

## 3Q 2020 Update

# William Blair Small-Mid Cap Value Fund

### OBJECTIVE

Capital Appreciation

### CHARACTERISTICS

The Fund seeks to identify small and mid cap companies priced at discounts to their intrinsic values and with fundamentals that are solid or improving.

### WHY CONSIDER THIS FUND?

- Engages a deep and experienced team committed to fundamental research
- Employs a time-tested investment philosophy seeking stocks that combine attractive valuation and strong fundamentals and are either quality companies at discount prices or corporate transformation opportunities
- Consistently applies a disciplined, rigorous investment process to uncover opportunities and reduce stock-specific and portfolio-level risk
  - Proprietary free cash flow return on invested capital and valuation models
- Seeks to provide strong absolute and risk-adjusted performance

### EXPENSE RATIOS (%)

	Gross Expense	Net Expense
Class R6	4.75	0.85

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 4/30/21.

### FUND FACTS AND STATISTICS<sup>1</sup>

Total Net Assets (\$MM)	\$1
Number of Holdings	71
Wgt'd Avg Mkt Cap (\$BB)	\$7.6
Unwgt'd Median Mkt Cap (\$BB)	\$5.7
P/E Ratio (Next 12 Months)	17.8
EPS Growth (Long-Term Projected)	9.4
Trailing 1-Year Turnover (%)	279.7
Cash (%)**	6.8

\*\* Cash represents cash and any short-term or overnight investments held by the Fund.

### INVESTMENT PERFORMANCE % (as of 09/30/20)

	QTR	YTD	1Y	3Y	5Y	Since Incep.
Class R6 (SI: 05/02/19)	3.66	-21.02	-17.50	—	—	-13.04
Russell 2500™ Value Index <sup>2</sup>	3.54	-18.39	-12.62	—	—	-9.45
Morningstar Mid-Cap Blend Category <sup>3</sup>	6.34	-7.00	-0.46	—	—	—

### CALENDAR YEAR PERFORMANCE %

	2019†
Class R6 (SI: 05/02/19)	3.89
Russell 2500™ Value Index <sup>2</sup>	6.42

† Since Inception of Class R6 shares on 5/2/2019 through 12/31/2019.

**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 R6 shares are available only to investors who meet certain eligibility requirements.**

**TOP TEN HOLDINGS (%)<sup>4,5</sup>**

Company	Industry	% of Fund
IDEX Corporation	Machinery	2.8
The Toro Company	Machinery	2.4
Dunkin' Brands Group, Inc.	Hotels, Restaurants & Leisure	2.4
Kansas City Southern	Road & Rail	2.3
TopBuild Corp.	Household Durables	2.3
FMC Corporation	Chemicals	2.2
PulteGroup, Inc.	Household Durables	2.2
Westinghouse Air Brake Technologies Corporation	Machinery	2.2
PerkinElmer, Inc.	Life Sciences Tools & Services	2.1
Simpson Manufacturing Co., Inc.	Building Products	2.0
<b>Total Top 10</b>		<b>22.9</b>

**SECTOR DIVERSIFICATION (%)<sup>4,5</sup>**

Sector Type	Fund	Index <sup>2</sup>
Industrials	18.1	17.8
Financials	17.9	19.5
Consumer Discretionary	13.8	13.4
Real Estate	12.4	12.0
Information Technology	8.1	8.7
Health Care	7.7	7.0
Materials	6.8	6.8
Utilities	4.3	4.5
Consumer Staples	4.1	3.6
Energy	3.6	3.2
Communication Services	3.2	3.5

**MARKET CAP DIVERSIFICATION (%)<sup>4,5</sup>**

Market Cap	Fund	Index <sup>2</sup>
> \$7.5B	35.0	20.0
\$3.0B - \$7.5B	48.9	45.7
\$1.5B - \$3.0B	14.0	18.4
\$0.5B - \$1.5B	2.1	11.5
< \$0.5B	0.0	4.4

**PORTFOLIO MANAGEMENT**



**Chad Kilmer, CFA**  
Started in Industry: 2000  
Education: M.B.A.,  
Yale Univ.;  
B.B.S., Univ. of Minnesota



**Mark Leslie, CFA**  
Started in Industry: 1990  
Education: B.S.,  
Univ. of New Hampshire



**Dave Mitchell, CFA**  
Started in Industry: 1983  
Education: M.M.,  
Northwestern Univ.;  
B.A., Knox College

- 1 Weighted Average Market Capitalization:** The Weighted Average Market Capitalization for a portfolio is calculated as the average market capitalization of the stocks within the portfolio, weighted by the amount of each stock owned. **Unweighted Median Market Capitalization:** This calculation represents the median market capitalization of the stocks in the portfolio, regardless of the amount of each stock owned. **P/E (Price/Earnings) Ratio:** A stock with a higher P/E ratio would be considered more expensive relative to another stock with a lower P/E. An investor may pay a higher P/E for a stock for several reasons including, but not limited to, an expectation that the company possesses higher returns on invested capital, less economic sensitivity, higher consistency of earnings and/or higher earnings growth potential. **EPS Growth (Long-Term Projected):** This measure represents the weighted average of forecasted growth in earnings expected to be experienced by stocks within the portfolio over the next 3-5 years. This projected earnings growth should not be considered an indication of future fund performance. **Trailing 1-Year Turnover:** This figure reflects the portfolio's trading activity by calculating the amount of the portfolio's holdings bought or sold over the prior year, expressed as a percentage of the portfolio's average market value. Turnover figures may be related to the amount of trading costs experienced by the portfolio. **Standard Deviation:** A higher standard deviation represents a greater dispersion of returns, and thus, a greater amount of risk. Standard deviation returns shown are annualized and calculated using monthly returns. Funds without a 10-year history are reported against the Fund's inception date. If the Fund's inception date does not fall on the first day of a given month, the annualized standard deviation is calculated based on the first day of the month following the Fund's inception date.
- 2** The Russell 2500 Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500 Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2500 Value Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap value market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect value characteristics. It is not possible to directly invest in an unmanaged index.
- 3** The Morningstar Small Blend Category represents the average annual composite performance of all mutual funds listed in the Small Blend Category by Morningstar.
- 4** Top ten holdings are shown as % of total net assets. Sector and market cap diversification exclude cash equivalents.
- 5** 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.

**Risks:** The Fund's returns will vary, and you could lose money by investing in the Fund. The Fund holds equities which may decline in value due to both real and perceived general market, economic, and industry conditions. Investing in smaller and medium capitalization companies involves special risks, including higher volatility and lower liquidity. Small and mid-cap stocks are also more sensitive to purchase/sale transactions and changes in the issuer's financial condition. Convertible securities may be called before intended, which may have an adverse effect on investment objectives. Diversification does not ensure against loss.

**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.**

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.

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