



**FORM CRS – CLIENT RELATIONSHIP SUMMARY**  
**RICE HALL JAMES & ASSOCIATES, LLC**  
**MARCH 30, 2022**

Rice Hall James & Associates, LLC (“RHJ”, “Firm”, “we”, “our”, or “us”) is an investment advisory firm registered with the Securities and Exchange Commission (“SEC”). Fees for brokerage and investment advisory services differ and it is important for you to understand the difference. Free and simple tools are available to research firms and financial professionals at <https://www.Investor.gov/CRS>, which also provides educational materials about broker-dealers, investment advisers, and investing.

**What investment services and advice can you provide me?**

For retail clients, RHJ provides investment management services. We offer these services: (i) directly to clients, (ii) through a wrap program sponsored by an unaffiliated financial institution, and (iii) as a sub-adviser to unaffiliated third-party advisers. For direct clients, we have discretionary authority over account assets, which is granted upon entering into an agreement with us. We generally meet with direct clients and gather information regarding your overall investment objectives at the beginning of the relationship. This includes your individual needs, such as risk tolerance, time horizon and any restrictions. From there, we assist you in determining the investment strategy or strategies that are best suited to meet your needs and objectives. We then provide continuous supervision and asset management using the agreed upon strategy. You are responsible for informing us of any changes to your guidelines, individual needs and/or restrictions. For clients that come to us through a wrap program or sub-advisory arrangement, the wrap sponsor or third-party adviser (as applicable) will collect your information and determine the appropriate investment strategy for you. We are granted discretionary authority through the agreements and will manage your assets in accordance with the strategy communicated to us by the wrap sponsor and third-party adviser. Discretionary authority allows us to decide the type and amount of securities to be bought or sold for your account and when to invest, without consulting you first. We maintain this discretion until it is revoked (e.g., by termination of agreement).

**Ask one of our financial professionals the following questions:**

*Given my financial situation, should I choose an investment advisory service? Why or why not?*

*How will you choose investments to recommend to me?*

*What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

The investment strategies we regularly utilize are Small Cap Equity, Micro Cap Equity, Small Cap Opportunities, SMID Cap Opportunities, Micro Cap Opportunities, Small Cap Value, and International Small Cap. For Equity strategies, we use a company-specific approach that focuses on identifying stocks of growth companies that are selling at a discount to those companies’ projected earnings growth rates. For Opportunities strategies, our goal is to take advantage of the long-term appreciation potential of smaller companies by performing disciplined fundamental research, combined with the patience of longer-term holding periods. For Small Cap Value and International Small Cap strategies, our goal is to generate excess investment returns for our clients over a market cycle by identifying and exploiting valuation inefficiencies between the market prices of smaller companies and their intrinsic valuations. We mainly utilize equity securities for all accounts, but at times may invest in corporate bonds, municipal bonds, U.S. government securities, foreign securities, mutual funds, and exchange-traded funds if we determine they fit within the objectives of a strategy. As

part of our services, we review your account monthly, at a minimum, and any time there is significant cash flow. We also review the stocks in all portfolios continuously. For direct client accounts, we generally require an account minimum of \$1 million for our Small Cap Value and International Small Cap products and \$5 million for our other strategies. However, we reserve the right to waive or negotiate this minimum. For wrap programs, the wrap sponsor determines the account minimum. *For further information about our services and advice please read Items 4, 7, and 8 of our Form ADV Part 2A disclosure brochure. Click [here](#) for a copy or call us at (619) 239-9005.*

**What fees will I pay?**

We charge an annual tiered investment management fee that is billed at the end of each quarter and is based on the market value of assets (including cash/cash equivalents, accrued interest and dividends) in your managed account(s). The fee varies based on investment strategy. For Small Cap Equity strategy the fee is 0.90% on the first \$25 million and 0.70% over \$25 million, with a minimum annual fee of \$45,000. For the Micro Cap Equity and Small Cap Opportunities strategies we charge a 1.0% flat rate with a \$50,000 annual minimum. For the Micro Cap Opportunities strategy we charge a 1.25% flat rate, with a \$62,500 minimum annual fee. For SMID Cap Opportunities strategy, we charge 1.0% on the first \$25 million and 0.85% over \$25 million with a \$50,000 annual minimum. For the International Small Cap strategy we charge a 1.0% flat rate with no annual minimum. For the Small Cap Value strategy, we charge 1.0% on the first \$25 million and 0.85% over \$25 million with no annual minimum. Our fee schedules create a conflict of interest because we have an incentive to recommend a higher-fee strategy. Our fees are negotiable,



# RICE HALL JAMES

& ASSOCIATES, LLC

and we aggregate related accounts (see Form ADV Part 2A for definition) when calculating our fee. We do have clients with different fee structures and calculation methodology than what is stated above. Also, RHJ has in the past and may in the future entered into a performance fee arrangement with a direct client. However, this type of arrangement creates conflicts of interest that should be understood prior to entering into this type of fee arrangement. We also receive advisory fees from the sponsors of the wrap programs, which vary by program and are based on the amount of assets invested in our strategies. You also will pay additional fees to third parties in connection with your managed account. These can include, but

are not limited to custodian fees, brokerage and transaction costs, retirement plan administration fees, transfer fees, mutual fund fees and expenses, including 12b-1 fees and deferred sales charges, and fees charged by Wrap Sponsors and third-party advisers. If you invest in our affiliated mutual funds (RHJ Funds) you will pay fees charged by the fund(s) you've invested in, which include management fees and other administrative fees. RHJ does not charge an investment management fee on account assets invested in our mutual funds since we receive the management fees shareholders paid to these funds. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. *More detailed information about our fees and other costs associated with investing, along with applicable conflicts can be found in Items 5, 10, and 14 of our Form ADV Part 2A disclosure brochure. Click [here](#) for a copy or call us at (619) 239-9005.*

## Ask one of our financial professionals the following questions:

*Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

## **What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

When we act as your investment adviser, we are required to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are examples to help you understand what this means.

## Ask one of our financial professionals the following questions:

*How might your conflicts of interest affect me, and how will you address them?*

**Proprietary Products:** RHJ and certain of our financial professionals have an incentive to recommend our affiliated mutual fund since we receive fees from these investment products. **Soft Dollar Arrangements:** RHJ has a soft dollar arrangement in place and receives various brokerage services and research products used to manage client accounts, which are paid for with client commissions. *More detailed information about our conflicts of interest can be found in Items 4, 10, 11, 12, and 14 of our Form ADV Part 2A disclosure brochure. Click [here](#) for a copy or call us at (619) 239-9005.*

## **How do your financial professionals make money?**

Each RHJ financial professional is paid a salary and a discretionary bonus. Neither the salary nor bonus is based on or tied to the number of clients that have been referred to us or the types of investment products we recommend to clients. Our managing members are responsible for overseeing investment activities and, in the aggregate, own a majority interest in the Firm. As owners, they participate in the profits and losses of the Firm. Additional information about the compensation received by RHJ professionals and any related conflicts of interest are outlined in each professional's Form ADV Part 2B, which can be obtained by calling us at (619) 239-9005.

## **Do you or your financial professionals have legal or disciplinary history?**

No. Please go to [www.Investor.gov/CRS](http://www.Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

## Ask one of our financial professionals the following questions:

*As a financial professional, do you have any disciplinary history? For what type of conduct?*

## **Additional Information**

You can obtain additional information and/or request a copy of this Form CRS by going to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or calling us at (619) 239-9005.

## Ask one of our financial professionals the following questions:

*Who is my primary contact person? Is he or she a representative of an investment adviser or broker-dealer?*

*Who can I talk to if I have concerns about how the person is treating me?*