

William Blair Large Cap Growth Fund Fund Manager Commentary

Market Overview

In a volatile first quarter, U.S. equity indices declined as the Omicron wave, inflation concerns, and the invasion of Ukraine weighed on equity valuations. Entering the year, the U.S. was experiencing a surge in COVID-19 cases as the Omicron variant spread quickly, resulting in renewed disruptions for certain businesses. Elevated inflation drove expectations for faster monetary tightening by the Federal Open Market Committee (FOMC) and corresponded with a rise in 10-year U.S. Treasury bond yields and U.S. mortgage rates. During March, the FOMC increased the target federal funds rate by 25 basis points for the first increase in this cycle, with expectations for multiple increases throughout 2022 and 2023. The Russian invasion of Ukraine intensified inflationary pressures and supply chain concerns, given Russia's role as a major energy and commodity producer, and contributed to higher oil and gas prices. With higher inflation and an increase in expectations for the pace of Fed rate hikes, equity valuations were pressured while U.S. corporate earnings remained solid.

Fund Performance

The William Blair Large Cap Growth Fund (Class N shares) trailed its benchmark in the first quarter, driven by a combination of style factors and stock-specific dynamics. From a style perspective, our emphasis on longer duration growth companies was a headwind as companies with lower growth characteristics outperformed during the period. From a stock-specific perspective, selection in Information Technology, including our positions in PayPal Holdings, Advanced Micro Devices and Intuit, as well as not owning Apple, detracted from relative returns. Shares of digital payments company PayPal declined as the company communicated forward looking revenue guidance below expectations, driven in part by continued e-commerce spending headwinds. Other top detractors included Netflix (Communication Services) and Estee Lauder (Consumer Staples). Netflix, a provider of video streaming subscription services, reported weaker-than-expected margins and subscriber guidance. Conversely, our top contributors included Marriott (Consumer Discretionary), UnitedHealth (Health Care), Costco Wholesale (Consumer Staples), Mastercard (Information Technology) and Stryker Corp (Health Care). Shares of Marriott, a leading global operator and franchisor of hotel, residential and timeshare properties, advanced as the company reported sequential improvement of all key financial and business drivers. UnitedHealth, a provider of health care coverage, software and data consultancy services, reported solid Medicare Advantage growth and retention despite an increasingly competitive market. Additionally, not owning Meta Platforms (Communication Services) contributed positively to relative returns as shares lagged due to slowing advertising revenue growth.

Top 10 Holdings¹ as of 3/31/22

<i>Company</i>	<i>% of Fund</i>
Microsoft Corporation	12.8
Amazon.com, Inc.	9.5
Alphabet Inc.	9.1
Mastercard Incorporated	4.2
Costco Wholesale Corp.	4.0
NVIDIA Corporation	3.7
Unitedhealth Group Inc.	3.4
Accenture Public Ltd. Co.	3.1
Marriott International, Inc.	3.1
Live Nation Entertainment	2.8
Total Top 10	55.7

Outlook

Amid tightening financial conditions and significant geopolitical tension, we anticipate greater focus on the potential for slowing economic growth. Relatedly, near the end of the first quarter, 2-year and 10-year U.S. Treasury yields inverted briefly. From a demand standpoint, the outlook for consumer spending is opaque given the opposing dynamics of inflationary pressures weighing on real income versus pent-up demand for services and experiences post-Omicron and a positive employment backdrop. Supply chain disruptions are likely to continue, exacerbated by conflict in eastern Europe as well as China's zero COVID policy closing major manufacturing centers throughout the country, further clouding visibility as to the U.S. economic trajectory in the near to intermediate term.

With this backdrop, we believe it is increasingly likely that investors will differentiate among stocks on the basis of quality attributes, such as the durability of earnings and margins. Further, given the valuation-driven sell off in the first quarter, more attractive valuations in certain areas have presented opportunities. We believe our philosophy of identifying durable businesses whose stocks present attractive risk/reward opportunities should serve us well in a variety of economic environments, as it has historically.

¹Listed 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.



INVESTMENT PERFORMANCE (AS OF 3/31/22)

	QTR	YTD	1 Y	3 Y	5 Y	10 Y
Class I (SI: 12/27/99)	-12.22%	-12.22%	10.32%	21.93%	21.93%	17.18%
Class N (SI: 12/27/99)	-12.29%	-12.29%	9.99%	21.60%	21.61%	16.88%
Russell 1000 [®] Growth Index	-9.04%	-9.04%	14.98%	23.60%	20.88%	17.04%

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. 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	0.80%	0.65%
Class N	1.09%	0.90%

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 large cap 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. Different investment styles tend to shift in and out of favor depending on market conditions and investor sentiment, and at times when the investment style used by the Adviser for the Fund is out of favor, the Fund may underperform other equity funds that use different investment styles. The Fund invests most of its assets in equity securities of domestic growth companies, including common stocks and other forms of equity investments (e.g., convertible securities). Convertible securities are at risk of being called before intended, which may have an adverse effect on investment objectives. The Fund is not intended to be a complete investment program. The Fund is designed for long-term investors.

The Russell 1000 Growth Index consists of large-capitalization companies with above average price-to-book ratios and forecasted growth rates. 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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