RAINIER

Average annual total returns as of 6/30/07:

	One Year	Five Years	Ten Years	Since Inception
Rainier Large Cap Equity Portfolio (5/10/94)	21.18%	11.42%	8.15%	12.81%
S&P 500 Index	20.59%	10.71%	7.13%	11.65%
Average Morningstar Large Growth Fund	17.17%	8.96%	5.47%	NA
Rainier Mid Cap Equity Portfolio (12/27/05)	31.79%	NA	NA	27.53%
Average Morningstar Mid-Cap Growth Fund	19.00%	12.61%	8.65%	NA
Rainier Small/Mid Cap Equity Portfolio (5/10/94)	25.16%	18.97%	12.31%	15.90%
Average Morningstar Mid-Cap Growth Fund	19.00%	12.61%	8.65%	NA

Performance data quoted represent past performance; which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Most recent month-end performance is available by visiting www.rainierfunds.com.

The opinions expressed are those of the author and/or Jim Margard and are subject to change, are not guaranteed and should not be considered recommendations to buy or sell any security.

The S&P 500 Index® is an unmanaged index composed of 500 industrial, utility, transportation and financial companies of the U.S. markets. The Index represents 75% of New York Stock Exchange (NYSE) issues. It is a capitalization-weighted index calculated on a total return basis with dividends reinvested. It is not possible to invest directly in an index.

Each Morningstar Category Average represents a universe of Funds with similar investment objectives.

Mutual fund investing involves risk; loss of principal is possible. Small- and medium-cap companies tend to have limited liquidity and greater price volatility than large-cap companies.

Cash flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.

While the fund is no-load, management fees and other expenses still apply. Please refer to the prospectus for further details.

As of 6/30/07, the following securities comprised their respective percentages of the Rainier Large Cap Equity Portfolio, Rainier Mid Cap Equity Portfolio and Rainier Small/Mid Cap Equity Portfolio, respectively, Sotheby's 0.00%, 2.20% and 2.10%; McDermott International 1.81%, 2.99% and 2.83%; Precision Castparts 1.38%, 2.66% and 2.82%. Fund holdings and sector weightings are subject to change at any time. References to specific securities or industries should not be considered a recommendation to buy or sell any security.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling 800-248-6314 or be visiting www.rainierfunds.com. Please read it carefully before investing.

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number of billionaires in Russia is approaching 100; the number in China is approaching 50. Ten or 15 years ago, the list was very small. This global wealth creation is fueling strong demand for high-end art.

Sotheby's is executing extremely well and has a relatively high growth rate. We believe this is a stock that will experience strength for a very long time. And the price of the stock is still quite reasonable despite having had a fairly significant move over the past two years.

Let me tell you about a couple of stocks that actually are in all of our portfolios, because they're sort of large mid-cap stocks.

The first is *McDermott International*. About half the business is international and half is U.S., so it really participates in the global expansion and in economic strength in the emerging countries that I mentioned. They are a very strong competitor in the major businesses in which they participate.

The first business, about half the parent company's revenue, is construction of offshore oil platforms. This is an area of the market that currently is very strong, and we anticipate that it will remain strong well into the next decade. Increasingly, major oil companies are looking into offshore—not just in shallow waters but in large, complex projects in deep water, far away from shore. That translates into strong revenues for McDermott. It involves not just the drilling phase but the production phase, which is the later part of the cycle. So regardless of how many rigs are put into place down the road there will be high demand for their services out 10 years or so.

Also, the rates that big energy companies are paying for these rigs on a daily basis have been growing. We're about to hear of a day rate of $600,000 for a rig. Now if you're an oil company paying that much for a rig, you're going to make sure it doesn't run into problems—so you're going to get someone to set up the platform infrastructure with a reputation for not running into problems.

McDermott's other area is electric-utility infrastructure. The company does a lot of environmental remediation and retrofitting—adding scrubbers and other devices and facilities to reduce emissions of sulphur, mercury and nitrogen oxide. We anticipate that a lot of the new coal plants that will be built in the next five or six years will have increasingly higher environmental elements. And McDermott is a particularly strong contender in providing technology in that area. That could produce a new wave of demand over the next five to 10 years.

THREE GEMS?

Stock (Symbol)	Recent Price	52-Week High/Low	Earnings 2006/2007*
Sotheby's (BID)	$48.13	$53.25/$23.09	$1.73/$2.48
McDermott Int'l (MDR)	83.85	84.81/37.70	3.26/4.31
Precision Castparts (PCP)†	118.49	122.29/52.46	4.37/6.04

*Estimates. †FYs end March 2007 and 2008. **Source:** Bloomberg.

Another subsidiary is involved in environmental site restoration and decommissioning of nuclear facilities. That's another area that should be a source of steady revenue growth in the coming years.

McDermott's business is very strong now, but the prospects are good, well into the next decade. The stock has performed well, but we believe it's still reasonably priced because the earnings and revenue expectations have moved up in lockstep with the stock itself. So it has a strong competitive franchise, participates meaningfully in international business, high earnings growth rates, positive earnings revisions and reasonable valuation.

Another infrastructure-oriented company that's a large position in all our portfolios is *Precision Castparts*. There are three main parts to the company. The first and foremost is casting parts for jet engines; they're the best in the business. These are highly engineered, highly sensitive products—the opposite of a commodity. The company is in the front of what will be a long cycle of demand for new jet-engine business, looking at what Boeing and Airbus have before them.

Precision Castparts' other areas of aircraft manufacturing include fasteners. The company has made a series of profitable acquisitions and folded them into the company very well.

The company also makes castings for natural-gas power plants. A wave of these came in the early part of this decade; subsequently, that business has drifted sideways. But they've done reasonably well selling replacement parts, and that aspect is strengthening now as a lot of plants are more mature. And we anticipate an improving environment for natural-gas generation plants over the next few years—principally because natural gas is a lot cleaner than coal.

The company is in a strong competitive situation; their earnings have been extremely good, better than analysts expected; and the stock has moved up in lockstep with the direction of earnings revisions.

Finally, Jim, what's your single best piece of advice for investors over the next 12 months?

Keep it simple and focus on tried-and-true companies that have demonstrated strong economics for a period of time and are likely to continue to do so. The past year or two have been a period in which the basics of economics have come through in stock prices. Companies that have integrity in their balance sheet, are able to compete effectively and participate in areas of the market with strong demand are likely to have relatively high earnings-growth rates, and those stocks tend to go up. It's as simple as that. ■