International Small Cap Growth Fund

William Blair

Portfolio Review

September 2016

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Please refer to the end of this Quarterly Review for definitions of the financial terms used in this report.

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. International investing involves special risk considerations, including currency fluctuations, lower liquidity, economic and political risk. Investing in emerging markets can increase these risks, including higher volatility and lower liquidity. Investing in smaller companies involves special risks, including higher volatility and lower liquidity. Convertible securities may be called before intended, which may have an adverse effect on investment objectives. Diversification does not ensure against loss.

The views expressed in this report and the information about the International Small Cap Growth Fund holdings are as of the quarter ended 9/30/2016 and are subject to change thereafter. 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.

Performance cited represents past performance. Past Performance does not guarantee future results and current performance may be lower or higher than the data quoted. Investment returns and principal will fluctuate with market and economic conditions and you may have a gain or loss when you sell shares. Current performance may be lower or higher than the data quoted.

Most recent month-end performance information for the International Small Cap Growth Fund is available by visiting the William Blair Funds Web site at www.williamblairfunds.com, or by calling the William Blair Funds at 1-800-742-7272.

Investing includes the risk of loss. Please carefully consider the Fund's investment objective, risks, charges, and expenses before investing. This and other information is contained in the Fund's prospectus, which you may obtain by calling 1-800-742-7272. Read it carefully before you invest or send money.

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Market Commentary

Global equities were incredibly resilient during the quarter, overcoming the initial Brexit shock in late June to post strong gains across developed and emerging markets. In addition to the surprise referendum outcome and its implications for economic growth in the UK and Europe, investors were confronted with growing uncertainty about the stability of the European banking sector as Deutsche Bank's share price came under intense selling pressure in September. Expectations that these events would give the Federal Open Market Committee more reason to delay interest rate normalization, or convince the European Central Bank to expand its stimulus measures, contributed to a risk-on environment that propelled equities higher. Against this backdrop, the MSCI ACWI IMI (net) gained 5.57% for the quarter in USD terms, bringing its nine-month return to 7.00%.

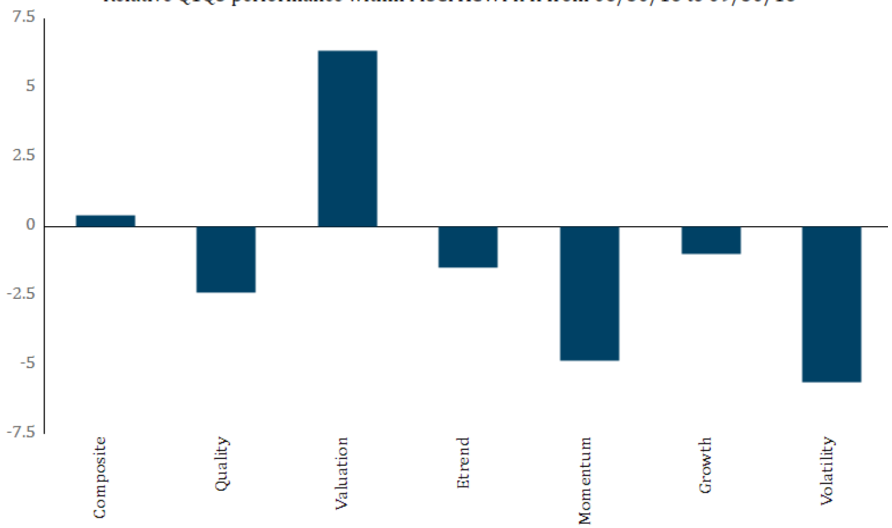
Emerging markets (EM) equities were prime beneficiaries of increased risk appetite during the quarter, advancing 8.83% as measured by the MSCI EM IMI (net); the strongest quarter in four years. Chinese equities significantly outperformed most other EM countries during the quarter, gaining 13.92%. Investor's preference for low valuation stocks was evidenced by the strong rebound in Chinese bank share prices, which had not kept pace with the broader EM rally in the first half of 2016. Korea and Taiwan equities also posted strong gains for the quarter, benefiting from currency strength. There were pockets of weakness in EM during the quarter. Turkey endured equity and currency losses following a failed coup attempt in July, sparking concerns about credit ratings downgrades for the country's sovereign debt. Mexico also suffered negative returns due to downward pressure on the peso stemming from weak data points in the domestic economy and U.S. presidential election-related worries, including a potential renegotiation of the North American Free Trade Agreement.

Among developed market equities, third quarter returns were less robust but still impressive. The MSCI World IMI (net) advanced 5.18% for the quarter, led by notable strength in Asia (including Australia, Hong Kong and Japan) and Europe (Germany, Spain and Sweden in particular). Japanese stocks outperformed during the quarter, rallying on the Bank of Japan's new policy framework aimed at steepening the yield curve and relieving pressure on bank profit margins. European equities erased their post-Brexit slump, bolstered by a relatively solid Q2 corporate earnings season and expectations of continued monetary policy accommodation by the ECB. Worries about the region's banking system resurfaced in September, however, as Deutsche Bank was threatened with a potentially devastating $14 billion fine by the US Department of Justice for mis-selling mortgage securities. In the UK, equities also quickly recovered their post-referendum losses and achieved strong gains in local currency terms for the quarter. Contributing to the better mood was the swift formation of a new government led by Prime Minister Theresa May, and some reassuring data points on employment and consumption that dispelled fears of an imminent economic collapse. Continued weakness in the pound was also viewed favorably by investors, who focused on the potential boost to exports and corporate revenues.

From a global sector perspective as measured by the MSCI ACWI IMI (net), Information Technology and Materials stocks paced gains during the quarter, while Utilities, Telecom Services and Consumer Staples lagged with negative returns. Materials and Energy maintained their leadership for the year to date period. During September, oil prices rallied on news that OPEC had agreed to its first production cut in eight years - surprising traders who had expected the cartel to continue to defend market share by maintaining existing production levels.

Style factor performance confirmed a resumption of low valuation leadership during the quarter, similar to what occurred earlier in 2016. William Blair's proprietary quantitative models demonstrated significant outperformance of lower valuation factors, while higher quality companies with better earnings trends and lower volatility lagged (Fig. 1).

Fig 1.



These style effects varied across regions and sectors, but were a broad headwind to William Blair's high quality growth-focused investment approach during the quarter and year to date.

Performance

The International Small Cap Growth Fund (Class N) underperformed the MSCI ACWI ex-US Small Cap Index (net) during the quarter. Relative performance was adversely impacted by style headwinds during the quarter, as low valuation small cap companies with higher earnings volatility and weaker operating trends generally outperformed. From a sector attribution perspective versus the MSCI ACWI ex-US Small Cap (net), the primary detractors from third quarter performance were Industrials and Financials stock selection, combined with the overweighting to Healthcare and underweightings to Information Technology and Materials. Within Industrials, Aerospace & Defense and Transportation Infrastructure holdings lagged the Index. Mexico-based Grupo Aeroportuario del Sureste's share price weakened after a strong run during the first half of 2016 (+21% in peso terms), despite good Q2 financial results that demonstrated solid growth trends in non-aeronautical revenues. Financials stock selection was hampered by Real Estate Management & Development holdings. Japan's Relo Group, which provides outsourced management of corporate rental accommodations, was a notable detractor despite the company reporting strong growth in the number of housing units under management. Within Materials, the underweighting in Metals & Mining was a key detractor. Offsetting these negative effects were positive stock selection in the Consumer Staples, Materials and Utilities sectors. Within Staples, South Africa food & beverage company AVI was a leading contributor, benefiting from growth in its snacks business despite a difficult consumer spending environment. Materials sector performance was supported by Containers & Packaging and Metals & Mining holdings. Scandinavian-based diversified miner Boliden was a notable contributor, supported by stronger than expected metals production. From a geographic perspective, the Fund's underweighting to the Emerging Asia region and Japan stock selection were the primary detractors for the quarter, offsetting the positive effects of stock selection in Emerging Asia, Canada, Europe ex-U.K. and Developed Asia ex-Japan. The overweighting to Europe ex-U.K. and underweighting to Japan were also positive drivers for the quarter.

Positioning

Notable sector positioning adjustments during the quarter were the increase in Staples, which approximated the Index weighting as of September 30, and a reduction in the Healthcare overweighting. Staples exposure was enhanced through new purchases in select Japanese cosmetics and drugstore companies, and Korean convenience store leader BGF Retail. From a geographic perspective, the Emerging Asia region experienced the largest weighting increase, but remained significantly below the Index weight (10% vs. 18%). The increase was achieved primarily through new purchases in China, India and Korea, and was offset by reductions in Developed Asia ex-Japan and the UK.

These positioning adjustments were predominantly driven by evolving company fundamentals and valuation considerations, while also reflecting broader portfolio strategy.

Market Outlook

Looking to the balance of this year and into 2017, we expect a number of the recent macroeconomic and market trends to persist. First, in our estimation it is likely that we continue to see a modestly positive uptrend in inflation.

We are seeing signs of cyclical elements of inflation picking up - while acknowledging that structural disinflationary forces are still intact. US core and services inflation are increasing and approaching pre-crisis levels, and the relatively stable US dollar is driving up the inflation of import prices. Core CPI outpacing core PPI suggests a potential return to corporate pricing power. Ultimately, these forces are likely to lead to less accommodative central bank policy, led by the US Fed. Additionally, European and Japanese central bank actions are increasingly being called into question regarding their efficacy.

The global bond markets have begun to recognize these influences to a degree, and we believe this is likely to persist, leading to a continuation of equity market leadership driven by the more cyclical elements of the economy.

To some degree we have seen this play out this year in the form of regional and industry stock performance. Emerging markets on average have outpaced developed markets by a wide margin, joined by resource-exporting countries such as Canada and Australia. Among the industry leaders this year have been the mining, energy and construction industries. This is likely a function of their being "cheap" but also reflective of growth estimates getting less bad and in some cases turning up. While we have not yet seen this consistently materialize in earnings growth, the market does appear to be anticipating a recovery.

From a portfolio strategy perspective, we have been considering a further move into some of these more cyclical areas of the market as we think the risk to growth remains to the upside. Beyond these areas, industries and companies within the financial sector are of interest to us. They remain amongst the worst performers of the last several years including this year, in many cases for good reason: regulatory overhangs, low profits and low returns have now persisted for years. However, the prospect of higher rates and steeper yield curves could drive earnings growth as well as lift the currently depressed valuations.

Implied in this inflation and rising rate environment is a broadening of nominal growth rates across markets and industries. This also has implications for equity markets. Valuations are above historic averages, though this has been less concerning given the protracted low-rate environment. With broader growth, valuation as a factor is likely to take on more importance. Further, the market has assigned a significant valuation premium to those companies that have been able to deliver top and bottom line growth during what has been a difficult backdrop. We – and others – have noted that the valuation of these high-quality, dependable performers has been extended relative to the rest of the market for some time now. This scarcity premium is likely to come under some pressure in an environment of broader growth. Additionally, higher rates could compress the valuations of so-called long duration stocks, as well as make the higher yielding "bond proxy" stocks less appealing.

		September-16	Quarter To Date	Year To Date	2015
Regions	**AC World (DM+EM)**	0.7	5.6	7.0	-2.2
	Developed Markets (DM)	0.7	5.2	6.1	-0.8
	Pacific ex JP	2.6	8.3	11.3	-8.5
	Japan	2.3	8.3	3.7	10.5
	Europe ex UK	1.0	6.5	0.3	0.7
	UK	1.0	4.5	-0.3	-5.5
	Canada	1.1	4.4	22.3	-24.7
	USA	0.1	4.3	7.8	0.0
	Emerging Markets (EM)	1.3	8.8	15.0	-13.9
	Asia	1.3	10.0	11.8	-8.5
	EMEA	3.1	6.2	18.7	-20.4
	Latin America	-0.9	5.4	31.8	-31.1
	Frontier Markets (FM)	2.8	3.1	3.7	-13.0
Size	**Large Cap**	0.5	5.1	6.4	-2.5
	Small Cap	1.5	7.3	9.7	-1.0
Sectors	**Discretionary**	0.4	6.4	2.1	3.4
	Staples	0.3	-0.2	8.4	5.4
	Energy	3.1	2.6	19.2	-23.4
	Financials	-0.9	8.7	-1.1	-5.6
	Healthcare	0.4	1.0	-1.0	7.0
	Industrials	0.5	6.6	10.3	-3.3
	IT	2.8	13.4	13.1	3.3
	Materials	1.8	9.6	20.9	-15.3
	Real Estate	-0.6	1.6	10.3	-1.2
	Telecom Services	-0.4	-1.6	7.4	-2.1
	Utilities	0.6	-3.0	10.5	-7.5
Style	**Quality**	-0.8	-2.4	4.2	8.3
	Valuation	0.9	6.4	7.5	4.3
	Etrend	1.0	-1.5	-0.2	11.0
	Momentum	-0.9	-4.9	-6.0	16.3
	Growth	-0.1	-1.0	-7.5	2.1
	Composite	0.2	0.4	4.4	15.5

Regional performance is based on IMI region/country indexes. Sector and style values are based on the MSCI ACWI IMI Index. Size values are based on the MSCI ACWI Index. Style values reflect the Quintile 1 minus Quintile 5 spread of William Blair's proprietary quantitative models. Sectors are based on Global Industry Classification (GICS) sectors. Large Cap and Small Cap based on MSCI Global Investable Market Index Methodology. Data in blue reflects the top 20% (highest) values by region, country, sector, and style. Data in red reflects the bottom 20% (lowest) values by region, country, sector, and style. Real Estate was added as a GICS sector effective 9/1/16. Assignment to this sector has been applied retroactively to the index holdings.

Past returns are no guarantee of future performance. A direct investment in an unmanaged index is not possible. The Morgan Stanley Capital International (MSCI) All Country World IMI Index is an unmanaged index that includes developed markets and emerging markets. Calculated in FactSet. All index returns are net of dividends.

Periods ended 9/30/2016	September	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
International Small Cap Growth Fund (WISNX) Class N	2.67%	7.19%	2.67%	10.05%	2.72%	9.83%	5.00%
International Small Cap Growth Fund (WISIX) Class I	2.71%	7.26%	2.86%	10.36%	3.01%	10.15%	5.33%
International Small Cap Growth Fund (WIISX) Institutional Class J	2.69%	7.29%	2.92%	10.39%	3.16%	10.33%	5.52%
MSCI ACWI ex US Small Cap (net)	2.47%	7.91%	7.70%	13.38%	3.52%	8.60%	4.59%
MSCI World ex US Small Cap	2.86%	8.08%	7.63%	13.94%	4.54%	10.13%	4.50%

International Small Cap Growth Fund Expense Ratios:

	Gross	Capped
Class N Shares	1.62%	1.65%
Class I Shares	1.31%	1.40%
Institutional Class	1.08%	1.25%

Expense ratios are as of the Fund’s most recent prospectus.

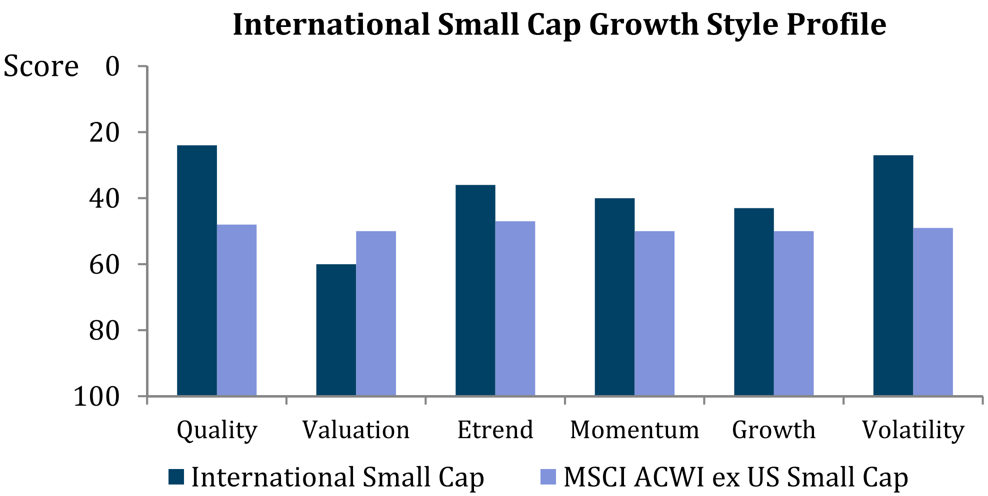
The Fund’s Adviser has contractually agreed to waive fees and/or reimburse expenses to limit operating expenses until 4/30/17.

Performance cited represents past performance. Past Performance does not guarantee future results and current performance may be lower or higher than the data quoted. Results shown are average annual returns, which 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 1-877-962-5247, 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.

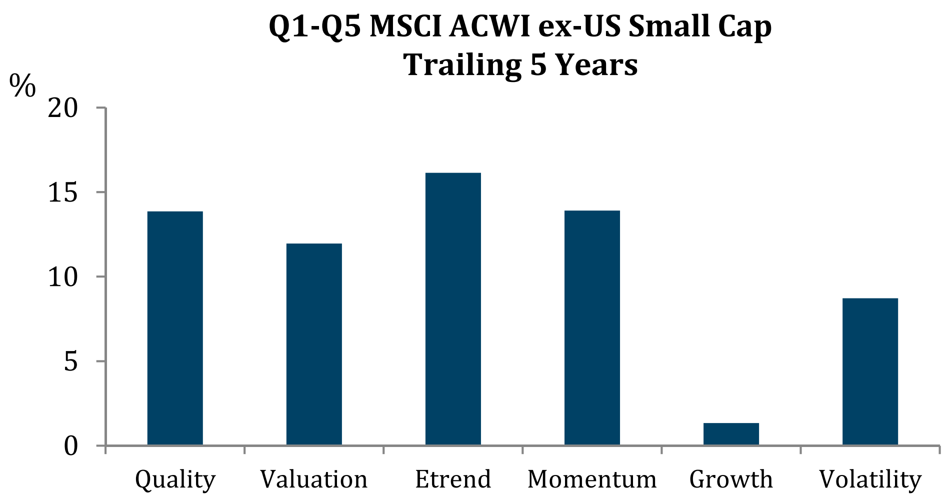
Periods greater than one year are annualized. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly.

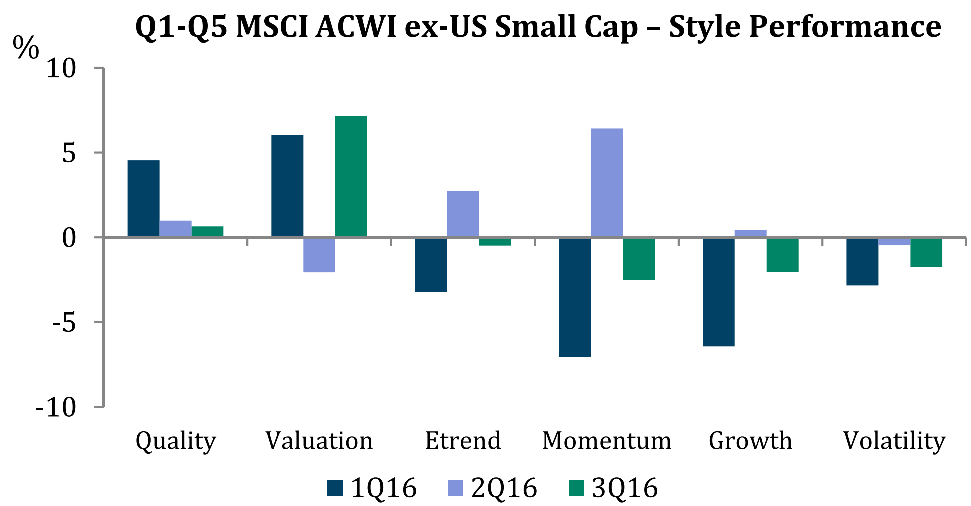
International Small Cap Growth – Style Leadership

As of September 30, 2016



- Our style is consistently focused on quality companies with strong earnings trends and favorable price momentum, which typically command a premium in valuation.
- While style has been a tailwind over the long-term, the strong outperformance of low valuation stocks in 1Q16 and 3Q16 was a performance headwind YTD.

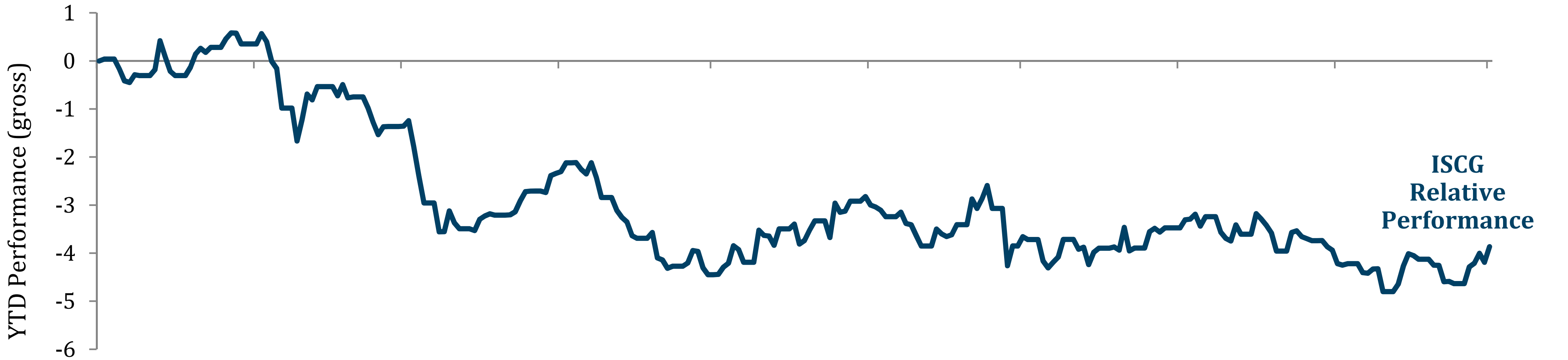




Past performance is not indicative of future returns.

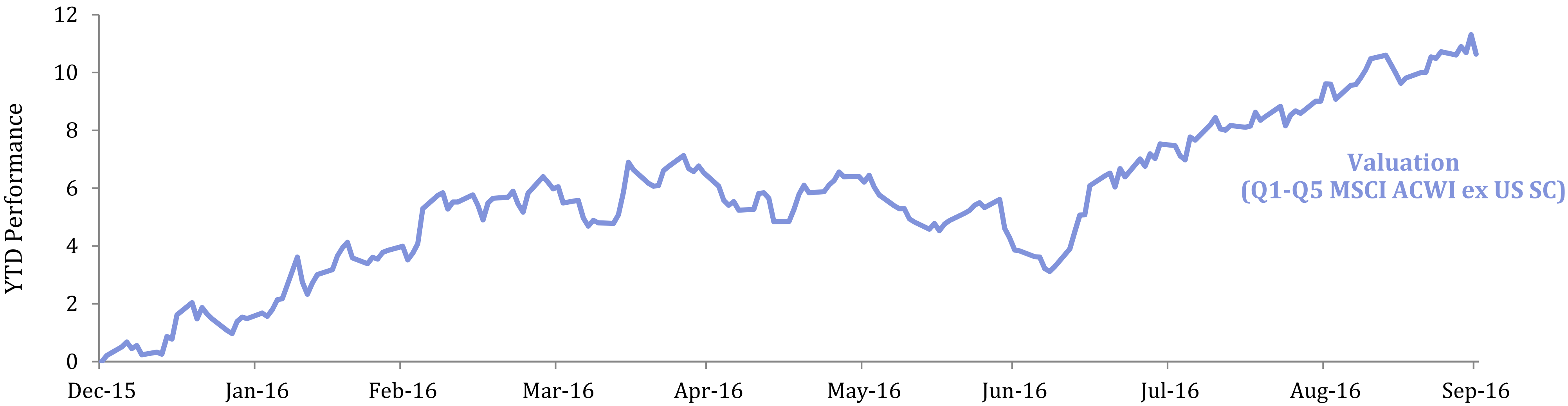
Source: William Blair, MSCI. The Style Profile information shown above is based on the International Small Cap Growth strategy's designated representative account and William Blair's proprietary quantitative model. For quantitative score ranks, 1 is best and 100 is worst. Style values (Q1-Q5) reflect the Quintile 1 minus Quintile 5 spread. International investing involves special risk considerations, including currency fluctuations, lower liquidity, economic, and political risk. Please refer to the Quantitative Models Definitions for additional information.

International Small Cap Growth – Style Leadership in 2016



Low valuation stocks began to outperform in early 2016 amid dovish Fed, with EM and commodities rallying.

Valuation reaccelerated after midyear lull: **Lower for longer yields post-Brexit drove cyclicals rally.** Low valuation rally at the expense of Momentum and Growth.



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International Small Cap Growth Fund vs. MSCI ACWI ex US Small Cap (net)

07/01/2016 to 09/30/2016

	International Small Cap Growth Fund		MSCI ACWI ex US Small Cap (net)	
Sector	**Average Weight**	**Total Return**	**Average Weight**	**Total Return**
Consumer Discretionary	19.6%	7.5%	15.9%	7.8%
Consumer Staples	5.0%	7.1%	6.9%	4.4%
Energy	2.7%	9.6%	3.5%	5.6%
Financials	16.3%	8.3%	9.7%	8.8%
Health Care	10.0%	4.9%	7.7%	5.6%
Industrials	21.8%	8.6%	19.4%	9.6%
Information Technology	9.3%	13.1%	11.5%	12.6%
Materials	7.9%	11.7%	11.0%	9.4%
Real Estate	4.3%	-1.2%	10.9%	4.0%
Telecommunication Svcs	0.0%	0.0%	1.0%	6.6%
Utilities	1.3%	10.8%	2.4%	3.3%

Performance cited represents past performance. Past Performance does not guarantee future results and current performance may be lower or higher than the data quoted. Real Estate was added as a GICS sector effective 9/1/16. Assignment to this sector has been applied retroactively to the portfolio and benchmark holdings. Attribution by sector is based on estimated USD returns of equities held within the sectors listed. All stocks held during a measurement period, including purchases and sales, are included. Cash is not allocated among sectors. Calculations are for attribution analysis only and are not intended to represent simulated performance history. The actual returns may be higher or lower.

International Small Cap Growth Fund vs. MSCI ACWI ex US Small Cap (net)

07/01/2016 to 09/30/2016

	International Small Cap Growth Fund		MSCI ACWI ex US Small Cap (net)	
Region	**Average Weight**	**Total Return**	**Average Weight**	**Total Return**
Equity				
Pacific Ex Japan	10.1%	11.4%	8.7%	8.5%
Japan	17.4%	2.3%	22.1%	7.1%
Europe+ME Ex U.K.	34.8%	10.8%	27.0%	10.0%
U.K.	14.7%	8.3%	11.8%	8.5%
W Hemisphere	3.2%	10.8%	7.5%	2.5%
EM Asia	8.2%	11.4%	18.5%	7.4%
EMEA	4.1%	7.6%	2.5%	11.1%
Latin America	5.7%	0.4%	1.8%	6.4%

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*

The securities listed below are the top contributors to performance for the quarter ended 9/30/2016.

Micro Focus is a UK- based software company that helps customers combine, translate, and update their legacy data and applications from mainframes to newer systems by supporting and updating a coding language called COBOL. Micro Focus' shares strengthened after the company announced FY16 results and dividend that exceeded market expectations. In addition, the stock price further surged on the announcement of Micro Focus merger with HPE Software Business Segment to create one of the world's largest infrastructure software companies.

Singapore Airport Terminal Services (SATS) is a Singapore-based high quality provider of aviation-related services, with a focus on the rapidly-growing Asia Pacific region. The share price strength was largely attributable to solid Q2 results (driven by higher revenues and increased cost discipline), increasing number of tourist visiting Singapore and the stock high dividend yield.

Teleperformance provides telemarketing, telephone answering services, customer relationship management, marketing and communication services. The share price surged after the company announced a major acquisition of California-based LanguageLine, a leading provider of translation solutions, for $1.5 billion.

Orora, Australia-based, is a regionally-focused provider of packaging solutions. In its core Australian market, the company is #1 or #2 across all the product lines in which it competes, principally in the defensive food and beverage end markets. The share price jumped as the company delivered solid FY16 results, with net profit growing 28% YoY driven by robust revenue growth in North America and significant margin expansion in Australia. Management's upbeat outlook and stronger dividend payment bolstered investor sentiment.

Boliden is the Sweden-based mining company that owns a series of integrated mines and smelters in Scandinavia. Zinc and copper are the primary mined commodities with gold, silver, lead, and nickel as secondary products. Boliden's share price strength was largely attributable to the sharp improvement in metal prices, especially nickel and zinc, coupled with a continued strength in the USD/SEK and solid production growth outlook.

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The securities listed below are the bottom detractors to performance for the quarter ended 9/30/2016.

Sawai Pharmaceutical based in Japan, manufactures and sells prescription drugs. The share price fell after the company reported soft FYQ1 earnings and highlighted weaker generic drug volumes. This raised concerns that the government's generic drug penetration target of 70% by mid-2017 may not be achievable.

Hexpol is a Swedish producer of chemical compounds. The company has historically achieved strong sales growth through a combination of organic growth and acquisitions. Hexpol reported disappointing second-quarter results due to declining volumes, price pressure (amid lower raw material prices and tougher competition) and FX headwind. Softer operating trends coupled with the stock high valuation weighed on the share price.

M3 is Japanese health technology company that provides medical-related services through the internet. It offers various services to medical professionals, such as a portal site m3.com, which provides information to doctors, and MR-kun, an interactive communication service bringing together doctors and the pharmaceutical industry. Following a strong rally in the first half of the year, the share price weakened due to concerns about growth outlook and extended valuation, even though the company delivered solid FYQ1 results.

Man Wah is the Chinese furniture manufacturer. It is the largest motion recliner manufacturer in China with a 25-30% market share and the third largest motion recliner brand in the US with around a 10% market share. The share price pulled back after a strong performance in prior months amid profit taking on high valuation grounds and in reaction to competitor La-Z-boy share price drop after it delivered weak results.

Huaneng Renewables is a power producer with 100% of capacity in wind farms. The company's share price fell sharply along with wind power sector peers on the release of a consultation paper by the National Development and Reform Commission regarding the reduction of on-grid tariff as China seeks to lower clean-energy power costs.

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The securities listed below were the top new purchases during the quarter ended 9/30/2016.

BGF Retail is the leader in the Korea convenience store segment. A former partner of Japan's Family Mart in Korea, BGF Retail adopted its own brand "CU" in 2012. The company operates more than 10,000 stores with most stores franchised. Under the franchise model, BGF supplies merchandise to franchisees at cost and shares franchisee stores' gross profit at a pre-determined ratio. The company's franchise business model is asset light, high return, and cash generative. Industry growth should remain solid on unit expansion and sales productivity improvements, which is supported by growth in the higher margin food category. We expect continued strong operating momentum and execution to drive results.

Kose is Japan's third largest cosmetics company with 12% market share. The company's product profile is diversified by customer segment with exposure to high-end products (47% of sales), prestige (27% of sales) and mass market (26% of sales). Japan accounts for 82% of the mix with international accounting for the remaining 18% (6.5% US with the Tarte brand, China, Korea, and Taiwan). Kose is transforming its business into a company with sustainable growth, world-class margins, and strong global brands. In addition, we regard the industry backdrop as constructive with cosmetics demand growing faster than most consumer products categories due to aspirations of the emerging markets' middle class, pricing power of brands, tourist demand, and targeted innovation (e.g. anti-aging, etc.). We look for the company to grow sales 6% to 10% over the next three years and operating profit in the 10% to 15% range, as we believe there is room for further expansion with a shift to more premium products and ecommerce sales in China.

Start Today, headquartered in Japan, is engaged in E-commerce operating Zozotown, a virtual shopping mall with an integrated user interface and order fulfillment. Start Today is accelerating growth with expanded product offerings, more effective marketing and an overall improved user experience. Profits and returns are on track to grow at an even faster pace given inherent leverage in the asset-light model. We view Start Today as an attractive investment, offering a structural growth opportunity in an otherwise largely subdued Japanese consumer spending environment, with strong margins/cash generation and a stated management focus on cash return to shareholders. Over the next few years, we expect Start Today to deliver profit growth in the high teens to low 20s driven by GMV growth in the double digits and modest margin expansion.

Tsuruha Holdings is a Japanese-based holding company primarily involved in the operation and management of drugstores. Through its subsidiaries, the business is engaged in the sale of daily goods, pharmaceutical products, cosmetics, and other goods in pharmacies and has an overall 11.3% market share in its key areas of focus (Hokkaido, Tohoku, Kanto, Hokuriku, and Houshinetsu). Tsuruha leads the industry in dispensing sales and has a national network of 1,633 stores across Japan, plus 24 stores in Thailand. We believe the drug store sector has secular appeal due to demand from an aging population, a positive shift in the value chain from vendors to the largest drug store operators, and longer-term gains from government incentives to save money by moving health care spending from high cost channels (hospitals and small drug stores) to more efficient providers. Tsuhura stands out as a leader and beneficiary of all these trends. It is an aggressive consolidator and successful operator. Near-term growth should be augmented by the recent Lady Drug Store acquisition.

UPL is the Indian chemical company. The company has carved out a strong position within the agrochemical industry, supplying branded generics across regions and product lines. The company's attractive profile is underpinned by new product launches (as more products come off patent), a cyclical swing toward generics due to lower crop prices, and a visible growth trajectory in India. We expect UPL to continue to grow in excess of the market for the next several years, which should support share price outperformance.

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The following stocks were the top liquidations during the quarter ended 9/30/2016.

Comfortdelgro is the largest cab and bus operator in Singapore, and is poised to benefit from the government's impetus to shift traffic from private to public means. We sold the stock due to portfolio repositioning.

HEXPOL is a Swedish producer of chemical compounds. We sold the stock due to flattening organic growth and valuation considerations.

M3 Inc. is the $1.2B Japanese health technology company that provides medical-related services through the internet. It offers various services to medical professionals, such as a portal site m3.com, which provides information to doctors, and MR-kun, an interactive communication service bringing together doctors and the pharmaceutical industry. We sold the stock amid portfolio repositioning.

Moneysupermarket.com is a price comparison site primarily for banking and insurance related products. Revenue comes from fees paid by product providers and advertisers when a customer clicks through and completes transactions. We exited the stock amid portfolio repositioning.

Skylark is a large Japanese restaurant company, with numerous brands within its portfolio focusing on full-service casual dining. We sold the stock amid portfolio repositioning.

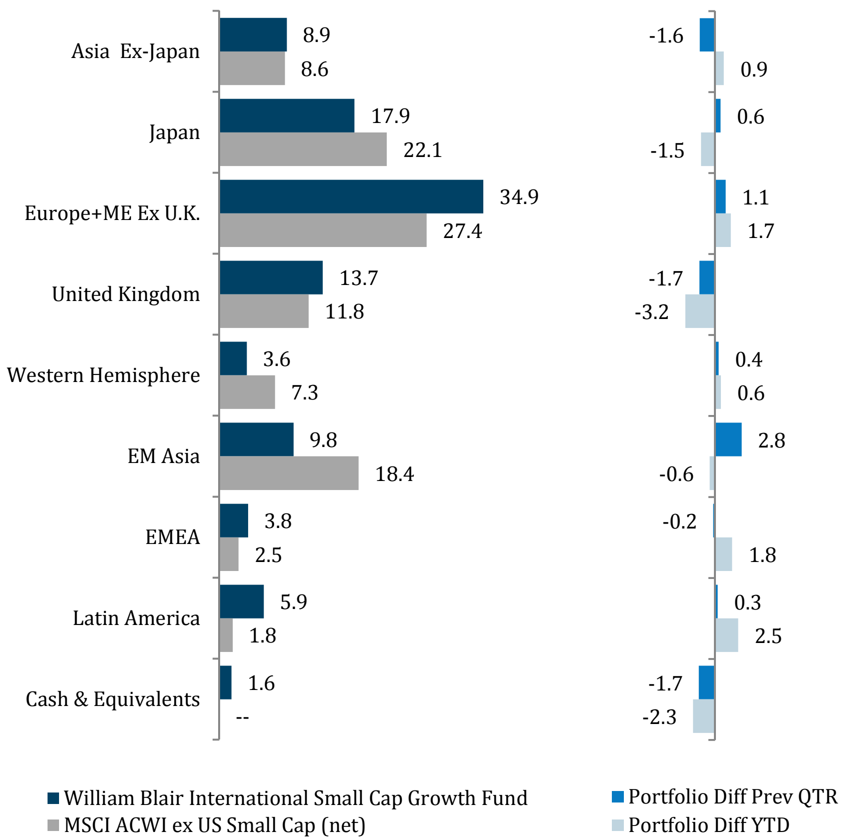
This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the securities listed. Specific securities identified and described to do not represent all of the securities purchased or sold and you should not assume that investments in the securities identified and discussed were or will be profitable. A complete list of the purchases and sales in this strategy for the past 12 months is available upon request. Holdings are subject to change at any time.

The table below shows the International Small Cap Growth Fund's five largest holdings as of 9/30/2016 in two categories: mid cap and small cap. The stocks are listed by country and by the economic sector that defines each one's role in the portfolio.

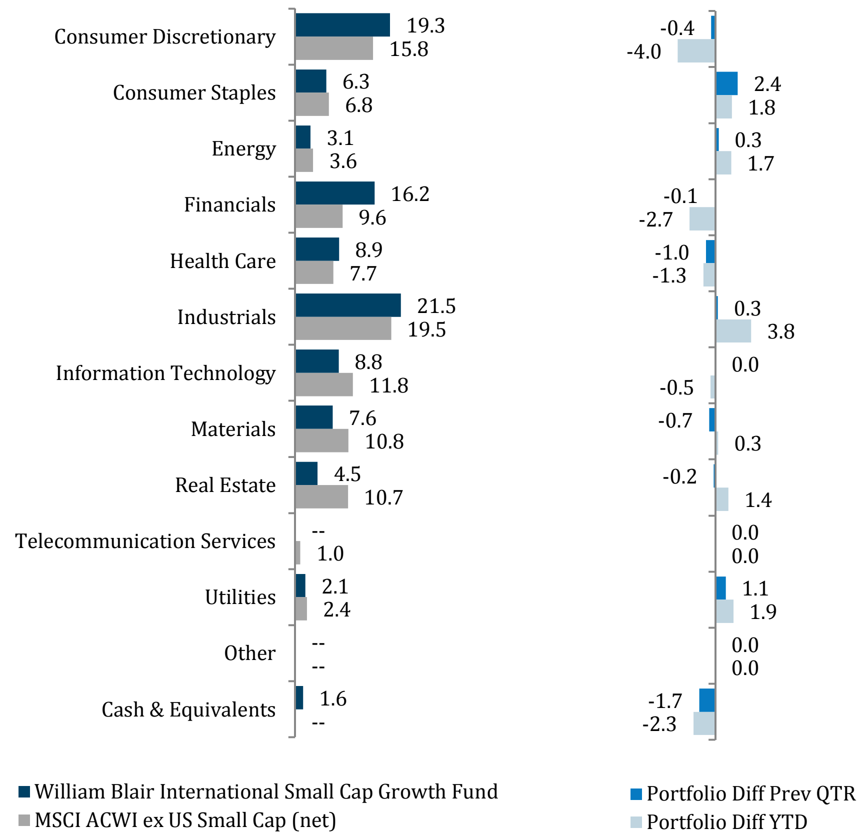
	Country	Economic Sector	% of Total Net Assets
Mid Cap			
Rentokil Initial Plc	United Kingdom	Industrials	1.2%
Halma Plc	United Kingdom	Information Technology	1.2%
Teleperformance	France	Industrials	1.2%
Micro Focus International	United Kingdom	Information Technology	1.2%
Suruga Bank Ltd	Japan	Financials	1.2%
Small Cap			
Glp J-Reit	Japan	Real Estate	1.6%
Nissan Chemical Industries	Japan	Materials	1.5%
Aurelius Equity Opportunitie	Germany	Financials	1.5%
Royal Unibrew	Denmark	Consumer Staples	1.3%
Brembo Spa	Italy	Consumer Discretionary	1.2%
		Total:	**13.3%**

Individual securities listed in this report are for informational purposes only, and are not intended to be a recommendation or solicitation for the purchase or sale of securities. Market cap calculations are based on the free float adjusted market cap. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the securities listed. Specific securities identified and described to do not represent all of the securities purchased or sold and you should not assume that investments in the securities identified and discussed were or will be profitable. A complete list of the purchases and sales in this strategy for the past 12 months is available upon request. Holdings are subject to change at any time.

Regional Exposure



Sectoral Exposure



Cash & Equivalents includes: cash, dividend accruals and forward currency contracts when we hold these positions. Real Estate was added as a GICS sector effective 9/1/16. Assignment to this sector has been applied retroactively to the portfolio and benchmark holdings.
Source: Eagle

Characteristics of market capitalization, growth, profitability and valuation are shown below in the table below.

	International Small Cap Growth Fund	MSCI ACWI ex US Small Cap (net)
Market Capitalization		
Medium [$4-15b]	16.5%	5.0%
Small [<$4b]	81.9%	94.9%
Fundamental Characteristics		
Growth		
EPS, 3 year historic	19.0%	15.8%
DPS, 3 year historic	16.4%	11.6%
Reinvestment rate	12.5%	8.1%
Profitability		
ROE	18.9%	10.8%
Operating Margin	17.8%	13.7%
Valuation		
PE [Estimated EPS]	17.2 X	15.5 X
Price-to-Book Value	3.3 X	2.3 X
EV/EBITDA	11.0 X	9.0 X

Market cap calculations are based on the free float adjusted market cap. Growth and profitability characteristics shown are weighted averages, and valuation characteristics shown are weighted harmonic averages.

	Portfolio Weight
Pacific Ex Japan	**8.92**
Australia	**6.24**
Star Entertainment Grp Ltd/T	1.12
Jb Hi-Fi Ltd	1.10
Duluxgroup Ltd	1.04
Orora Ltd	1.00
Magellan Financial Group Ltd	0.75
Challenger Ltd	0.72
Domino's Pizza Enterprises Ltd	0.51
Hong Kong	**0.64**
Man Wah Holdings Ltd	0.64
New Zealand	**1.02**
Fisher & Paykel Healthcare C	0.54
Ryman Healthcare Ltd	0.48
Singapore	**1.01**
Sats Ltd	1.01
Japan	**17.86**
Japan	**17.86**
Glp J-Reit	1.62
Nissan Chemical Industries	1.55
Suruga Bank Ltd	1.17
Tis Inc	0.94
Tsuruha Holdings Inc	0.93
Zenkoku Hosho Co Ltd	0.89
Abc-Mart Inc	0.87
Start Today Co Ltd	0.83
Temp Holdings Co Ltd	0.82
Relo Group Inc	0.80
Haseko Corp	0.78
Sawai Pharmaceutical Co Ltd	0.75
Pola Orbis Holdings Inc	0.74

	Portfolio Weight
Japan (Continued)	
Japan (Continued)	
Nihon M&A Center Inc	0.74
Daifuku Co Ltd	0.72
Hoshizaki Corp	0.72
Kose Corp	0.65
Park24 Co Ltd	0.65
Oracle Corp Japan	0.64
Meitec Corp	0.53
Daiichikosho Co Ltd	0.51
Europe+ME Ex UK	**34.87**
Denmark	**1.34**
Royal Unibrew	1.34
Finland	**1.69**
Huhtamaki Oyj	0.92
Tieto Oyj	0.77
France	**8.57**
Teleperformance	1.20
Alten SA	1.12
Rubis	1.06
Ipsen	0.95
M6-Metropole Television	0.86
Seb SA	0.85
Orpea	0.75
Technicolor - Regr	0.66
Nexity	0.58
Sartorius Stedim Biotech	0.51
Germany	**4.92**
Aurelius Equity Opportunitie	1.54
Norma Group Se	1.07
Gerresheimer AG	0.81

	Portfolio Weight
Europe+ME Ex UK (Continued)	
Germany (Continued)	
Cts Eventim Ag & Co Kgaa	0.77
Kion Group AG	0.72
Ireland	**1.87**
Icon PLC	1.06
Kingspan Group PLC	0.81
Israel	**1.50**
Elbit Systems Ltd	1.02
Frutarom	0.49
Italy	**5.17**
Brembo Spa	1.25
Cerved Information Solutions	1.02
Industria Macchine Automatic	1.01
Recordati Spa	0.80
Diasorin Spa	0.59
Banca Ifis Spa	0.50
Luxembourg	**0.86**
Grand City Properties	0.54
Stabilus SA	0.32
Spain	**1.35**
Cia De Distribucion Integral	0.90
Atresmedia Corp De Medios De	0.45
Sweden	**5.73**
Boliden AB	1.14
Intrum Justitia AB	1.01
Netent AB	0.93
Indutrade AB	0.83
Billerudkorsnas AB	0.75
Loomis Ab-B	0.59
Bilia Ab-A Shs	0.48

As of 9/30/2016. 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 in any one particular sector. Holdings are subject to change at any time. Cash includes cash equivalents, accruals, and currency forwards when we hold these positions.

	Portfolio Weight
Europe+ME Ex UK (Continued)	
Switzerland	**1.87**
Cembra Money Bank AG	0.84
Straumann Holding Ag-Reg	0.68
Luxoft Holding Inc	0.36
UK	**13.67**
United Kingdom	**13.67**
Rentokil Initial PLC	1.24
Halma PLC	1.22
Micro Focus International	1.19
Beazley PLC	1.10
Ssp Group PLC	0.79
Domino's Pizza Group PLC	0.75
Berendsen PLC	0.73
Inchcape PLC	0.68
Jupiter Fund Management	0.66
Ig Group Holdings PLC	0.64
Ultra Electronics Hldgs PLC	0.64
Intermediate Capital Group	0.60
Spirax-Sarco Engineering PLC	0.53
Abcam PLC	0.51
Big Yellow Group PLC	0.51
Unite Group PLC	0.49
Ted Baker PLC	0.48
Rightmove PLC	0.47
Halfords Group PLC	0.42

	Portfolio Weight
W Hemisphere	**3.62**
Canada	**3.62**
Raging River Exploration Inc	0.99
Whitecap Resources Inc	0.88
Peyto Exploration & Dev Corp	0.69
Canadian Energy Services & T	0.56
Linamar Corp	0.51
EM Asia	**9.79**
China	**2.66**
China Lodging Group-Spon Ads	0.81
Hollysys Automation Technolo	0.72
Huaneng Renewables Corp-H	0.63
Beijing Capital Intl Airpo-H	0.51
India	**3.09**
Indiabulls Housing Finance L	0.99
Yes Bank Ltd	0.89
Upl Ltd	0.72
Motherson Sumi Systems Ltd	0.49
Indonesia	**0.54**
Bank Negara Indonesia Perser	0.54
South Korea	**1.89**
Bgf Retail Co Ltd	0.81
Kangwon Land Inc	0.60
S-1 Corporation	0.48
Taiwan	**1.01**
E.Sun Financial Holding Co	0.54
Advantech Co Ltd	0.47
Thailand	**0.60**
Minor International Pcl-For	0.60

	Portfolio Weight
EMEA	**3.80**
Hungary	**0.46**
Richter Gedeon Nyrt	0.46
South Africa	**2.42**
Clicks Group Ltd	0.87
Bidvest Group Ltd	0.56
Avi Ltd	0.54
Rmb Holdings Ltd	0.45
Turkey	**0.92**
Arcelik As	0.50
Turkiye Sinai Kalkinma Bank	0.42
Latin America	**5.89**
Brazil	**1.76**
Localiza Rent A Car	0.89
Cvc Brasil Operadora E Agenc	0.50
Edp - Energias Do Brasil SA	0.36
Mexico	**4.13**
Gentera Sab De Cv	1.18
Grupo Aeroportuario Del Cent	0.90
Grupo Aeroportuario Sur-Adr	0.69
Alsea Sab De Cv	0.51
Gruma S.A.B.-B	0.43
Promotora Y Operadora De Inf	0.43
Cash	**1.58**
Total	**100.00**

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Quantitative Models – Definitions

Factor	Examples
Quality	
The William Blair Quality Model attempts to put into quantitative terms one of the cornerstones of the firm's investment philosophy: identifying high quality companies. The score combines measurements of sustainable value creation, earnings quality, and financial strength.	Cash Flow ROIC Cash Flow Accruals Net Debt/EBITDA
Valuation	
The William Blair Valuation Model combines varying metrics used to characterize the relationship between the stock's trading price and its intrinsic value. By going beyond using only one or two measures, the model attempts to build a more holistic version of a stock's worth vis-a-vis the market. The score combines measurements of earnings/cash flow based, asset-based, and model-based factors.	Free Cash Flow Yield Price/NTM Earnings Enterprise Value/Sales EVA Dimensions PRVit score
Earnings Trend	
The William Blair Earnings Trend Model captures information about short- and medium-term changes in analyst estimates in an attempt to anticipate future estimate changes and stock performance. The score combines measurements of earnings revisions, momentum, and earnings surprise.	3 Month EPS Revisions EVA Momentum Standardized Unexpected Earnings (SUE)
Momentum	
The William Blair Momentum Model combines information about short- and medium-term performance trends for each stock in order to identify stocks that may be able to persist in outperformance over the near term.	12 Month Volatility Adjusted Return 6 Month Sharpe Ratio
Growth	
The William Blair Growth Model builds a long-term growth estimate based on a combination of realized and forecast growth rates. The inputs and results of this model are not limited to earnings, but instead cast a broader net to include measures of a firm's overall growth. In addition to providing a Growth Model score, the growth rate generated by the model is used as an input into other models.	Historical & Expected Growth 6 & 10 Year Average Trend Growth
Volatility	
The William Blair Volatility Model captures the variability in short- and long-term fundamental returns which include ROE, Margins, and EPS.	ROE Range/Average Coefficient of Variation & Dispersion of EPS
Composite	
The William Blair Composite Model produces an aggregate score from the Quality, Valuation, Earnings Trend, and Momentum models using a proprietary weighting mix.	

William Blair proprietary quantitative model.

Glossary - Terms

Alpha: A measure of a portfolio's return in excess of the market return, after both have been adjusted for risk. It is a mathematical estimate of the amount of return expected from a portfolio above and beyond the market return at any point in time. For example, an alpha of 1.25 indicates that a stock is projected to rise 1.25% in price in a year over the return of the market, or the return when the market return is zero. When an investment price is low relative to its alpha, it is undervalued, and considered a good selection.

Beta: A quantitative measure of the volatility of the portfolio relative to the overall market, represented by a comparable benchmark. A beta above 1 is more volatile than the overall market, while a beta below 1 is less volatile, and could be expected to rise and fall more slowly than the market.

Developed Markets: Using the Morgan Stanley Capital International (MSCI) geographic definition, this region includes: United Kingdom, Europe (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Spain, Sweden and Switzerland), Japan, Pacific Asia (Australia, Hong Kong, New Zealand, and Singapore) and the Western Hemisphere (Canada and other Americas).

Debt to Total Capital Ratio: This figure is the percentage of each company's invested capital that consists of debt. Companies with a high Debt to Total Capital level may be considered more risky. From a portfolio perspective, the portfolio Debt to Total Capital Ratio is a weighted average of the individual holdings' Debt to Total Capital Ratio.

Emerging Markets: Using MSCI's geographic definition, this region includes: Emerging Markets Asia (China, India, Indonesia, Malaysia, S Korea, Taiwan, and Thailand), Emerging Markets Europe, Mid-East and Africa (Czech Republic, Hungary, Poland, Russia, Turkey, Egypt, Morocco, and S Africa), and Latin America (Argentina, Brazil, Chile, Columbia, Mexico, Peru and Venezuela).

EPS (Earnings Per Share) Growth Rate (Projected): This measure represents the weighted average of forecasted growth in earnings expected to be experienced by the stocks within the portfolio over the next 3-5 years. From a portfolio perspective, the portfolio P/E ratio and EPS Growth Rate are weighted averages of the individual holdings' P/E ratios and EPS Growth Rates. Data calculated in FactSet.

EV/EBITDA: (Enterprise Value / Earnings Before Interest, Taxes and Depreciation-Amortization): The EV/EBITDA ratio is useful for global comparisons because it ignores the distorting effects of individual countries' taxation policies. It's used to find attractive takeover candidates. Enterprise value is a better measure than market cap for takeovers because it takes into account the debt which the acquirer will have to assume. Therefore, a company with a low EV/EBITDA ratio can be viewed as a good takeover candidate.

EV/IC: (Enterprise Value / Invested Capital) Ratio: Enterprise Value (EV), which is market capitalization minus cash plus debt divided by Invested Capital (IC), which is the sum of common stock, preferred stock and long-term debt. This number will get you a simple multiple. If it is below 1.0, then it means that the company is selling below book value and theoretically below its liquidation value.

Information Coefficient: A measure of the correlation between expected and actual returns.

Information Ratio: A measure of risk-adjusted return. The annualized excess return of the portfolio relative to a respective benchmark, divided by the annualized tracking error relative to that same benchmark. The higher the measure, the higher the risk-adjusted return.

Glossary - Terms

PBV: (Price/Book Value) Ratio: The PBV Ratio measures the value of a company's common stock relative to its shareholder's equity. A price-to-book multiple above one means that the price of the company's common stock is higher than its common shareholder's equity. A price-to-book multiple below one means that the price of the company's common stock are less than its break-up value, and the shares may be undervalued.

PCF: (Price/CashFlow): Some analysts favor the price/cash flow over the price-earnings (PE) ratio as a measure of a company's value. Cash flow is a measure of a company's financial health. It equals cash receipts minus cash payments over a given period of time.

P/E: (Price/Earnings) Ratio: This is the most common measure of how expensive a stock is. Simply, it is the cost an investor in a given stock must pay per dollar of current annual earnings. A high P/E generally indicates that the market is paying more to obtain the stock because it has confidence in the company's ability to increase its earnings. Conversely, a low P/E often indicates that the market has less confidence that the company's earnings will increase rapidly or steadily, and therefore will not pay as much for its stock.

R-squared: A measurement of how closely the portfolio's performance correlates with the performance of its benchmark, such as the MSC AC World Free ex US Index. In other words, it is a measurement of what portion of a portfolio's performance can be explained by the performance of the overall market or index. Ranges from 0 to 1, where 0 indicates no correlation and 1 indicates perfect correlation.

Risk (Standard Deviation): A measure of the portfolio's risk. A higher standard deviation represents a greater dispersion of returns, and thus a greater amount of risk. The annualized standard deviation is calculated using monthly returns.

Sharpe-Ratio: A risk-adjusted measure calculated using standard deviation and excess return (Portfolio return – Risk Free Rate) to determine reward per unit of risk. The higher the Sharpe ratio, the better the portfolio's historic risk-adjusted performance.

Tracking Error: Tracking Error measures the extent to which a portfolio tracks its benchmark. The tracking error of an index portfolio should be lower than that of an active portfolio. The tracking error will always be greater than zero if the portfolio is anything other than a replication of the benchmark.

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.

Weighted Average Market Capitalization: Market capitalization refers to the total market value of each company's outstanding shares. 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.

Weighted Median Market Capitalization: This calculation represents the median market capitalization of the stocks in the portfolio, weighted by the amount of each stock owned.