

International Small Cap Equity

AN OVERLOOKED ASSET CLASS

A WORLD OF OPPORTUNITY

Small, well-run companies exist all over the world, providing the opportunity for potential dramatic growth. At Rainier, we believe international small cap represents one of the most undiscovered, underinvested and inefficient asset classes available in the markets today. Relative to most other segments of the global market, international small cap stocks have historically achieved better risk-adjusted returns, higher than expected growth rates and greater long-term diversification. Based on historical data, we believe that adding non-US small cap stocks to a broader portfolio, may help lower overall volatility while potentially boosting long-term performance.

HISTORICAL OUTPERFORMANCE

Smaller companies typically have stronger growth potential and are generally under-recognized allowing for pricing inefficiencies, which may translate to a higher return potential. International small cap stocks have consistently produced attractive historical risk/return profiles relative to their large cap peers over time. With the added benefit of international diversification, investors may potentially enhance their portfolio's risk-adjusted returns while also seeking to reduce risk.

Data as of 3/31/17. Source: Morningstar.
Indices from top: MSCI ACWI ex USA Small Cap, MSCI ACWI ex USA Large Cap.

International Large vs. Small Trailing Returns



GROWTH OPPORTUNITIES AT ATTRACTIVE VALUATIONS

International small caps have displayed considerably higher than expected earnings per share (EPS) growth rates than their international larger capitalization peers. Even with the favorable growth characteristics, their valuations trade at a discount to domestic small and large caps and only at a modest premium to international large caps.

Data as of 3/31/2017. Source: FactSet, Morningstar.
Indices from left: S&P 500, Russell 2000, MSCI ACWI ex USA Large Cap, MSCI ACWI ex USA Small Cap.

Earnings Growth and Valuation Characteristics

	US Large Cap	US Small Cap	International Large Cap	International Small Cap
GROWTH				
EPS Growth (1 Year - I/B/E/S Medians)	7.6	9.8	8.8	14.0
VALUATION				
Price/Earnings (1 year forward)	18.3	19.5	14.5	16.2
Price/Book	3.0	2.1	1.6	1.5
PEG Ratio	2.41	1.99	1.65	1.16
RISK/REWARD				
Sharpe Ratio - 15 yr	0.46	0.45	0.34	0.53
RETURNS				
15 Yr Annualized Total Returns	7.09	8.38	5.85	9.80

Earnings Growth is not a measure of the Fund's future performance.

INTERNATIONAL DIVERSIFICATION

In addition to providing investors with higher return potential and excellent growth opportunities, international small cap stocks may also act as effective portfolio diversifiers. International small cap stocks historically exhibit a low correlation to other commonly utilized asset classes. Adding international small cap exposure to a portfolio has the potential to reduce overall portfolio volatility.

Data: 20 years ending as of 3/31/17. Source: Morningstar.

20 Year Historical Correlation Matrix

Market Category	Comparison Index	Correlation with S&P 500
US Large Cap	S&P 500	1.00
Global	MSCI World	0.96
International Large Cap DM	MSCI ACWI ex USA Large Cap	0.85
US Small Cap	Russell 2000	0.82
EM Large Cap	MSCI Emerging Markets Large Cap	0.74
International Small Cap	MSCI ACWI ex USA Small Cap	0.74
EM Small Cap	MSCI Emerging Markets Small Cap	0.67

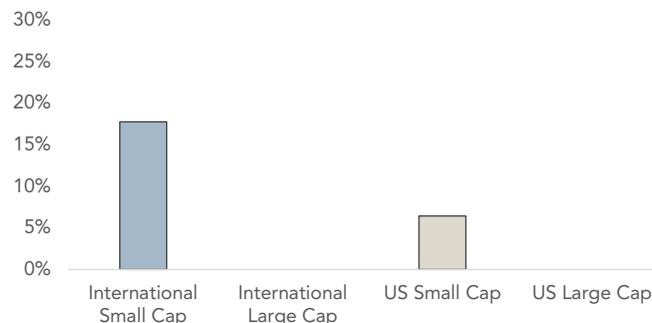
Comparison Indexes: The S&P 500® Index is an unmanaged index composed of 500 industrial, utility, transportation and financial companies of the U.S. markets. The Russell 2000® Index includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership and represents approximately 10% of the total market capitalization of that index. The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Developed Markets and Emerging Markets. The MSCI ACWI ex USA Small Cap Index (Net) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of small capitalization developed and emerging markets, excluding the United States. "Net" indicates that this series approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate applicable to non-resident individuals who do not benefit from double taxation treaties. MSCI uses withholding tax rates applicable to Luxembourg holding companies. The MSCI ACWI ex USA Large Cap Index is a free float-adjusted market capitalization index that captures large cap representation across developed and emerging markets, excluding the United States. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets and captures large and mid-cap representation across the emerging markets countries. The MSCI Emerging Markets Small Cap Index includes small cap representation across the emerging markets countries and tends to capture more local economic and sector characteristics relative to larger emerging market capitalization segments. The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets country indexes. Index vendor sources may vary, resulting in slight variations in the Index returns that are displayed in performance reporting for the Rainier Funds. The Indices are not available for investment and do not incur charges or expenses.

OPPORTUNITIES FOR ACTIVE MANAGERS

Small companies in international markets have been traditionally overlooked by US investors, consequently providing distinct opportunities to identify and potentially capitalize on the many exciting companies that this world has to offer. We believe investors' inattention to this space creates inefficiencies that leave abundant opportunities for active small cap managers to potentially add meaningful value in the portfolio management process.

Despite historically strong performance, better diversification potential and the opportunity available for active management to deliver strong returns, international small cap stocks still receive minimal analyst coverage. Nearly 20% of these companies have no sell-side research coverage at all.

Companies Without Analyst Coverage



Data as of 3/31/17. Source: FactSet, I/B/E/S, Russell, S&P, MSCI. Indices from left: MSCI ACWI ex USA Small Cap, MSCI ACWI ex USA Large Cap, Russell 2000, S&P 500.

RAINIER INTERNATIONAL DISCOVERY FUND

As global opportunities continue to expand, the Rainier International Discovery Fund provides investors direct access to the rapid growth being experienced by dominant small cap companies outside the United States. The Fund is managed by Henrik Strabo, Head of International Investments, who brings over 27 years of accumulated experience in all cap ranges of global markets. Our international team employs a disciplined fundamental stock selection process focused on uncovering dynamic non-U.S. small cap growth companies that we believe exhibit competitive advantages, significant appreciation potential and dominant market positions.

Rainier International Discovery Fund (RAIIX)



4-Star Overall Morningstar Rating™ out of 108 Foreign Small/Mid Growth funds as of 3/31/17.

The Overall Morningstar Rating is based on risk-adjusted returns derived from a weighted average of the Fund's 3- and 5-year Morningstar metrics.

ABOUT RAINIER

Seattle-based Rainier Investment Management is an investment management firm dedicated to serving clients since 1987. We believe that rewarding stock performance comes from companies that exhibit superior growth potential, attractive valuations, competitive strength and financial integrity. Rainier provides international equity, domestic equity and fixed income portfolio management to financial advisors, institutional investors and individual investors through the Rainier Funds. Rainier is an affiliate of Manning & Napier Advisors, LLC, a registered investment advisor with the U.S. Securities and Exchange Commission. Manning & Napier was founded in 1970 and is headquartered in Rochester, NY.

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Mutual fund investing involves risk. Principal loss is possible. Small- and medium-capitalization companies tend to have limited liquidity and greater price volatility than large-capitalization companies. Investment in IPOs can be volatile and can fluctuate considerably. IPOs can have a magnified impact on funds with a small asset base. Investments in foreign securities and emerging markets countries involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for emerging markets. Investment in REIT securities involve risks such as declines in the value of real estate and increased susceptibility to adverse economic regulatory expenses. The Fund will invest in derivatives which may be more volatile than investments directly in the underlying securities, involve additional costs and may involve a small initial investment relative to the risk assumed. Diversification does not assure a profit or protect against loss in a declining market.

Past performance does not guarantee future results. Index performance is not indicative of fund performance. Current standardized performance of the Fund may be obtained by calling 800-280-6111. It is not possible to invest directly in an index.

For each fund with at least a three-year history, without adjustment for sales loads, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. Rainier International Discovery Fund was rated against the following numbers of Foreign Small/Mid Growth funds over the following time period: 108 funds in the last three years and 97 funds in the last five years. With respect to these Foreign Small/Mid Growth funds, Rainier International Discovery Fund received a Morningstar Rating of five stars for the three-year period and four stars for the five-year period. Past performance is no guarantee of future results. Ratings for other share classes may differ.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes.

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Definitions: Price to Earnings (P/E) Ratio reflects the multiple of earnings at which a stock sells. Earnings Per Share (EPS) is total earnings divided by the number of shares outstanding. The Price/Earnings to Growth (PEG) ratio is used to determine a stock's value while taking the company's earnings growth into account. Correlation is a statistical measure of how two securities move in relation to each other. The Sharpe ratio measures the excess return per unit of deviation in an investment asset or a trading strategy. The ratio of a stock's price to its cash flow per share. The Price / Cash Flow ratio is an indicator of a stock's valuation.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and may be obtained by calling 800.280.6111 or visiting www.rainierfunds.com. Read carefully before investing.

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