested to successfully navigate the challenges they face. Additionally, with the Federal Reserve continuing to support the economy with easy monetary policy and potential for additional actions, we expect the economy to continue its current path of modest growth which is also supportive of corporate bond performance.

Gross Expense Ratio for Original Shares is 1.16% and for Institutional Shares is 0.91%.

Opinions expressed are subject to change, are not guaranteed and should not be considered investment advice.

For a listing of holdings current to the most recent quarter end, please [click here](#). Fund holdings and sector allocations are subject to change at any time and are not a recommendation to buy or sell any security. **Current and future portfolio holdings are subject to risk.**

The Balanced Index consists of 60% Standard & Poor's 500 Index®, 35% Barclays Capital U.S. Intermediate Government/Credit Bond Index and 5% 91-Day U.S. Treasury Bill Index. The index is not available for investment and does not incur charges or expenses. Actual asset allocation of the Balanced Composite may vary from the Balanced Index. The S&P 500 is an unmanaged index composed of 500 industrial, utility, transportation and financial companies of the U.S. markets. The Barclays Capital U.S. Intermediate Government/Credit Bond Index is an unmanaged index composed of all bonds covered by the Barclays U.S. Credit Index with maturities between one and 9.99 years. The 91-Day U.S. Treasury Bill Index is an unmanaged index of equal dollar amounts of three-month Treasury bills purchased at the beginning of each of three consecutive months. These Indices are not available for investment and do not incur charges or expenses.

Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales. Mutual fund investing involves risk; principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in asset-backed and mortgage-backed securities include additional risks such as credit and prepayment risks, possible illiquidity and default and susceptibility to adverse economic developments.

The Funds investment objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectuses contain this and other important information about the investment company, and may be obtained by calling 800.536.4640 or by visiting www.rainierfunds.com. Read carefully before investing.

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