

## William Blair Growth Fund Fund Manager Commentary

### Market Overview

Performance of U.S. equity indices was broadly positive for the year-to-date period ended September 30, 2021. First quarter market performance was supported by improvement in corporate earnings growth, positive economic data, robust job growth and massive stimulus distributed to U.S. households and businesses. Manufacturing activity, gross domestic product (GDP), and job growth continued to increase into the second quarter and corporations reported healthy earnings.

While U.S. equity market performance and economic data were both strong through the first half of 2021, U.S. economic data was mixed in the third quarter, in part due to supply chain disruptions and rising COVID-19 cases. As the Delta variant became the prominent strain across the country, new cases of COVID-19, along with hospitalizations and deaths, increased and peaked in the third quarter. Despite these headwinds, corporate earnings reports continued to exhibit strength.

The U.S. Congress avoided a government shutdown by passing a short-term continuing resolution to suspend the debt limit. The Federal Open Market Committee (FOMC) reiterated its commitment to maintain a low target federal funds rate as the economy recovers from COVID-19 disruption. However, coincident with inflationary concerns and the Fed's announcement that it will begin to slow the pace of its asset purchases in the near term, U.S. Treasury yields rose in late September. Against this backdrop and despite healthy corporate earnings, U.S. equity index returns were mixed in the third quarter, with less differentiation between growth and value style indices in the quarter than was observed earlier in the year.

### Fund Performance

The William Blair Growth Fund (Class N shares) outperformed its benchmark during the third quarter, primarily driven by stock-specific factors. Our top individual contributors included Grid Dynamics (Information Technology), Rush Street Interactive (Consumer Discretionary), Pure Storage (Information Technology), Alphabet (Communication Services) and Horizon Therapeutics (Health Care). IT consulting firm Grid Dynamics reported strong organic growth and operating margins, a reduction in customer concentration, and hiring levels to support the growth of the business. Rush Street Interactive, the largest U.S. online casino operator, reported revenue and earnings results during the quarter that exceeded expectations as the company continued to expand its access to new markets. Conversely, our top detractors included Fidelity National Information Services (Information Technology), GoDaddy (Information Technology), PayPal Holdings (Information Technology), Exact Sciences (Health Care) and

### Top 10 Holdings<sup>1</sup> as of 9/30/21

<i>Company</i>	<i>% of Fund</i>
Microsoft Corp.	9.1
Alphabet Inc.	8.2
Amazon.com, Inc.	7.0
Mastercard Inc.	4.0
PayPal Holdings, Inc.	3.7
Advanced Micro Devices, Inc.	2.7
Stryker Corp.	2.6
Adobe Inc.	2.6
Unitedhealth Group Inc.	2.5
Texas Instruments Inc.	2.4
<b>Total Top 10</b>	<b>44.8</b>

Activision Blizzard (Communication Services). Shares of leading global bank processor Fidelity National Information Services declined on concerns regarding competition in the merchant acquirer space. GoDaddy, the leading provider of domain names, lowered forward looking growth expectations for its hosting and web presence business, which represents a meaningful portion of revenue. Stock specific contributors and detractors for the third quarter are discussed in greater detail at the end of this quarterly review.

### Outlook

Looking forward, a continued sense of optimism around U.S. economic potential remains. As the Delta variant wave recedes, consumer confidence and spending are expected to increase, in part due to pent up savings from government stimulus, and job growth and earnings growth are likely to benefit. However, some uncertainty remains as continued vaccine hesitancy among portions of the population may pose a challenge to the U.S. achieving herd immunity. Potential corporate tax increases, elevated input prices and accelerating wage gains may put pressure on corporate profits. Amid tensions between political parties, the U.S. Congress must come to a resolution to raise the debt ceiling in order to avoid the risk of a federal default. While

<sup>1</sup>Listed holdings are presented to illustrate examples of the securities that the Fund has bought and do not represent all of the Fund's holdings or future investments. Information about the Fund's holdings should not be considered investment advice. There is no guarantee that the Fund will continue to hold any one particular security or stay invested in any one particular sector. Holdings are subject to change at any time and are as of the date shown above. Top ten holdings are shown as a percentage of total net assets.

inflationary and supply chain pressures are likely to persist into 2022, labor shortages may ease as government unemployment stimulus abates and the spread of COVID-19 variants moderates.

Our investment philosophy leads us to companies with durable businesses, whose stock prices are not reflective of our long-term fundamental expectations, that we believe can outperform over a market cycle. As we continue to monitor economic developments and navigate through the business model implications of COVID-19 disruption, our focus remains on

identifying companies with superior management, high barriers to entry and differentiated products or services that are underappreciated by the market. We believe our longstanding focus on bottom-up identification of durable business franchises, whose stocks present attractive risk/reward opportunities, will serve us well in a variety of economic environments.



INVESTMENT PERFORMANCE (AS OF 9/30/21)

	QTR	YTD	1 Y	3 Y	5 Y	10 Y
Class I (SI: 10/01/99)	2.14%	15.69%	33.23%	21.42%	22.10%	18.19%
Class N (SI: 03/20/46)	2.06%	15.43%	32.78%	21.07%	21.76%	17.85%
Russell 3000® Growth Index	0.69%	13.49%	27.57%	21.27%	22.30%	19.40%
S&P 500 Index	0.58%	15.92%	30.00%	15.99%	16.90%	16.63%

**Performance cited represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the data quoted. Returns shown assume reinvestment of dividends and capital gains. Investment returns and principal will fluctuate with market and economic conditions and you may have a gain or loss when you sell shares. For the most current month-end performance information, please call +1 800 742 7272, or visit our Web site at [www.williamblairfunds.com](http://www.williamblairfunds.com). Class N shares are available to the general public without a sales load. Class I shares are available only to investors who meet certain eligibility requirements.**

EXPENSE RATIOS

	Gross Expense	Net Expense
Class I	0.93%	--
Class N	1.26%	1.20%

Expenses shown are as of the most recent prospectus. The Fund's Adviser has contractually agreed to waive fees and/or reimburse expenses to limit fund operating expenses until 4/30/22.

## IMPORTANT DISCLOSURES

The Fund's returns will vary, and you could lose money by investing in the Fund. The Fund invests most of its assets in equity securities of domestic growth companies where the primary risk is that the value of the equity securities it holds might decrease in response to the activities of those companies or market and economic conditions. Individual securities may not perform as expected or a fund used by the Adviser may fail to produce its intended result. The securities of smaller and medium sized companies tend to be more volatile and less liquid than securities of larger companies. In addition, small and medium sized companies may be traded in lower volumes. This can increase volatility and increase the liquidity risk whereby the Fund will not be able to sell the security on short notice at a reasonable price. The Fund is not intended to be a complete investment program. The Fund is designed for long-term investors.

The Russell 3000 Growth Index consists of large, medium and small-capitalization companies with above average price-to-book ratios and forecasted growth rates. The stocks in this index are also members of either the Russell 1000 Growth or the Russell 2000 Growth indices. The size of companies in the Russell 3000 Growth Index may change with market conditions. The Index is unmanaged, does not incur fees or expenses, and cannot be invested in directly.

This content is for informational and educational purposes only and not intended as investment advice or a recommendation to buy or sell any security. Investment advice and recommendations can be provided only after careful consideration of an investor's objectives, guidelines, and restrictions.

***Please carefully consider the Fund's investment objectives, risks, charges, and expenses before investing. This and other information is contained in the Fund's prospectus and summary prospectus, which you may obtain by calling +1 800 742 7272. Read the prospectus and summary prospectus carefully before investing. Investing includes the risk of loss.***

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