International Growth Fund

William Blair

Portfolio Review

December 2016

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Portfolio Managers

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Please refer to the final two pages of this Review for definitions of the financial terms in this report.

The Fund's returns will vary, and you could lose money by investing in the Fund. 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 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. The Fund invests most of its assets in equity securities of international 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. Diversification does not ensure against loss.

The views expressed in this report and the information about the holdings are as of the date of this material, unless otherwise noted, and are subject to change. 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 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 overcame repeated slumps in 2016 amid an environment of heightened political risk and fragile growth. Stock markets around the world sustained a swift and painful correction to start the year, driven by concerns about global growth and the plummeting oil price. China's slowdown and ongoing rebalancing also weighed on sentiment, compounded by worries about the weaker renminbi and opaque government policy measures. These fears quickly abated, and markets rallied strongly off their February lows into mid-year, when the U.K. referendum on European Union membership came into focus.

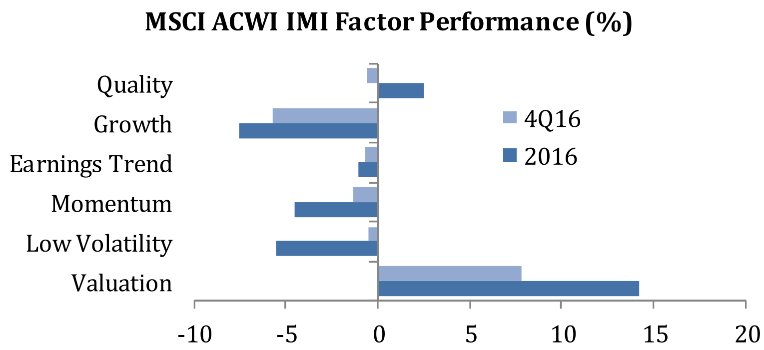
Although Brexit-induced losses in late June were quickly recovered on expectations of prolonged central bank stimulus measures, the environment for equities remained tenuous heading into the second half of 2016, with uncertainty about the longer-term Brexit ramifications for U.K. and European economic activity. In addition to the surprise referendum outcome and its implications for growth, investors were confronted with renewed worries about systemic risk in the European banking system as Deutsche Bank's share price retreated on news that the U.S. Department of Justice was seeking $14 billion to settle a mortgage-abuse case. Expectations that these concerns 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 during the third quarter, broadly propelling equities higher.

In what was perhaps the defining moment of 2016, Trump's election victory shifted the market's focus from monetary policy to fiscal expansion, igniting a strong rally in reflationary assets through the end of the year. U.S. equities, the dollar and commodities were among the primary beneficiaries of expected infrastructure spending increases and tax cuts under the new administration, while rising inflation and interest rate expectations led to a sharp repricing of sovereign bond yields.

Emerging Markets equities outperformed in 2016, benefiting from reasonable valuations versus Developed Markets, stabilizing fund flows and currencies, moderating political risk, and the rebound in commodity prices. Despite stumbling in the fourth quarter on Trump-related worries about a stronger dollar, higher U.S. interest rates and protectionism, the MSCI EM Index (net) gained 9.90% in USD terms for year. Consistent with the market's preference for low valuation stocks, previously out-of-favor countries and sectors rallied significantly during the year. Brazil (+66.10% USD) and Russia (+56.95%) outperformed in this environment, driven largely by currency appreciation. From a sector perspective, Energy (+35.41%) and Materials (+29.65%) led other sectors by a wide margin within Emerging Markets.

The broadening global growth and inflationary backdrop contributed to the substantial outperformance of value-oriented stocks across regions, sectors, and market capitalizations in 2016. This trend accelerated after November 8th, to the detriment of not only growth-oriented companies, but those with higher quality attributes including balance sheet strength and low earnings volatility. William Blair's proprietary quantitative models, which measure the performance of different style factors, demonstrated the magnitude of valuation dominance relative to other factors during the fourth quarter and 2016 (Fig. 1).

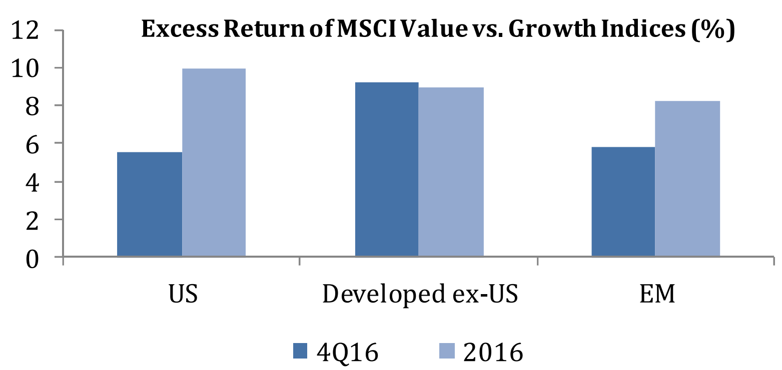
Fig. 1



Source: William Blair Quantitative Models

The large divergence between value and growth was evident in style index performance, as illustrated using MSCI data for the U.S., Developed ex-U.S. and Emerging Market regions (Fig. 2).

Fig. 2



Source: Factset, MSCI US IMI, World ex-US IMI and EM IMI

Performance

Fourth quarter underperformance for the International Growth Fund (Class N) versus the MSCI ACWI ex-US IMI (net) was largely driven by pronounced style headwinds, as low valuation market leadership intensified after the U.S. presidential election. The Fund's emphasis on higher quality, higher growth companies with relatively strong earnings trends and low earnings volatility, and concomitant higher valuations, detracted from relative performance in this environment. From a sector attribution perspective, Financials and Industrials stocks selection were significant detractors from performance. Information Technology exposure, both the overweighting and stock selection, also weighed more heavily on relative performance. These effects were mitigated by positive stock selection in Healthcare, Materials and Telecommunication Services, along with the underweight positions in Consumer Staples, Real Estate and Utilities. Within Financials, stock selection was hampered by relative weakness in Banks and Insurance, as higher beta, interest rate-sensitive stocks in the Index outperformed. The lack of exposure to some of these unowned securities detracted. The Fund's exposure to Emerging Markets-exposed Banks and Insurance companies was also negative for the quarter, as India's Indusind Bank and Hong Kong-based AIA Group lagged. Within Healthcare, performance was bolstered mostly by Swiss biotechnology company Actelion, whose share price rallied on takeover speculation. From a geographic perspective, Europe ex-UK and Japan stock selection were the primary detractors during the quarter. These negative effects were partially offset by the underweight positions in the Developed Asia ex-Japan and Emerging Asia regions.

Adverse style effects broadly detracted from calendar year 2016 performance. The Fund's exposure to higher growth, higher valuation companies with relatively strong earnings trends was detrimental amid an environment of low valuation market leadership. From a sector attribution perspective relative to the MSCI ACWI ex-US IMI (net), Financials, Materials and Real Estate stock selection were significant detractors from performance. These effects were mitigated by positive stock selection in Healthcare, along with the overweight position in Information Technology and underweight positions in Real Estate and Utilities. Within Financials, stock selection in Banks and Insurance was negative, while Materials stock selection was hampered by a lack of exposure to Metals & Mining stocks, which rallied strongly on global growth recovery prospects and the market's rotation into value stocks. Chemicals holdings also detracted from Materials sector performance. Within the Real Estate sector, UK REIT Derwent London, which owns, develops and refurbishes properties in central London, was negatively impacted by concerns for slowing demand for London office space due to Brexit. Property developer China Overseas Land & Investment's share price was hampered by concerns about policy tightening measures in Shanghai and other mainland cities, despite the company's strong revenue and operating profit growth trends. Within Healthcare, Swiss biotechnology company Actelion benefited from positive sales trends in its pulmonary arterial hypertension (PAH) drugs Uptravi and Opsumit, in addition to news that the company was in merger talks with French pharmaceutical company Sanofi, after Johnson & Johnson dropped its own takeover offer for Actelion. From a geographic attribution perspective, the primary detractors from 2016 performance were Japan stock selection, notably within Japanese Consumer Discretionary, and UK stock selection, as UK Financials holdings lagged.

Positioning

The Fund was repositioned toward lower valuation companies within William Blair's quality growth universe during the fourth quarter. From a sector perspective, this repositioning resulted in a significant reduction in IT sector exposure, as higher valuation positions were reduced in Electronic Equipment, Internet Software & Services, and Semiconductors. Consumer Staples exposure was also reduced by half. These moves were offset by increases to Energy, Materials, Financials and Industrials, reflecting the team's effort to moderate valuation risk while augmenting the Fund's cyclicality profile. From a geographic perspective, Japan and UK exposures were increased to overweight positions, offset by reductions primarily in Emerging Asia, and Europe ex-UK to a smaller extent. The Fund's overall weighting in Emerging Markets approximated 15% at year end, versus the 22.5% Index weighting.

Outlook

At our recent Global Market Outlook presentation to clients[1], we noted that financial markets have been correctly reacting to the global economic environment. Inflation has returned to pre-crisis levels in the U.S., while real growth has stabilized for the world economy overall – albeit at relatively low levels. This stabilization is remarkable because it comes on the back of two- and-a-half years of a sharp and protracted deceleration. Combined with sequentially rising inflation, it means nominal growth for the world as a whole is gradually increasing.

Now that inflation is becoming more apparent, we believe that re-pricing in the bond market has only just begun. Higher inflation also matters for equity returns. At a minimum, higher inflation implies higher interest rates, which influence the discount rate for future cash flows. In practical terms, we have already seen a sharp rotation

[1] Please visit William Blair's website for a presentation replay and white paper: https://www.williamblair.com/en/Research-and-Insights/Insights/Institutional-White-Paper/2016/Global-Market-Outlook-for-2017.aspx

toward "value" stocks, including cyclical sectors such as industrials and financials, which had underperformed for several years before 2016, making them relatively "cheap" or "value-like".

Valuation sensitivity has increased across geographies and sectors. Looking at the traditional discounted cash flow framework, the three main elements are suddenly working against investors with long-life assets: the terminal multiple is probably coming down; the cost of capital seems to be heading up; and free cash flows are under pressure from taxes and protectionism. In this environment, we have been adding to high-quality companies with a focus on lower valuations. Our preference remains for high-quality growth, but we believe the available opportunity set has expanded, and some of those companies are in cheaper areas of the market.

Despite near-term uncertainty surrounding how a Trump administration and Republican majority may actually govern, we expect a continuation of the recent reflationary market environment in 2017. From a global portfolio strategy perspective, we continue to see upside risk to nominal growth and have generally positioned toward companies with rising earnings prospects that we believe are not fairly reflected in valuations. In addition to the industrial and resources sectors, we continue to be constructive on financials, supported by higher rates and steeper yield curves – which we believe are likely to persist.

Specific to Emerging Markets, several factors are supportive of the 2017 outlook. Valuations remain attractive, with Emerging Markets overall trading at a 25% discount to Developed Markets (based on forward P/E multiples), about one standard deviation below the long-term average. After stagnating the last few years, Emerging Market corporate earnings are forecast to increase at a low double-digit pace this year. From an external balance perspective, Emerging Markets currencies have already depreciated and current account deficits have moderated.

Key risk factors for Emerging Markets that bear close monitoring are a strengthening U.S. dollar and acceleration in U.S. interest rate hikes, in addition to protectionist measures that impede global trade. China's capital outflows and currency management policy, as well as the lingering effects of India's demonetization on local economic activity, will also be important risk considerations for Emerging Markets investors in 2017.

		December-16	Quarter To Date	Year To Date	2015
Regions	**AC World (DM+EM)**	2.2	1.3	8.4	-2.2
	Developed Markets (DM)	2.4	2.0	8.2	-0.8
	Pacific ex JP	-0.5	-3.2	7.8	-8.5
	Japan	1.1	-0.4	3.2	10.5
	Europe ex UK	5.7	-0.5	-0.2	0.7
	UK	3.9	-1.2	-1.6	-5.5
	Canada	1.8	2.5	25.4	-24.7
	USA	1.9	3.8	12.0	0.0
	Emerging Markets (EM)	0.2	-4.4	9.9	-13.9
	Asia	-1.4	-6.3	4.8	-8.5
	EMEA	7.0	1.7	20.7	-20.4
	Latin America	0.9	-1.2	30.3	-31.1
	Frontier Markets (FM)	3.0	1.8	5.6	-13.0
Size	**Large Cap**	2.4	1.6	8.0	-2.5
	Small Cap	2.1	1.8	11.6	-1.0
Sectors	**Discretionary**	1.2	0.8	2.9	3.4
	Staples	2.7	-5.8	2.1	5.4
	Energy	3.8	7.7	28.4	-23.4
	Financials	3.6	12.4	11.2	-5.6
	Healthcare	1.3	-5.8	-6.7	7.0
	Industrials	0.9	2.1	12.6	-3.3
	IT	1.1	-0.7	12.3	3.3
	Materials	1.3	2.9	24.4	-15.3
	Real Estate	2.3	-5.6	4.1	-1.2
	Telecom Services	5.0	-2.4	4.9	-2.1
	Utilities	4.0	-2.8	7.4	-7.5
Style	**Quality**	0.1	-0.6	2.5	8.3
	Valuation	2.2	7.8	14.2	4.3
	Etrend	-0.9	-0.6	-1.1	11.0
	Momentum	-2.5	-1.3	-4.5	16.3
	Growth	-1.6	-5.7	-7.5	2.1
	Composite	0.6	3.6	7.2	15.5

Past performance is not a reliable indicator of future results. *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 IMI 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. All index returns are net of dividends. A direct investment in an unmanaged index is not possible.*

Periods ended 12/31/2016	Dec	Quarter	1 Year	3 Year	5 Year	10 Year
International Growth Fund (WBIGX) – Class N	1.06%	-4.26%	-2.88%	-2.12%	6.58%	1.24%
International Growth Fund (BIGIX) – Class I	1.07%	-4.19%	-2.54%	-1.82%	6.89%	1.55%
MSCI AC World ex US IMI (net)	2.50%	-1.57%	4.41%	-1.44%	5.35%	1.22%
MSCI ACWI ex US IMI Growth (net)	1.47%	-5.77%	0.06%	-1.00%	5.58%	1.68%
MSCI AC World ex US	2.59%	-1.20%	5.01%	-1.32%	5.48%	1.42%

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.

International Growth Fund Expense Ratios:

	Gross	Capped
Class N Shares	1.42%	1.45%
Class I Shares	1.14%	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 4/30/17.

All IMI Index returns are net of dividends. It is not possible to directly invest in an unmanaged index.

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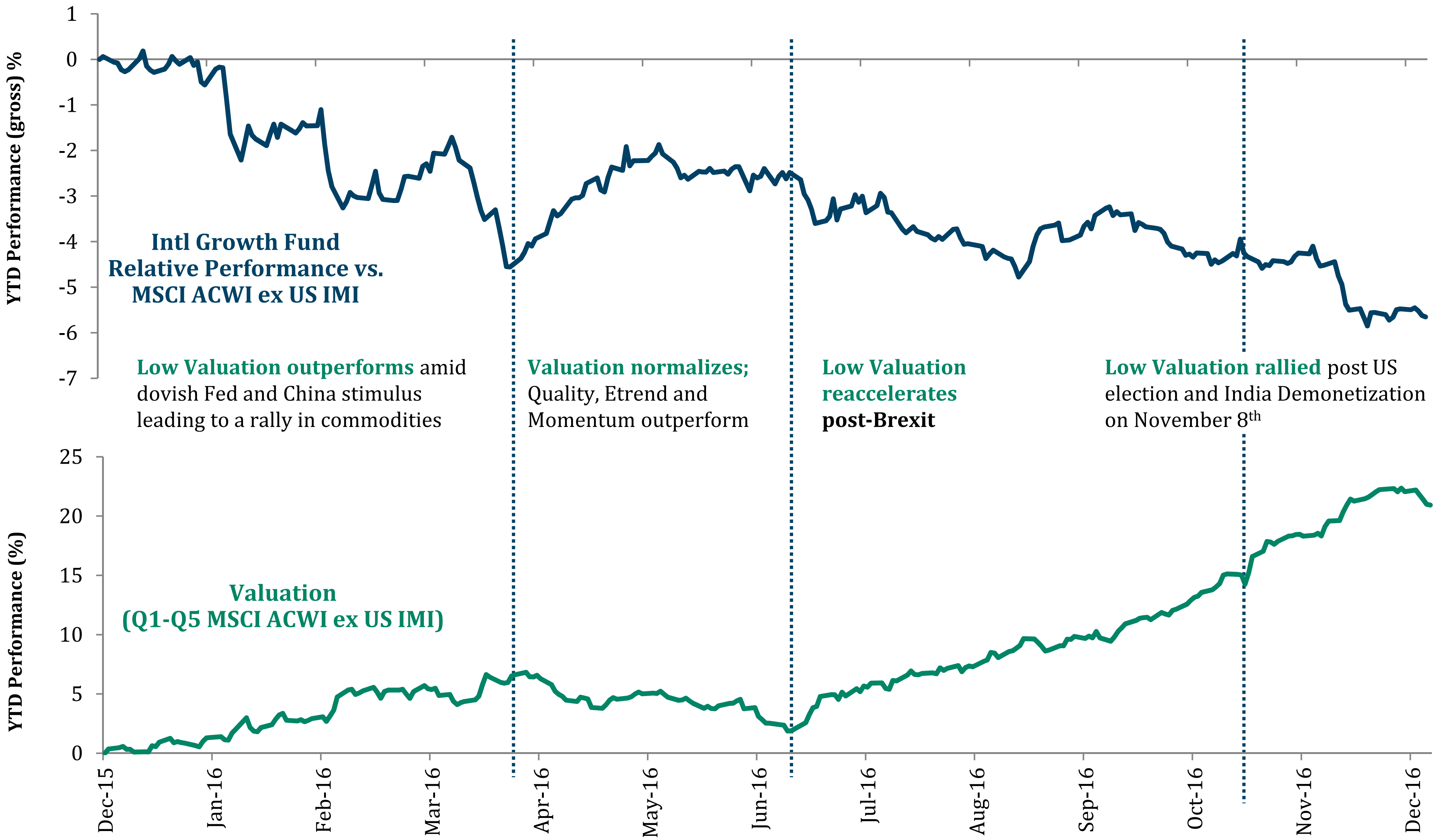
International Growth Fund – Style Leadership in 2016



Past performance is not indicative of future returns.

Source: William Blair, MSCI. The information shown above is based on the International Growth Fund. Style values (Q1-Q5) reflect the Quintile 1 minus Quintile 5 spread of William Blair's proprietary Quantitative Models. Please refer to the Quantitative Models Definitions slide for additional information. Gross investment performance assumes reinvestment of dividends and capital gains, is gross of investment management fees and net of transaction costs. Performance results will be reduced by the fees incurred in the management of the account. For example, assuming an annual gross return of 8% and an annual management/advisory fee of .40%, the net annualized total return of the portfolio would be 7.58% over a 5-year period. Net investment performance represents the deduction of the highest possible fee. Investment management fees are described in William Blair's Form ADV Part 2A.

The table below shows the calculated sector returns and weights of the International Growth Fund portfolio vs. its benchmark.

International Growth Fund vs. MSCI AC World ex US IMI (net)

10/01/2016 to 12/31/2016

	International Growth Fund		MSCI AC World ex US IMI (net)	
Sector	**Average Weight**	**Total Return**	**Average Weight**	**Total Return**
Consumer Discretionary	12.2%	-4.3%	12.1%	-1.5%
Consumer Staples	5.7%	-11.2%	9.7%	-9.7%
Energy	5.2%	5.5%	6.5%	8.5%
Financials	26.3%	0.9%	21.1%	6.5%
Health Care	5.5%	-3.9%	8.1%	-8.4%
Industrials	17.3%	-6.9%	12.9%	-2.2%
Information Technology	14.4%	-7.3%	9.7%	-5.0%
Materials	7.8%	2.3%	8.2%	1.7%
Real Estate	2.0%	-16.7%	4.3%	-7.9%
Telecommunication Svcs	1.2%	-4.7%	4.2%	-6.7%
Utilities	0.5%	-11.9%	3.1%	-6.7%

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, as such, actual returns may be higher or lower.

The table below shows the calculated regional returns and weights of the International Growth Fund portfolio vs. its benchmark.

International Growth Fund vs. MSCI AC World ex US IMI (net)

10/01/2016 to 12/31/2016

	International Growth Fund		MSCI AC World ex US IMI (net)	
Region	**Average Weight**	**Total Return**	**Average Weight**	**Total Return**
Equity				
Pacific Ex Japan	3.9%	-8.3%	8.5%	-3.3%
Japan	16.6%	-3.5%	17.9%	-0.4%
Europe+ME Ex U.K.	37.0%	-2.0%	31.6%	-0.1%
U.K.	14.0%	-4.4%	11.5%	-2.5%
W Hemisphere	8.4%	-1.2%	7.3%	2.0%
EM Asia	13.3%	-7.9%	16.7%	-6.3%
EMEA	2.2%	-5.8%	3.5%	1.6%
Latin America	2.8%	-7.9%	2.9%	-1.2%

Performance cited represents past performance. Past Performance does not guarantee future results and current performance may be lower or higher than the data quoted. Attribution by region is based on estimated USD returns of equities held within the regions listed. All stocks held during a measurement period, including purchases and sales, are included. Cash is not allocated among regions. Calculations are for attribution analysis only and are not intended to represent simulated performance history. The actual returns may be higher or lower.

The securities listed below are the top contributors to performance for the quarter ended 12/31/2016.

BNP Paribas is a leading European bank, headquartered in France. The bank has a strong balance sheet and has continued to improve its capital position through asset sales. The share price strength was underpinned by BNP's solid set of results, highlighting market share gains and better than expected capital built. In addition, BNP's share price advance was fueled by improved market sentiment towards banks amid expectations of higher interest rates and a reflationary environment.

Actelion is the Swiss specialty biopharmaceutical company and a leader in the field of pulmonary arterial hypertension (PAH). While the company reported solid operating performance, the share price rally was due to M&A activity amid rounds of takeover discussions with Johnson & Johnson and Sanofi.

AXA is the diversified insurance company based in France. Approximately two thirds of its business is tied to the asset management and life insurance industries. The company's business model is focused and has benefitted from global reach, multi-distribution and open architecture. The share price strengthened amid improving macro economic and interest rate environment and broad market rotation towards lower valuation and interest rate sensitive stocks.

TD Bank stands out as a leading retail banking franchise in Canada, with strong distribution, funding, capital, and management. The share price advanced along with Financials amid broad market shift to cyclical-oriented sectors. The increase in oil prices and TD Bank's exposure to the U.S. drove positive investor sentiment towards the stock.

Royal Dutch Shell (RDS) is in the early stages of a cultural shift toward greater accountability and focus on improving returns. Shell has reorganized and recategorized its business post the BG acquisition. The share price strength was driven by better-than-expected Q3 results, contrasting with weakness in the prior quarter, and broad Energy sector outperformance on higher oil prices and the OPEC's production curtailment agreement.

William Blair International Growth Fund Largest 5 Five Detractors to Return *December 2016*

The securities listed below are the bottom detractors to performance for the quarter ended 12/31/2016.

AIA Group Ltd., based in Hong Kong, provides general insurance services. AIA is diversified across the Asian region and boasts leading brand awareness and strong market share position in 15 countries. AIA continues to have strong operating performance, with recent positive trends. However, the shares were hurt after the company announced that Chinese tourists would no longer be allowed to use Union Pay cards to pay for insurance products in Hong Kong. Earlier in the year, the government had restricted transactions to $5,000 per swipe, but this announcement expanded the restrictions.

Vestas Wind Systems, based in Denmark, is the largest wind turbine manufacturer by installed base. Vestas is a pure play on climate change and the shift to renewable energy generation. The stock sold off post the U.S. election due to fears of negative policy implications amid a changing political environment.

Hexagon is a Swedish satellite-based testing and control company, with industry-leading hardware and software products. It is a highly regarded quality company with strong structural growth underpinned by satellite-based testing and control markets. The stock sold off amid an insider trading allegations against the company's CEO.

China Overseas Land and Investment is a leading Chinese real estate company. It has enjoyed very strong capital and backing by its strong parent and has taken market share while benefiting from higher margins than its competitors. The stock has been under pressure amid ongoing policy tightening and unexpected management changes.

Vinci Sa , based in France, is the world's leading concessions and construction group. It operates in four areas: road infrastructures, car parks, airports and large structures. The stock price was hit as the company reported revenues below consensus expectations, though full year guidance was reiterated.

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, sold or recommended for advisory clients, 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.

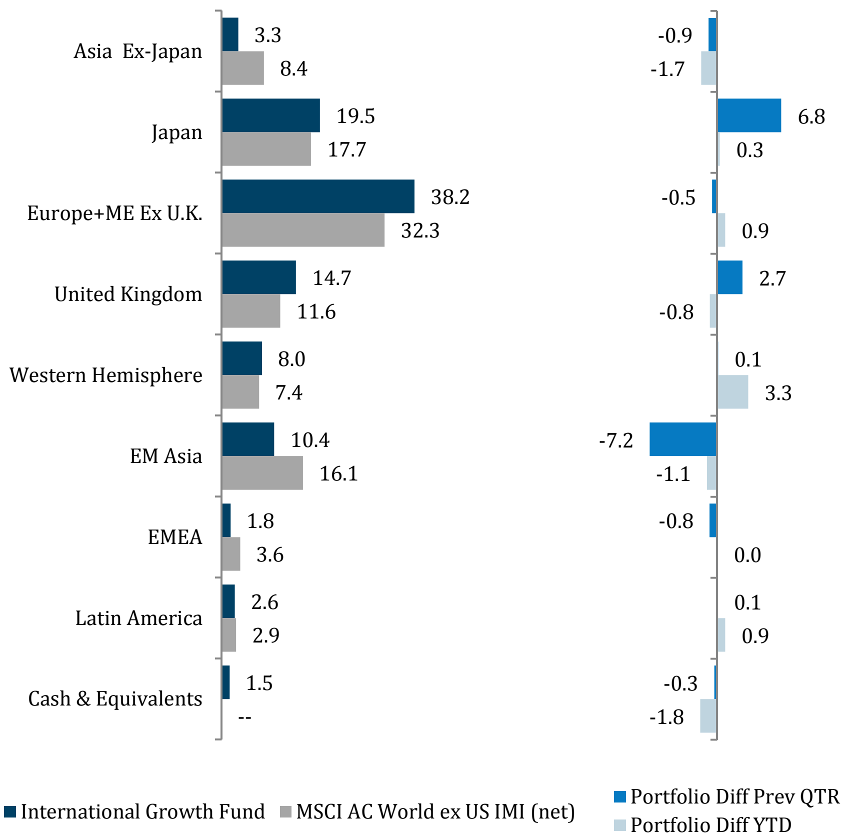
William Blair International Growth Fund Top Holdings by Weight *December 2016*

The table below shows the International Growth Fund portfolio's largest holdings as of 12/31/2016 in each of three categories: large cap, 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.

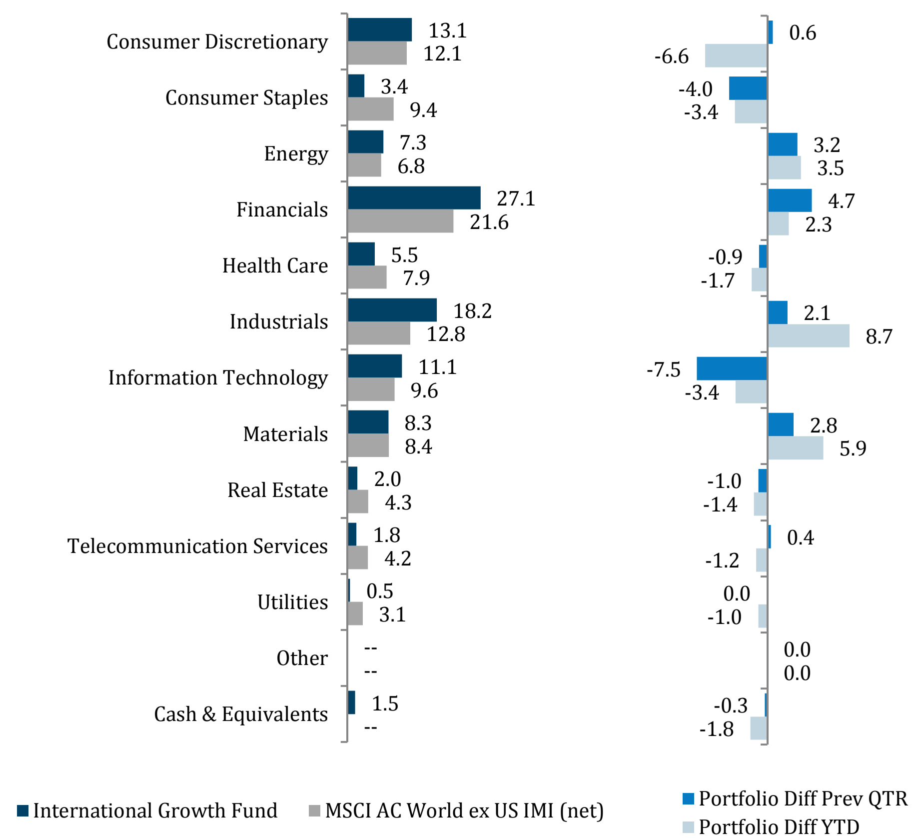
	Country	Economic Sector	% of Total Net Assets
Large Cap			
Bnp Paribas	France	Financials	1.9%
Royal Dutch Shell Plc-A Shs	Netherlands	Energy	1.9%
Axa Sa	France	Financials	1.8%
Rio Tinto Ltd	United Kingdom	Materials	1.8%
Toronto-Dominion Bank	Canada	Financials	1.7%
Mid Cap			
Thales Sa	France	Industrials	1.2%
Valeo Sa	France	Consumer Discretionary	0.9%
Check Point Software Tech	Israel	Information Technology	0.8%
Shionogi & Co Ltd	Japan	Health Care	0.8%
Atos Se	France	Information Technology	0.8%
Small Cap			
Banca Generali Spa	Italy	Financials	0.3%
Anhui Conch Cement Co Ltd-H	China	Materials	0.3%
Tsuruha Holdings Inc	Japan	Consumer Staples	0.3%
Ubm Plc	United Kingdom	Consumer Discretionary	0.3%
Arca Continental Sab De Cv	Mexico	Consumer Staples	0.3%
		Total:	**15.0%**

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



Source: William Blair.
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.

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

	International Growth Fund	MSCI AC World ex US IMI (net)
Market Capitalization		
Large [>$15b]	56.4%	50.7%
Medium [$4-15b]	27.4%	26.3%
Small [<$4b]	14.7%	23.0%
Fundamental Characteristics		
Growth		
EPS, 3 year historic	16.4%	13.3%
DPS, 3 year historic	16.2%	11.5%
Reinvestment rate	11.5%	8.3%
Profitability		
ROE	15.5%	11.7%
Operating Margin	16.8%	15.6%
Valuation		
PE [Estimated EPS]	13.9 X	14.3 X
Price-to-Book Value	2.6 X	2.2 X
EV/EBITDA	8.7 X	9.5 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	**3.27**
Australia	**2.23**
Macquarie Group Ltd	1.60
Jb Hi-Fi Ltd	0.20
Downer Edi Ltd	0.16
Domino's Pizza Enterprises L	0.14
Vicinity Centres	0.14
Hong Kong	**0.87**
Aia Group Ltd	0.87
New Zealand	**0.17**
Spark New Zealand Ltd	0.17
Japan	**19.46**
Japan	**19.46**
Fuji Heavy Industries Ltd	1.62
Daikin Industries Ltd	1.45
Orix Corp	1.43
Mitsubishi Ufj Financial Gro	1.35
Sumitomo Mitsui Financial Gr	1.22
Fanuc Corp	1.19
Tokio Marine Holdings Inc	0.99
Keyence Corp	0.86
Softbank Group Corp	0.82
Shionogi & Co Ltd	0.79
Mitsubishi Electric Corp	0.78
Asahi Kasei Corp	0.74
Nitori Holdings Co Ltd	0.50
Daiwa House Industry Co Ltd	0.47
Itochu Corp	0.39
Taisei Corp	0.38
Alps Electric Co Ltd	0.30

	Portfolio Weight
Japan (Continued)	
Japan (Continued)	
Tsuruha Holdings Inc	0.28
Daito Trust Construct Co Ltd	0.26
Nissan Chemical Industries	0.26
Pola Orbis Holdings Inc	0.24
Park24 Co Ltd	0.23
Daifuku Co Ltd	0.21
Haseko Corp	0.20
Scsk Corp	0.19
Fuji Electric Co Ltd	0.18
Temp Holdings Co Ltd	0.16
Lion Corp	0.16
Shimamura Co Ltd	0.15
Nippon Prologis Reit Inc	0.15
M3 Inc	0.15
Fujitsu General Ltd	0.14
Tis Inc	0.14
Zenkoku Hosho Co Ltd	0.13
Line Corp-Sponsored Adr	0.13
Nihon M&A Center Inc	0.13
Misumi Group Inc	0.12
Hitachi Chemical Co Ltd	0.12
Oracle Corp Japan	0.12
Asahi Intecc Co Ltd	0.12
Nichias Corp	0.12
Mitsui Mining & Smelting Co	0.08
Ain Holdings Inc	0.01
Europe+ME Ex UK	**38.24**
Austria	**0.07**
Lenzing AG	0.07

	Portfolio Weight
Europe+ME Ex UK (Continued)	
Belgium	**1.53**
Kbc Groep NV	1.18
Colruyt SA	0.21
Bekaert NV	0.14
Denmark	**0.99**
Pandora A/S	0.61
Dsv A/S	0.39
Finland	**0.94**
Kone Oyj-B	0.80
Huhtamaki Oyj	0.15
France	**15.46**
Bnp Paribas	1.88
Axa SA	1.83
Total SA	1.60
Schneider Electric Se	1.53
Vinci SA	1.36
Thales SA	1.24
Valeo SA	0.88
Michelin (Cgde)	0.79
Atos Se	0.77
Arkema	0.64
Christian Dior Se	0.53
Sodexo	0.51
Technip SA	0.40
Hermes International	0.36
Plastic Omnium	0.25
Ipsen	0.18
Biomerieux	0.17
Rubis	0.16

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	Portfolio Weight
Europe+ME Ex UK (Continued)	
France (Continued)	
Seb SA	0.14
Nexity	0.13
Technicolor - Regr	0.10
Germany	**2.55**
Deutsche Telekom Ag-Reg	0.84
Tui Ag-Di	0.41
Mtu Aero Engines AG	0.40
Evonik Industries AG	0.27
Wirecard AG	0.18
Kion Group AG	0.16
Sartorius Ag-Vorzug	0.15
Bechtle AG	0.14
Ireland	**1.88**
Crh PLC	1.05
Icon PLC	0.35
Greencore Group PLC	0.24
Kingspan Group PLC	0.23
Israel	**0.79**
Check Point Software Tech	0.79
Italy	**1.79**
Intesa Sanpaolo	0.77
Banca Generali Spa	0.31
Interpump Group Spa	0.23
Azimut Holding Spa	0.17
Recordati Spa	0.16
Brembo Spa	0.15
Luxembourg	**0.20**
Eurofins Scientific	0.20

	Portfolio Weight
Europe+ME Ex UK (Continued)	
Netherlands	**2.18**
Royal Dutch Shell Plc-A Shs	1.88
Randstad Holding NV	0.31
Norway	**0.24**
Gjensidige Forsikring Asa	0.24
Portugal	**0.18**
Jeronimo Martins	0.18
Spain	**2.78**
Industria De Diseno Textil	0.79
Amadeus It Group SA	0.73
Bankinter SA	0.62
Aena SA	0.49
Prosegur Comp Seguridad	0.14
Sweden	**3.56**
Swedbank Ab - A Shares	1.63
Skf Ab-B Shares	0.61
Boliden AB	0.36
Intrum Justitia AB	0.23
Hexpol AB	0.15
Hufvudstaden Ab-A Shs	0.15
Fabege AB	0.15
Husqvarna Ab-B Shs	0.14
Billerudkorsnas AB	0.14
Switzerland	**3.11**
Actelion Ltd-Reg	0.95
Partners Group Holding AG	0.70
Lonza Group Ag-Reg	0.57
Adecco Group Ag-Reg	0.31
Dormakaba Holding AG	0.15

	Portfolio Weight
Europe+ME Ex UK (Continued)	
Switzerland (Continued)	
Cembra Money Bank AG	0.15
Logitech International-Reg	0.15
Luxoft Holding Inc	0.12
UK	**14.73**
United Kingdom	**14.73**
Rio Tinto Ltd	1.83
Bhp Billiton PLC	1.19
Compass Group PLC	1.05
Wolseley PLC	0.88
Wpp PLC	0.83
British American Tobacco PLC	0.82
Glaxosmithkline PLC	0.81
Bae Systems PLC	0.73
Informa PLC	0.59
Johnson Matthey PLC	0.51
Bunzl PLC	0.45
Sage Group Plc/The	0.41
3i Group PLC	0.39
Micro Focus International	0.33
Ubm PLC	0.28
Hiscox Ltd	0.26
Spirax-Sarco Engineering PLC	0.26
Bellway PLC	0.25
Intertek Group PLC	0.24
Babcock Intl Group PLC	0.21
Provident Financial PLC	0.20
Wh Smith PLC	0.19
Playtech PLC	0.18

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	Portfolio Weight
UK (Continued)	
United Kingdom (Continued)	
Intermediate Capital Group	0.18
Subsea 7 SA	0.17
Victrex PLC	0.17
Wood Group (John) PLC	0.16
Unilever PLC	0.15
Domino's Pizza Group PLC	0.15
Halma PLC	0.14
Renishaw PLC	0.14
Cineworld Group PLC	0.13
Jupiter Fund Management	0.13
Close Brothers Group PLC	0.12
Moneysupermarket.Com	0.11
Berendsen PLC	0.11
W Hemisphere	**8.00**
Canada	**7.06**
Toronto-Dominion Bank	1.73
Canadian Natural Resources	1.09
Canadian Natl Railway Co	0.85
Suncor Energy Inc	0.81
Cgi Group Inc - Class A	0.64
Dollarama Inc	0.58
Constellation Software Inc	0.38
Alimentation Couche-Tard-B	0.34
Intact Financial Corp	0.32
Brookfield Asset Manage-Cl A	0.18
Finning International Inc	0.14
United States	**0.94**
Shire PLC	0.94

	Portfolio Weight
EM Asia	**10.40**
China	**3.56**
Ind & Comm Bk Of China-H	1.02
Ping An Insurance Group Co-H	0.99
China Overseas Land & Invest	0.58
Picc Property & Casualty-H	0.35
Anhui Conch Cement Co Ltd-H	0.28
Enn Energy Holdings Ltd	0.22
Xinyi Solar Holdings Ltd	0.11
William Blair China A-Shares Fund, Llc*	0.01
India	**2.58**
Hdfc Bank Limited	0.47
Maruti Suzuki India Ltd	0.33
Yes Bank Ltd	0.29
Hcl Technologies Ltd	0.27
Indusind Bank Ltd	0.25
Bharat Petroleum Corp Ltd	0.22
Upl Ltd	0.17
Eicher Motors Ltd	0.16
Motherson Sumi Systems Ltd	0.15
Britannia Industries Ltd	0.13
Voltas Ltd	0.13
Indonesia	**0.52**
Bank Central Asia Tbk Pt	0.52
South Korea	**2.75**
Samsung Electronics Co Ltd	1.62
Sk Hynix Inc	1.13
Taiwan	**0.98**
Taiwan Semiconductor-Sp Adr	0.98

	Portfolio Weight
EMEA	**1.76**
Hungary	**0.17**
Mol Hungarian Oil And Gas Pl	0.17
South Africa	**0.92**
Sanlam Ltd	0.23
Spar Group Limited/The	0.22
Bid Corp Ltd	0.17
Rmb Holdings Ltd	0.16
Bidvest Group Ltd	0.13
Turkey	**0.30**
Turkiye Garanti Bankasi	0.30
United Arab Emirates	**0.37**
Dubai Islamic Bank	0.37
Latin America	**2.60**
Brazil	**1.90**
Petrobras - Petroleo Bras-Pr	0.77
Itau Unibanco Holding S-Pref	0.50
Bb Seguridade Participacoes	0.49
Engie Brasil Energia SA	0.13
Mexico	**0.26**
Arca Continental Sab De Cv	0.26
Peru	**0.44**
Credicorp Ltd	0.44
Cash	**1.54**
Total	**100.00**

**Positions within William Blair Funds may also include cash equivalents, accruals, and currency forwards that are not represented in the portfolio's total cash weighting.*

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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.

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.

Glossary - Terms

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.