

International Growth Fund

William Blair

Portfolio Review

December 2017

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Risks:

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.

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.

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.

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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 Review and Outlook

The 2017 market environment was characterized by strong and accelerating global economic growth. The broadening nature of growth was particularly noteworthy, as evidenced by strengthening industrial production volumes across the world. Corporate earnings results were bolstered by the expanding economic environment, providing a tailwind for investors. Beyond improving corporate performance, major national elections, especially in Europe, produced outcomes favorable for continued growth.

Risk assets led the markets in 2017. Emerging markets—which received oxygen from a weak U.S. dollar—performed the strongest, returning 36.8% in USD terms, as measured by the MSCI EM IMI. Developed markets also performed well, advancing 22.4% for the year (MSCI World IMI). China (+50.7%) drove emerging markets' performance to a significant extent, with additional contributions from South Korea (+46.0%), India (+43.7%), Poland (+53.6%), Chile (+43.3%) and South Africa (+34.0%)—illustrating the breadth of gains across the EM landscape.

From a global sector perspective, technology led by a significant margin in 2017, advancing 41.0% for the year (as measured by MSCI ACWI IMI), far outpacing the second best performer, materials, which gained 29.3%. Within technology, the software and services industry returned 42.2%, followed by semiconductors and equipment (+42.0%) and technology hardware and equipment (+37.8%). In contrast, energy (+5.2%) and telecom (+8.2%) were the worst performing sectors for the year.

The performance of William Blair's proprietary quantitative models demonstrated that momentum, earnings trend and growth style factors outperformed during 2017, while fundamental volatility, quality and valuation factors underperformed. These style trends were more pronounced within emerging markets.

As we discussed in our recent Global Market Outlook paper¹, underpinning 2017 performance was a broadening of growth in both developed and emerging markets, which we have not seen in more than a decade. As growth broadened, it also strengthened. Year-over-year growth in industrial production volumes, a proxy for growth, ranged from 3% in the United States to 8% in Brazil.

When global growth drives expansion, it shows up in corporate earnings. In 2017, returns were driven predominantly by corporate earnings growth as opposed to price-to-earnings multiple expansion. That is not to say that multiple expansion was completely absent. Delving deeper into the sectoral composition of returns, Europe and the United States benefited from P/E expansion during the year, which we would expect in response to stronger growth performance.

The synchronized global recovery is well understood, and global growth remains firm. For us, though, it is important to understand the nature of the cycle and how far we are into it. The low-volatility regimes we have experienced in the equity and fixed-income markets carry potential risks. When change comes, it will likely be difficult, because we have been shielded from natural cyclical behavior—from negative economic and market forces—for some time.

Sudden inflationary pressures and wage growth acceleration would likely alter investor return expectations, driving bond yields and volatility materially higher, while potentially triggering equity- leadership rotation both across and within sectors. Financials would be expected to benefit from higher rates, for example, but increased caution would be warranted for financially-leveraged companies. We want to be mindful of this.

Reflecting on some of the preeminent growth themes of 2017, including technology and the rise of innovation in China, we are optimistic. Despite the growing likelihood of a cyclical slowdown

¹ <https://www.williamblair.com/en/Research-and-Insights/Insights/Institutional-White-Paper/2017/Global-Market-Outlook-for-2018.aspx>

within the technology sector, we believe that strong secular growth will continue.

From a geographic perspective, we believe that emerging markets continue to offer attractive investment opportunities heading into 2018. In particular, there are abundant opportunities to invest in China's growth, but we are mindful of the significant share-price gains in 2017 from the perspective of near-term momentum reversal risk.

Performance

Fourth quarter underperformance for the International Growth Fund (Class N) versus the MSCI AC World ex US IMI (net) was driven by negative overall sector allocation effects, which offset positive stock selection effects across most sectors. The underweighting to Consumer Staples was the largest detractor from a positioning perspective. From a stock selection perspective, Materials and Consumer Discretionary were more significant detractors. Within the Materials sector, Cemex and Arkema lagged. Cemex is one of the world's largest cement producers. The share price declined due to the hurricanes on the US Atlantic and Gulf Coasts, higher production costs, and pressure from lower demand in the Philippines. Arkema, which manufactures and markets a wide range of chemicals, posted good fundamental results for 3Q despite volumes that were partially restrained by hurricanes, and higher input costs in its downstream business. German athletic apparel maker Adidas detracted within the Discretionary sector, as share price momentum decelerated following the substantial gain in the first nine months of the year. The company's reported 3Q revenue growth of 12% was 2% below consensus estimates, but was offset by strong gross margin expansion which drove better than expected profits. Partially offsetting these negative effects were positive stock selection in the Consumer Staples, Industrials and Health Care sectors. Consumer Staples stock selection was particularly strong, bolstered by Japan beverage company Asahi Group, which reported better-than-expected 3Q results with revenue up 30% year-over-year and operating profit up 42%, primarily driven by the soft drink segment. Encouragingly, management noted that the acquired European businesses were

outperforming initial guidance and expressed confidence in capturing further synergies. Industrials stock selection was bolstered by two Japanese holdings, HVAC company Daikin and robotics company Fanuc, both of which benefited from healthy operating momentum. Within Health Care, insulin maker Novo Nordisk's share price benefited from a continued positive outlook for its key type 2 diabetes drug Ozempic, which received approval by the US FDA in December.

Calendar year 2017 outperformance for the International Growth Fund (Class N) versus the MSCI AC World ex US IMI (net) was primarily driven by positive stock selection across most sectors. Healthcare and Consumer Staples stock selection were particularly beneficial. Within the Health Care sector, Swiss biopharma holdings Lonza Group and Actelion bolstered relative returns. Lonza's share price was driven by revenue growth and profit margin expansion in its Commercial Manufacturing and Clinical Development divisions, while Actelion rallied on the news that it had agreed to be taken over by Johnson & Johnson. Asahi Group Holdings within the Consumer Staples sector was an additional source of outperformance. The Japanese beverage company benefited from favorable operating trends in its European soft drinks business, offsetting weakness in the domestic beer business. These positive effects were partially offset by the underweightings to the Emerging Asia and Developed Asia ex-Japan regions, and Materials and Energy stock selection. Within Materials, Mexico-based Cemex was the largest detractor. The share price was hampered by the hurricanes on the US Atlantic and Gulf Coasts, higher production costs, and pressure from lower demand in the Philippines. Within Energy, the shares of Brazilian oil and gas company Petroleo Brasileiro (Petrobras) were adversely impacted by concerns about the sustainability of the company's turnaround in the wake of a corruption investigation involving President Temer, including a potential rollback of fuel price liberalization, which could adversely impact the company's refining margins.

	QTD	YTD	2016	2015	
Regions	AC World (DM+EM)	5.7	23.9	8.4	-2.2
	Developed Markets (DM)	5.5	22.4	8.2	-0.8
	Pacific ex JP	7.2	25.9	7.8	-8.5
	Japan	8.5	25.3	3.2	10.5
	Europe ex UK	1.2	28.0	-0.2	0.7
	UK	5.9	23.7	-1.6	-5.5
	Canada	4.1	15.6	25.4	-24.7
	USA	6.2	20.6	12.0	0.0
	Emerging Markets (EM)	7.7	36.8	9.9	-13.9
	Asia	8.7	41.8	4.8	-8.5
	EMEA	11.4	24.1	20.7	-20.4
Latin America	-2.3	24.8	30.3	-31.1	
Frontier Markets (FM)	5.1	29.9	5.6	-13.0	
Size	Large Cap	5.7	23.9	8.0	-2.5
	Small Cap	5.7	23.8	11.6	-1.0
Sectors	Discretionary	7.7	25.0	2.9	3.4
	Staples	6.0	18.0	2.1	5.4
	Energy	6.6	5.2	28.4	-23.4
	Financials	5.7	23.1	11.2	-5.6
	Healthcare	1.8	22.0	-6.7	7.0
	Industrials	5.4	26.1	12.6	-3.3
	IT	7.9	41.0	12.3	3.3
	Materials	7.8	29.3	24.4	-15.3
	Real Estate	3.8	16.2	4.1	-1.2
	Telecom Services	2.1	8.2	4.9	-2.1
	Utilities	0.3	15.2	7.4	-7.5
Style	Quality	1.8	4.3	2.5	8.3
	Valuation	-0.9	5.2	14.2	4.3
	Etrend	1.7	7.8	-1.1	11.0
	Momentum	3.4	13.2	-4.5	16.3
	Growth	2.3	6.7	-7.5	2.1
	Composite	1.8	9.6	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 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. A direct investment in an unmanaged index is not possible.

<i>Periods ended 12/31/2017</i>	Dec	Quarter	1 Year	3 Year	5 Year	10 Year
International Growth Fund (WBIGX) – Class N	1.47%	4.53%	29.11%	7.74%	7.50%	2.14%
International Growth Fund (BIGIX) – Class I	1.51%	4.60%	29.49%	8.05%	7.83%	2.45%
MSCI AC World ex US IMI (net)	2.36%	5.23%	27.81%	8.38%	7.22%	2.20%

Class N inception: 10/1/1992

Class I inception: 10/1/1999

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International Growth Fund Expense Ratios:

	<u>Gross</u>
Class N Shares	1.43%
Class I Shares	1.13%

Expenses shown are as of the most recent prospectus.

A direct investment in an index is not possible. The MSCI All Country World ex-US IMI Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US.

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

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

10/01/2017 to 12/31/2017

Sector	International Growth Fund		MSCI AC World ex US IMI (net)	
	Average Weight	Total Return	Average Weight	Total Return
Consumer Discretionary	15.0%	4.5%	11.9%	6.2%
Consumer Staples	4.9%	8.8%	9.1%	5.8%
Energy	3.2%	4.7%	6.2%	7.0%
Financials	20.0%	5.0%	21.3%	4.4%
Health Care	6.6%	4.3%	7.5%	2.5%
Industrials	16.1%	5.8%	13.0%	4.7%
Information Technology	18.9%	5.1%	11.8%	6.8%
Materials	7.9%	5.3%	8.4%	8.4%
Real Estate	2.3%	8.2%	4.1%	5.5%
Telecommunication Svcs	1.2%	1.4%	3.7%	1.7%
Utilities	2.7%	1.2%	3.0%	0.2%

Past performance does not guarantee future results. Performance cited represents past performance and may be lower or higher than the data quoted. Attribution is based on estimated USD returns of equities held within the categories listed. All stocks held during a measurement period, including purchases and sales, are included. Cash is not allocated among categories. 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 vs. its benchmark.

International Growth Fund vs. MSCI AC World ex US IMI (net)				
10/01/2017 to 12/31/2017				
	International Growth Fund		MSCI AC World ex US IMI (net)	
Region	Average Weight	Total Return	Average Weight	Total Return
Equity				
Pacific Ex Japan	2.0%	14.2%	8.0%	7.1%
Japan	17.3%	8.9%	17.2%	8.5%
Europe+ME Ex U.K.	39.3%	2.8%	32.5%	1.7%
U.K.	10.4%	4.5%	11.2%	4.8%
W Hemisphere	5.3%	3.2%	6.8%	4.2%
EM Asia	18.5%	9.7%	18.0%	8.7%
EMEA	1.3%	7.5%	3.4%	11.3%
Latin America	4.6%	-6.8%	2.9%	-2.3%

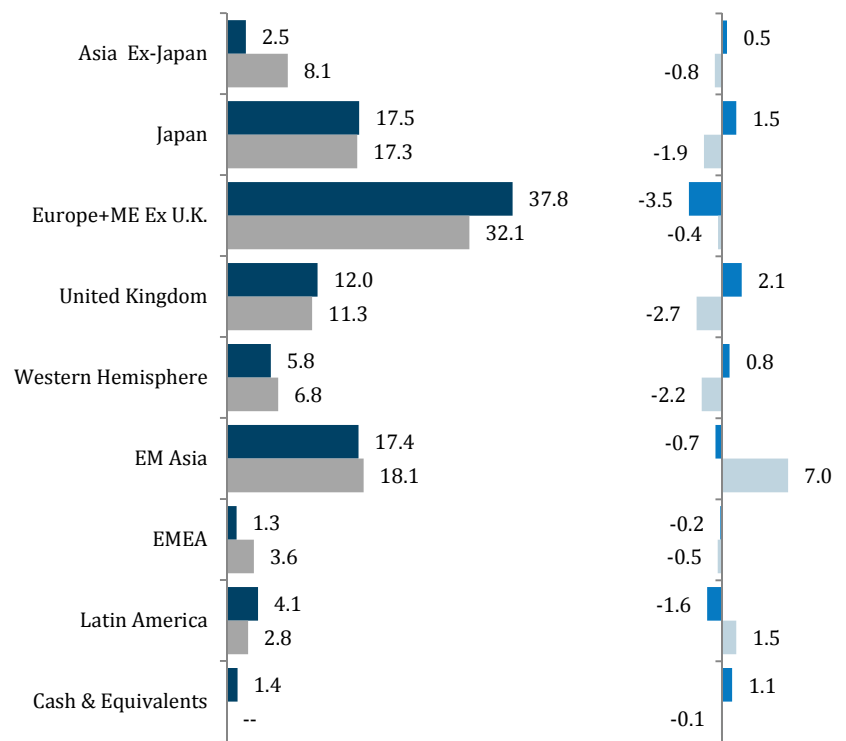
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The table below shows the International Growth Fund's largest holdings as of 12/31/2017 by market cap. The stocks are listed by country and by the economic sector that defines each one's role in the portfolio.

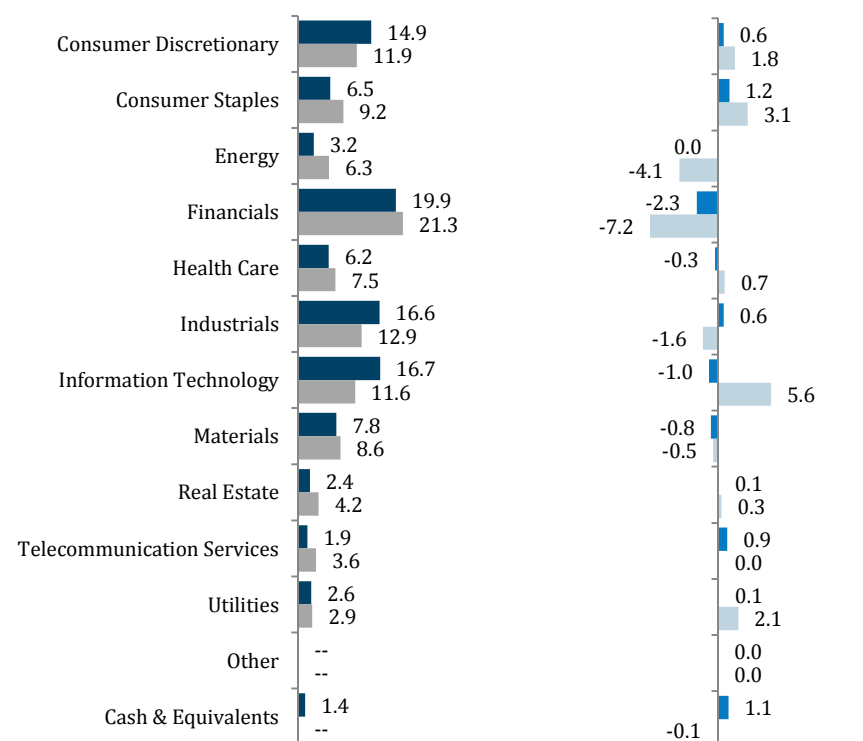
	Country	Economic Sector	% of Total Net Assets
Large Cap			
Mitsubishi Ufj Financial Gro	Japan	Financials	1.8%
Novo Nordisk A/S-B	Denmark	Health Care	1.8%
Ping An Insurance Group Co-H	China	Financials	1.8%
Bnp Paribas	France	Financials	1.6%
Glencore Plc	Switzerland	Materials	1.6%
Mid Cap			
Dsv A/S	Denmark	Industrials	1.1%
Arkema	France	Materials	1.0%
Partners Group Holding Ag	Switzerland	Financials	0.9%
Credicorp Ltd	Peru	Financials	0.9%
Mtu Aero Engines Ag	Germany	Industrials	0.9%
Small Cap			
Wh Smith Plc	United Kingdom	Consumer Discretionary	0.4%
Banca Generali Spa	Italy	Financials	0.4%
Britannia Industries Ltd	India	Consumer Staples	0.3%
Pola Orbis Holdings Inc	Japan	Consumer Staples	0.3%
Victrex Plc	United Kingdom	Materials	0.3%
Total:			15.2%

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. Holdings are subject to change at any time.

Regional Exposure



Sectoral Exposure



■ International Growth Fund ■ MSCI AC World ex US IMI (net) ■ Portfolio Diff Prev QTR ■ Portfolio Diff YTD

■ International Growth Fund ■ MSCI AC World ex US IMI (net) ■ Portfolio Diff Prev QTR ■ Portfolio Diff YTD

Source: William Blair.
Cash & Equivalents includes: cash and dividend accruals.

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]	54.1%	55.0%
Medium [\$4-15b]	31.9%	25.2%
Small [<\$4b]	12.7%	19.8%
Fundamental Characteristics		
Growth		
EPS, 3 year historic	18.6%	11.9%
DPS, 3 year historic	16.0%	11.3%
Reinvestment rate	12.5%	8.3%
Profitability		
ROE	18.4%	14.0%
Operating Margin	19.1%	16.9%
Valuation		
PE [Estimated EPS]	16.8 X	14.7 X
Price-to-Book Value	3.2 X	2.3 X
EV/EBITDA	10.8 X	9.8 X

Sources: Factset, Eagle.

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		Portfolio Weight		Portfolio Weight
Pacific Ex Japan	2.51	Japan (Continued)		Europe+ME Ex UK	
Australia	0.36	Japan (Continued)		France	11.02
Aristocrat Leisure Ltd	0.36	Scsk Corp	0.19	Bnp Paribas	1.60
Hong Kong	2.15	Zenkoku Hoshio Co Ltd	0.19	Total SA	1.46
Galaxy Entertainment Group L	1.12	Minebea Mitsumi Inc	0.19	Vinci SA	1.24
Aia Group Ltd	1.04	Start Today Co Ltd	0.19	Kering	1.22
Japan	17.54	Ulvac Inc	0.18	Arkema	0.97
Japan	17.54	Tsuruha Holdings Inc	0.18	Valeo SA	0.87
Mitsubishi Ufj Financial Gro	1.82	Tis Inc	0.18	Thales SA	0.79
Daikin Industries Ltd	1.28	Hitachi Chemical Co Ltd	0.18	Michelin (Cgde)	0.79
Fanuc Corp	1.14	Nabtesco Corp	0.18	Veolia Environnement	0.66
Nintendo Co Ltd	1.10	Persol Holdings Co Ltd	0.16	Hermes International	0.52
Asahi Group Holdings Ltd	1.06	Suruga Bank Ltd	0.16	Orpea	0.28
Asahi Kasei Corp	0.83	Nichias Corp	0.16	Rubis	0.22
Keyence Corp	0.80	Sankyu Inc	0.15	Seb SA	0.15
Sony Corp	0.77	Topcon Corp	0.15	Nexity	0.13
Komatsu Ltd	0.75	Izumi Co Ltd	0.15	Ipsen	0.12
Nitori Holdings Co Ltd	0.47	Japan Aviation Electronics	0.14	Germany	6.25
Koito Manufacturing Co Ltd	0.43	Hoshizaki Corp	0.13	Vonovia Se	1.08
Toray Industries Inc	0.40	Oracle Corp Japan	0.10	Infineon Technologies AG	0.97
Omron Corp	0.39	Shimadzu Corp	0.07	Mtu Aero Engines AG	0.86
Bandai Namco Holdings Inc	0.37	Europe+ME Ex UK	37.81	Sap Se	0.79
Pola Orbis Holdings Inc	0.33	Belgium	1.20	Adidas AG	0.75
Kose Corp	0.32	Kbc Groep NV	1.20	Covestro AG	0.62
Technopro Holdings Inc	0.28	Denmark	3.59	Wirecard AG	0.36
Nomura Research Institute Lt	0.27	Novo Nordisk A/S-B	1.82	Kion Group AG	0.24
Nihon M&A Center Inc	0.26	Dsv A/S	1.11	Fuchs Petrolub Se -Pref	0.18
Asahi Intecc Co Ltd	0.26	Orsted A/S	0.54	Bechtle AG	0.18
Taisei Corp	0.24	Genmab A/S	0.12	Carl Zeiss Meditec Ag - Br	0.16
Mitsui Mining & Smelting Co	0.24	Finland	0.27	Washtec AG	0.08
Renesas Electronics Corp	0.24	Nokian Renkaat Oyj	0.14		
Otsuka Corp	0.23	Huhtamaki Oyj	0.13		
Misumi Group Inc	0.23				

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	Portfolio Weight		Portfolio Weight		Portfolio Weight
Europe+ME Ex UK		Europe+ME Ex UK		UK (Continued)	
Ireland	1.64	Sweden (Continued)		United Kingdom (Continued)	
Kerry Group Plc-A	0.87	Husqvarna Ab-B Shs	0.13	Micro Focus International	0.30
Smurfit Kappa Group PLC	0.36	Hexpol AB	0.13	Spirax-Sarco Engineering PLC	0.29
Icon PLC	0.24	Hufvudstaden Ab-A Shs	0.11	Intermediate Capital Group	0.28
Kingspan Group PLC	0.17	Switzerland	4.88	Jupiter Fund Management	0.24
Israel	1.05	Glencore PLC	1.58	Renishaw PLC	0.20
Check Point Software Tech	0.79	Lonza Group Ag-Reg	1.24	Fevertree Drinks PLC	0.19
Frutarom	0.16	Partners Group Holding AG	0.92	Greggs PLC	0.17
Wix.Com Ltd	0.10	Straumann Holding Ag-Reg	0.30	Halma PLC	0.17
Italy	2.86	Logitech International-Reg	0.25	Dechra Pharmaceuticals PLC	0.16
Enel Spa	0.99	Dufry Ag-Reg	0.22	Playtech PLC	0.16
Ferrari NV	0.44	Cembra Money Bank AG	0.15	Easyjet PLC	0.15
Banca Generali Spa	0.40	Dormakaba Holding AG	0.15	Metro Bank PLC	0.15
Fincobank Spa	0.30	Belimo Holding Ag-Reg	0.07	Synthomer PLC	0.13
Recordati Spa	0.28	UK	12.02	Close Brothers Group PLC	0.13
Interpump Group Spa	0.16	United Kingdom	12.02	W Hemisphere	5.84
Brembo Spa	0.15	Compass Group PLC	1.21	Canada	5.84
Anima Holding Spa	0.14	Unilever PLC	1.15	Suncor Energy Inc	1.39
Luxembourg	0.47	Diageo PLC	1.03	Canadian Natl Railway Co	1.35
Eurofins Scientific	0.47	Vodafone Group PLC	1.01	Toronto-Dominion Bank	1.01
Netherlands	0.84	Carnival PLC	0.63	Rogers Communications Inc-B	0.74
Wolters Kluwer	0.84	3i Group PLC	0.60	Dollarama Inc	0.45
Spain	1.50	Burberry Group PLC	0.50	Constellation Software Inc	0.39
Amadeus It Group SA	0.97	Ashtead Group PLC	0.49	Shopify Inc - Class A	0.25
Bankinter SA	0.39	Wh Smith PLC	0.45	Finning International Inc	0.14
Prosegur Comp Seguridad	0.13	Intertek Group PLC	0.44	Hudbay Minerals Inc	0.13
Sweden	2.24	Bellway PLC	0.40	EM Asia	17.43
Atlas Copco Ab-A Shs	0.99	Hiscox Ltd	0.39	China	7.69
Boliden AB	0.54	Segro PLC	0.36	Ping An Insurance Group Co-H	1.80
Intrum Justitia AB	0.20	Rentokil Initial PLC	0.35	Tencent Holdings Ltd	1.38
Fabege AB	0.15	Victrex PLC	0.31	Ind & Comm Bk Of China-H	1.29

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	Portfolio Weight		Portfolio Weight		Portfolio Weight
EM Asia (Continued)		EM Asia (Continued)		Latin America (Continued)	
China (Continued)		South Korea (Continued)		Mexico	0.89
Alibaba Group Holding-Sp ADR	1.14	Lg Innotek Co Ltd	0.15	Grupo Financiero Banorte-O	0.50
China Overseas Land & Invest	0.54	Yuhan Corp	0.14	Arca Continental Sab De Cv	0.27
Anhui Conch Cement Co Ltd-H	0.38	Hugel Inc	0.13	Infraestructura Energetica N	0.12
China Mengniu Dairy Co	0.32	Taiwan	1.69	Peru	0.92
Cspc Pharmaceutical Group Lt	0.32	Taiwan Semiconductor-Sp ADR	1.19	Credicorp Ltd	0.92
Sina Corp	0.21	Mediatek Inc	0.50	Cash	1.43
3sbio Inc	0.16	Thailand	0.21	Total	100.00
China Lodging Group-Spon Ads	0.15	Ptt Global Chemical Pcl-For	0.21		
India	4.19	EMEA	1.30		
Maruti Suzuki India Ltd	0.79	Georgia	0.15		
Hdfc Bank Limited	0.62	Bgeo Group PLC	0.15		
Yes Bank Ltd	0.38	Hungary	0.31		
Britannia Industries Ltd	0.35	Mol Hungarian Oil And Gas Pl	0.31		
Indusind Bank Ltd	0.31	Russia	0.31		
Voltas Ltd	0.28	X 5 Retail Group Nv-Regs Gdr	0.22		
Eicher Motors Ltd	0.24	Globaltra-Spons Gdr Reg S	0.09		
Motherson Sumi Systems Ltd	0.21	South Africa	0.53		
Indiabulls Housing Finance L	0.17	Rmb Holdings Ltd	0.22		
Upl Ltd	0.16	Bid Corp Ltd	0.18		
Bharat Electronics Ltd	0.15	Bidvest Group Ltd	0.13		
Adani Ports And Special Econ	0.14	Latin America	4.13		
Hindustan Zinc Ltd	0.14	Argentina	0.17		
Bharti Infratel Ltd	0.13	Grupo Financiero Galicia-ADR	0.17		
Makemytrip Ltd	0.12	Brazil	2.14		
Indonesia	1.03	Itau Unibanco Holding S-Pref	1.23		
Bank Central Asia Tbk Pt	1.03	Kroton Educacional SA	0.41		
South Korea	2.60	Ccr SA	0.17		
Samsung Electronics Co Ltd	1.56	Via Varejo SA	0.16		
Samsung Sdi Co Ltd	0.35	Engie Brasil Energia SA	0.10		
Netmarble Games Corp	0.27	M Dias Branco SA	0.08		

As of 12/31/2017. 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 and accruals.

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.