Small Cap Value Fund

William Blair

Quarterly Review

December 2018

Chad M. Kilmer, CFA, Partner
Mark T. Leslie, CFA, Partner
David S. Mitchell, CFA, Partner
Portfolio Managers

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. The Fund holds equities which may decline in value due to both real and perceived general market, economic, and industry conditions. Investing in smaller companies involves special risks, including higher volatility and lower liquidity. Individual securities may not perform as expected or a strategy used by the Adviser may fail to produce its intended result. Convertible securities may be called before intended, which may have an adverse effect on investment objectives. 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.

This content is for informational and educational purposes only and is not intended as investment advice or a recommendation to buy or sell any security. Investment advice and recommendations can be provided only after careful consideration of an investor's objectives, guidelines and restrictions.

Please carefully consider the Fund's investment objectives, risks, charges, and expenses before investing. This and other information is contained in the Fund's prospectus and summary prospectus, which you may obtain by calling +1 800 742 7272. Read the prospectus and summary prospectus carefully before investing. Investing includes the risk of loss.

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Market Overview

Sharply negative fourth quarter equity returns erased prior 2018 gains and U.S. equity indices ended the year in negative territory. Larger cap indices fared better as the S&P 500 Index narrowly avoided bear market territory, while the Russell 2000 Index declined more than 20% from its peak.

After a start to the year that included a spike in volatility amid concerns about rising input costs and elevated valuations, returns for the second and third quarters reflected a healthy domestic economy and strong corporate performance. Investors appeared to largely dismiss concerns about an escalating trade war and a flattening yield curve, which has sometimes preceded an economic slowdown.

In a sharp reversal, driven by downdrafts in October and December, equities declined dramatically in the fourth quarter. The market selloff was initially triggered by concerns about rising interest rates and inflationary pressure; risks that had previously been disregarded were now being priced into the market. Fundamentally, corporate earnings trends continued to be positive, supported by corporate tax cuts and a healthy U.S. economy. However, over the course of the fourth quarter, peak growth concerns overshadowed another solid corporate earnings period as consensus estimates declined and 2019 earnings growth estimates were revised downward and valuation multiples contracted significantly. At the same time, oil prices collapsed, the yield curve flattened further, and investors worried that softer than expected housing data may be the canary in the coal mine and indicate future weakness in the domestic economy. At the core of the reversal in market sentiment was investor concern surrounding continued and increasing U.S. political dysfunction, unresolved trade tensions with China, continued monetary tightening by the Federal Reserve, and a weaker economic backdrop outside of the U.S. As market participants focused in on this expanding list of uncertainties, volatility rose and equity prices declined markedly, wiping out prior 2018 gains.

Fund Performance

The William Blair Small Cap Value Fund (Class N) trailed its Russell 2000 Value benchmark during the fourth quarter of 2018. The Fund's relative underperformance during the period was driven by stock selection that more than offset a positive style tailwind given the strategy's higher quality bias. At the sector level, the most significant detractor from relative performance was Financials as rates on the 10-year Treasury bill dropped 40 basis points during the quarter. Within the sector, stock selection within Banks and a lack of exposure to Mortgage REITs were the main drivers of the relative underperformance. The relative underperformance within Industrials was the result of stock selection within Electrical Equipment and Building Products. Within Energy, the worst performing sector of the market, stock selection within Exploration and Production drove the relative underperformance within the sector due to commodity prices that plummeted during the quarter. Real Estate was the largest contributor to relative performance due to broad-based stock selection within REITs as these stocks generally benefit from a lower interest rate environment. Within Health Care, the second worst performing sector of the market, positive stock selection within Equipment and Supplies and a lack of exposure to Biotech and Pharmaceutical stocks contributed positively to relative performance within the sector. The relative outperformance within Consumer Staples was the result of stock selection within Food Products. Looking specifically at stock selection, the strategy's largest detractors to relative performance were Extraction Oil & Gas (Energy), Cavco (Consumer Discretionary), and Belden (Technology). Offsetting these detractors were our investments in American Assets Trust (Real Estate), Nutrisystem (Consumer Discretionary), and Agree Realty (Real Estate). These stocks are discussed in more detail following the outlook.

For the year, the William Blair Small Cap Value Fund trailed its Russell 2000 Value benchmark. Although the strategy benefitted from a style tailwind given its higher quality bias, this was more than offset by stock selection during the period. At the sector level, the most significant detractor from relative performance was Financials due to stock selection within Banks, Insurance and a lack of exposure to Mortgage REITs. The relative underperformance within Industrials was largely driven by stock selection within Machinery as market cycle concerns generally overshadowed positive corporate earnings. Within Consumer Discretionary, the relative underperformance within the sector was due to a lack of exposure to Specialty Retail and stock selection within Casinos & Gaming, Auto Parts & Equipment, and Automobiles. Technology was the largest contributor to relative performance primarily due to strong stock selection within IT Services. The relative outperformance within Health Care was driven by strong stock selection within Health Care Equipment and Health Care Facilities and more than offset negative contribution from the strategy's lack of exposure to Biotechnology and Pharmaceutical stocks. Looking specifically at stock selection, the strategy's largest detractors from relative performance were Halcon Resources (Energy), Dana (Consumer Discretionary), and Extraction Oil & Gas (Energy). Offsetting these detractors were our investments in Integer Holdings (Health Care), LiveRamp (Tech), and Encompass Health Care (Health Care).

Outlook

After nearly a decade of economic and stock market expansion, investor focus appears to have shifted back toward risks that could derail either. Notably, after raising the federal funds rate four times in 2018, the Fed communicated the potential for additional increases in 2019, while at the same time continuing to stabilize its balance sheet, further tightening monetary policy. If too aggressive, Fed action could provide a headwind to growth in 2019. Also prominent is the risk of continued political uncertainty, both in the U.S. and abroad. We closed 2018 with a shutdown of the Federal government, emblematic of the political "gridlock" that could continue into 2019 given the balance of power in congress and frequent changes of key personnel within the administration. Moreover, uncertainty with respect to Chinese tariff negotiations could thwart corporate productivity in the U.S., while escalation to an all-out trade war would have significant ramifications on domestic and global growth.

In reflection of the above, U.S. equity market valuation multiples contracted significantly during the fourth quarter. At the same time, consensus earnings growth estimates were revised downward and reflected a renormalization toward trend growth, likely in anticipation of a deceleration in U.S. economic growth, fading fiscal stimulus, and risks to margins including higher interest rates, input prices and wages. That being said, positive profit growth is still expected for 2019, albeit at a more moderate pace than previously witnessed in the first three quarters of 2018. In the absence of fundamental deterioration, valuation multiples and expectations have come down, leaving us constructive on equity markets as we look ahead. We continue to be concerned about rising input costs and are focused on owning companies that have pricing power and are able to mitigate inflationary pressures via new products and price increases. As always, our focus remains on identifying quality companies at discount prices and corporate transformation opportunities, and we continue to find good ideas across sectors. Given our investment approach, we believe the Fund is well-suited to withstand a variety of market scenarios and add value over the long-term.

	Value	Core	Growth
Month to Date			
Russell 3000	-9.78	-9.31	-8.83
Russell 1000	-9.60	-9.11	-8.60
Russell Midcap	-10.50	-9.92	-9.07
Russell 2500	-11.05	-10.96	-10.85
Russell 2000	-12.09	-11.88	-11.68
Quarter to Date			
Russell 3000	-12.24	-14.30	-16.33
Russell 1000	-11.72	-13.82	-15.89
Russell Midcap	-14.95	-15.37	-15.99
Russell 2500	-17.12	-18.49	-20.08
Russell 2000	-18.67	-20.20	-21.65
Year to Date			
Russell 3000	-8.58	-5.24	-2.12
Russell 1000	-8.27	-4.78	-1.51
Russell Midcap	-12.29	-9.06	-4.75
Russell 2500	-12.36	-10.00	-7.47
Russell 2000	-12.86	-11.01	-9.31

Market Performance

- In a sharp reversal from prior 2018 gains, equities declined dramatically in the fourth quarter as risks that had previously been largely overlooked were priced in to the market.
- Fundamentally, corporate earnings trends continued to be positive, supported by corporate tax cuts and a healthy U.S. economy. However, consensus earnings growth estimates were revised downward and valuation multiples contracted dramatically.
- At the core of the market reversal was investor concern surrounding U.S. political dysfunction, unresolved trade tensions with China, monetary tightening by the Federal Reserve and a weaker economic backdrop outside of the U.S.
- **Style Performance**
- During December, growth indices narrowly outperformed value indices across the size spectrum. However, for the fourth quarter, value outperformed growth.
- Growth outperformed for the full year, with the dispersion of returns greater in large caps than in the other size segments of the market.

Market Cap Performance

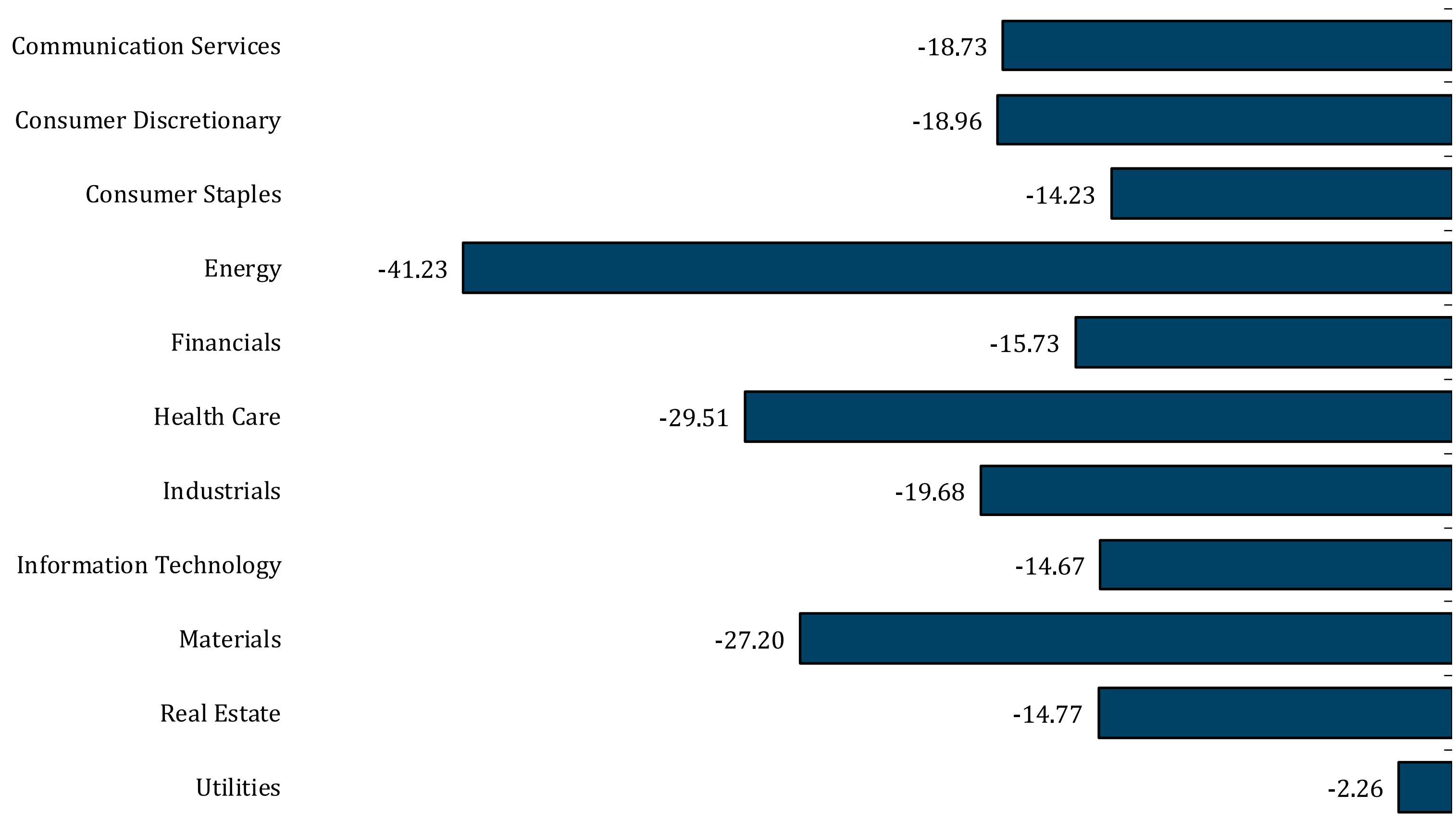
- Performance across the size spectrum was linear with large caps outperforming small caps in all time periods.

Source: FactSet; Eagle

Past performance is not a guarantee of future results. *A direct investment is an index is not possible.*

The Russell 3000 Index measures the performance of the all-cap segment of the U.S. equity universe. The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell Midcap Index measures the performance of the mid cap segment of the U.S. equity universe. It includes approximately 800 of the smallest securities in the Russell 1000 Index based on a combination of their market cap and current index membership. The Russell 2500 Index measures the performance of the small to mid-cap segment of the U.S. equity universe. It includes approximately 2500 of the smallest securities in the Russell 3000 Index based on a combination of their market cap and current index membership. The Russell 2000 Index measures the performance of the small cap segment of the U.S. equity universe. It includes approximately 2000 of the smallest securities in the Russell 3000 Index based on a combination of their market cap and current index membership. Core returns represent the Total Return indices. The value segments of these indices include companies with lower price-to-book ratios and lower forecasted growth values. The growth segments of these indices include companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000 Value Total Return
Q4 2018



Data calculated in Opturo. Past returns are no guarantee of future performance. A direct investment in an index is not possible. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to book ratios and forecasted growth values. Name change from Telecommunication Services to Communication Services effective after close of business on 9/28/18; industry and subindustry reclassifications effective 10/1/18.

Periods ended 12/31/2018	Quarter	1 Year	3 Year	5 Year	10 Year
Small Cap Value Fund (WBVDX) Class N	-19.49%	-15.93%	4.50%	2.36%	10.44%
Small Cap Value Fund (BVDIX) Class I	-19.43%	-15.74%	4.75%	2.62%	10.72%
Russell 2000 Value	-18.67%	-12.86%	7.37%	3.61%	10.40%

Class N Inception: 12/23/1996
Class I Inception: 10/1/1999

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Small Cap Value Fund Expense Ratios:

	Gross	Net
Class N Shares	1.55%	1.50%
Class I Shares	1.29%	1.25%

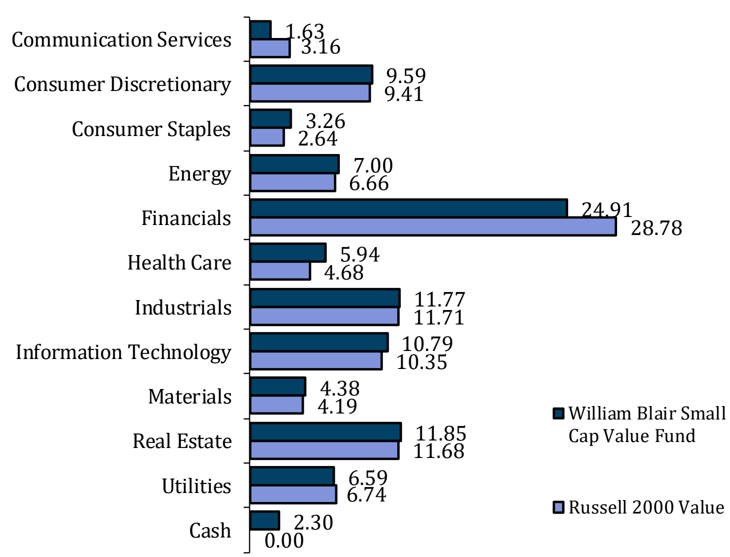
The Fund's Adviser has contractually agreed to waive fees and/or reimburse expenses to limit fund operating expenses until 4/30/19.

Expenses shown are as of the most recent prospectus.

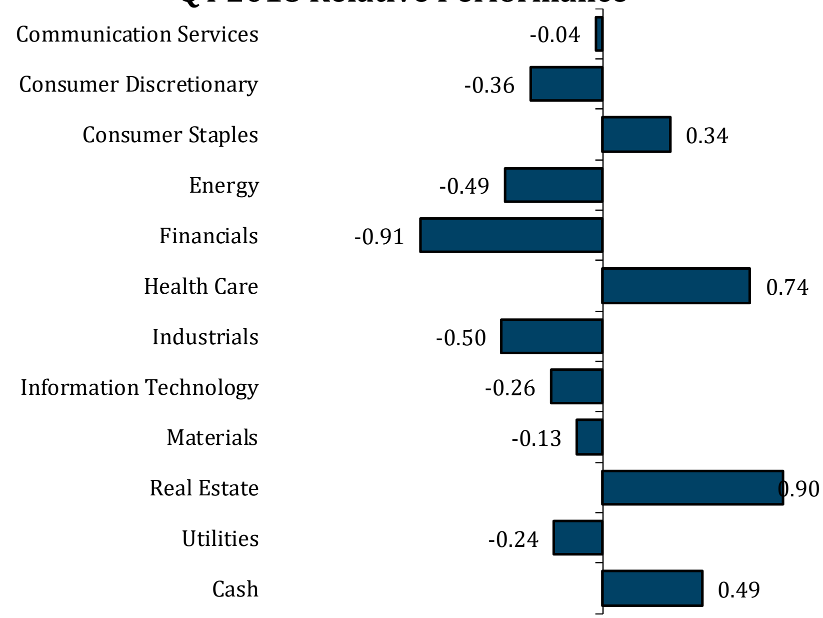
A direct investment in an index is not possible. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to book ratios and forecasted growth values. It is a capitalization-weighted index as calculated by Russell on a total return basis with dividends reinvested. This benchmark is a comparable market proxy.

The charts below show the average sector weights and relative performance, by sector, for the Fund vs. its benchmark.

Q4 2018 Average Weights



Q4 2018 Relative Performance



Source: Opturo.

Past returns are no guarantee of future results. *Based on Global Industry Classification Sectors (GICS). Concentration of assets in one or a few sectors may entail greater risk than a fully diversified stock portfolio and should be considered as only part of a diversified portfolio. Name change from Telecommunication Services to Communication Services effective after close of business on 9/28/18; industry and subindustry reclassifications effective 10/1/18.*

American Assets Trust (AAT) is a full service, vertically integrated and self-administered real estate investment trust, or REIT, that focuses on owning and operating retail, office, multi-family, and mixed-use facilities primarily in California and Hawaii. The stock outperformance during the quarter was due to the combination of a declining interest rate environment, which generally helps REITs, as well as quarterly results that exceeded expectations and prompted management to raise forward guidance. In addition, AAT signed a lease with Google at higher rents than initially anticipated. We continue to own the stock given its attractive valuation and confidence in management as it continues to deliver steady cash flow while focusing on managing its assets in supply-constrained markets, which should deliver long-term rent growth and sustainable asset values.

Agree Realty Corp. (ADC) is a self-administered real estate investment trust, or REIT, specializing in the ownership, management, and development of retail facilities. The stock outperformance during the quarter was primarily driven by quarterly results that reflect solid execution by management, highlighted by a record quarter of acquisitions and increased acquisition guidance. Management continues to fire on all cylinders and execute on acquisitions, deliver accretive growth, while conservatively managing the company's balance sheet to provide future flexibility. In addition, ADC benefitted from a declining interest rate environment, which generally helps all REITs. We continue to own given our confidence in management and their ability to deliver strong, accretive, and already pre-funded external growth while focusing on capital management.

Nutrisystem (NTRI) is a leading weight-loss management company in the U.S. The company's programs consist primarily of pre-packaged food programs, digital tools, and counseling. The stock outperformed after agreeing to be acquired during the quarter. We sold the stock due to the pending acquisition.

Extraction Oil & Gas (XOG) is an independent oil and gas company engaged in the exploration, development, and production of crude oil, natural gas, and NGLs, with principal operations in the DJ Basin. The stock traded lower during the quarter after announcing production for the quarter would be below estimates and that forward guidance would be meaningfully below Wall Street estimates. Management's decision to lower expectations was the result of volume constraints at one of their mid-stream partners where XOG was unable to capture the appropriate incremental gas processing capacity. The dramatic decline in commodity process also weighed on stock price performance and Energy names in general. Although we believe the processing issue will likely be resolved in the future, we do not know when and our confidence in management is lessened by their miscalculation of the capacity they would capture.

Cavco Industries (CVCO) designs, produces, and sells manufactured homes in the United States. Despite putting up stellar operating results, the stock underperformed during the quarter due to the receipt of an SEC subpoena related to the CEO trading in a non-CVCO stock, and resulted in the CEO stepping down. We believe the move in the stock was too draconian given the stock company fundamentals and the fact that CVCO's Board agreed to keep the CEO on in a consulting role. We continue to own the stock given its attractive valuation, strong balance sheet, and improving demographic trends, which should continue to support manufactured housing.

Belden (BDC) designs, manufactures and markets cable, connectivity and networking products. The stock underperformance during the quarter was primarily driven by disappointing quarterly results and an investigation into financial reporting related to BDC's revenue recognition practices within the company's Broadcast business. We believe BDC resolved the revenue recognition issue immediately and this is a non-issue going forward. Management indicated order weakness in Enterprise and capacity constraints in Industrial as the primary drivers of the disappointing quarterly results. Management is evaluating its Broadcast business and considering its options; including selling the business. While we are frustrated by the continued weakness in BDC's Broadcast business, we continue to own the stock and expect BDC will combine organic growth and acquisitions to deliver solid cash flow and earnings growth in the future.

Top 10 Holdings	Small Cap Value Fund % in Portfolio	Russell 2000 Value % in Index
Integer Holdings Corp	1.91	0.07
Brady Corporation - Cl A	1.82	0.24
Encompass Health Corp	1.72	0.00
American Assets Trust Inc	1.63	0.18
Conmed Corp	1.60	0.12
Hanover Insurance Group Inc/	1.60	0.00
J & J Snack Foods Corp	1.49	0.00
Healthcare Realty Trust Inc	1.48	0.40
Terreno Realty Corp	1.47	0.23
Selective Insurance Group	1.42	0.40
Total:	16.14	1.64

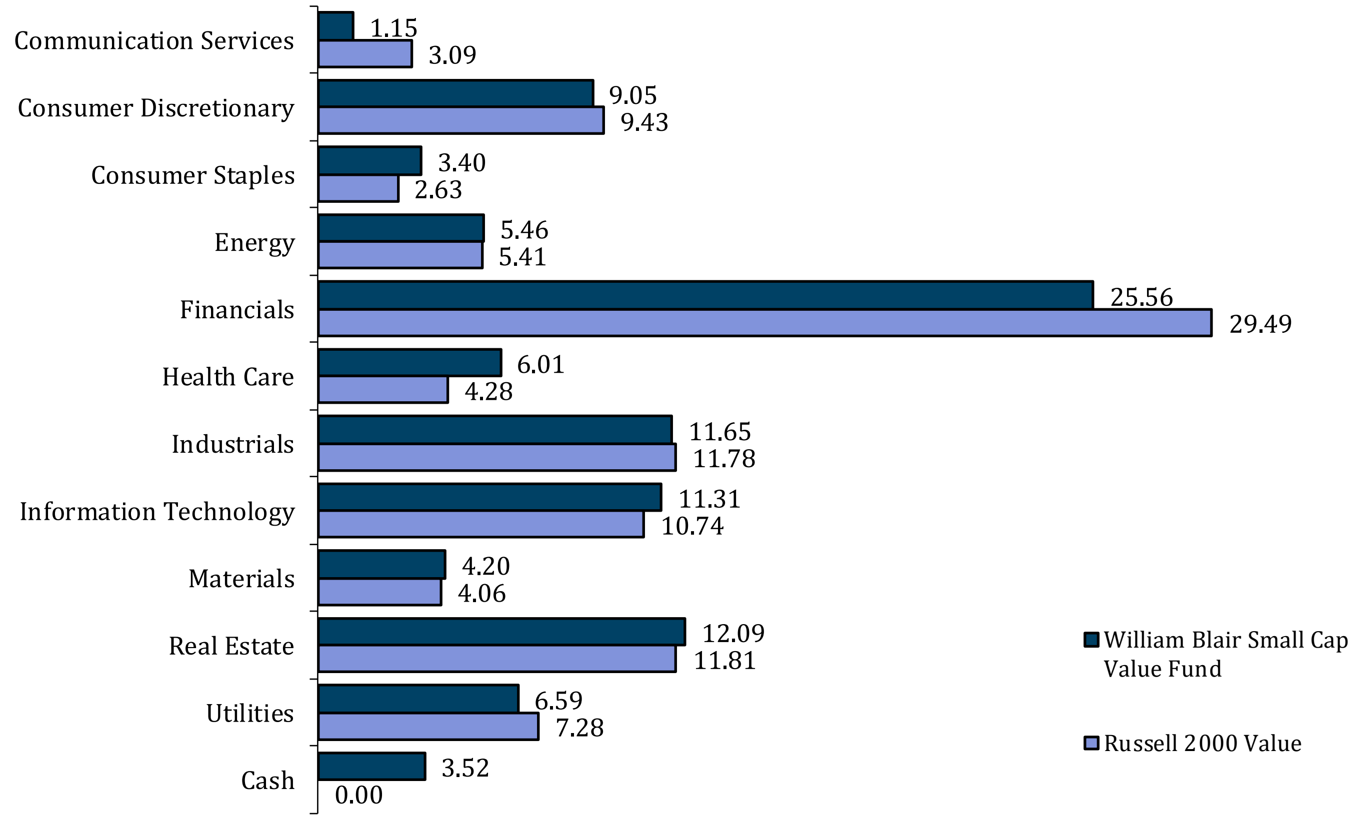
Source: Eagle.
References to specific securities and their issuers are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such securities. William Blair may or may not own the securities referenced and, if such securities are owned, no representation is being made that such securities will continue to be held. Holdings are shown as a percentage of total gross assets.

	Small Cap Value Fund	Russell 2000 Value
Valuation		
PE Ratio (1 year forecast)	13.0x	13.1x
Price/Sales	2.4x	2.3x
Quality		
Return on Equity	9.7%	7.7%
Debt to Total Capital	40.5%	40.4%
Growth		
EPS Growth Rate (LT forecast)*	13.4%	11.8%
Capitalization ($B)		
Weighted Average Market Cap	$2.7	$1.8
Unweighted Median Market Cap	$2.4	$0.6
>$3 Billion	35.8%	16.2%
$1.5 – 3 Billion	41.3%	39.9%
$500 Million to $1.5 Billion	18.8%	32.8%
< $500 Million	0.6%	11.1%
Portfolio Positions		
Number of Securities	94	1387

Source: William Blair; FactSet; Eagle.

**This measure represents the weighted average of forecasted growth in earnings expected to be experienced by stocks within the portfolio over the next 3-5 years. This projected earnings growth should not be considered an indication of future performance. 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*

Sector Weights as of 12/31/2018



Source: William Blair; Eagle

Based on Global Industry Classification Sectors (GICS). Concentration of assets in one or a few sectors may entail greater risk than a fully diversified stock portfolio and should be considered as only part of a diversified portfolio. Name change from Telecommunication Services to Communication Services effective after close of business on 9/28/18; industry and subindustry reclassifications effective 10/1/18.

	Portfolio Weight	Benchmark Weight
COMMUNICATION SERVICES	**1.15**	**3.09**
Meredith Corp	1.15	0.23
CONSUMER DISCRETIONARY	**9.05**	**9.43**
Adtalem Global Education Inc	1.26	0.32
Wolverine World Wide Inc	1.12	0.00
Churchill Downs Inc	0.99	0.00
Dave & Buster's Entertainmen	0.97	0.00
Penn National Gaming Inc	0.95	0.16
Abercrombie & Fitch Co-Cl A	0.84	0.15
Dana Inc	0.81	0.02
Topbuild Corp	0.78	0.00
Cavco Industries Inc	0.77	0.00
Weight Watchers Intl Inc	0.55	0.01
CONSUMER STAPLES	**3.40**	**2.63**
J & J Snack Foods Corp	1.49	0.00
Darling Ingredients Inc	1.31	0.36
Spartannash Co	0.61	0.07
ENERGY	**5.46**	**5.41**
Callon Petroleum Co	0.88	0.17
Archrock Inc	0.73	0.11
Solaris Oilfield Infrast-A	0.73	0.00
Pdc Energy Inc	0.72	0.23
Newpark Resources Inc	0.72	0.07
Range Resources Corp	0.69	0.00
Extraction Oil & Gas Inc	0.39	0.00
Forum Energy Technologies In	0.30	0.04
Halcon Resources Corp	0.29	0.03
FINANCIALS	**25.56**	**29.49**
Hanover Insurance Group Inc/	1.60	0.00
Selective Insurance Group	1.42	0.40
Radian Group Inc	1.40	0.40
Sterling Bancorp/De	1.38	0.00
Iberiabank Corp	1.38	0.41
Home Bancshares Inc	1.33	0.23
Banner Corporation	1.26	0.20
Hancock Whitney Corp	1.25	0.34
FINANCIALS (continued)		
Seacoast Banking Corp/Fl	1.22	0.11
National Bank Hold-Cl A	1.17	0.07
Fnb Corp	1.12	0.00
Renasant Corp	1.12	0.17
Western Alliance Bancorp	1.08	0.00
Oceanfirst Financial Corp	1.08	0.12
Glacier Bancorp Inc	1.04	0.32
Pacwest Bancorp	1.03	0.00
Wsfs Financial Corp	0.98	0.10
Sandy Spring Bancorp Inc	0.84	0.12
Boston Private Finl Holding	0.84	0.10
Cvb Financial Corp	0.84	0.26
Umpqua Holdings Corp	0.82	0.00
Cno Financial Group Inc	0.71	0.28
Banc Of California Inc	0.65	0.07
HEALTH CARE	**6.01**	**4.28**
Integer Holdings Corp	1.91	0.07
Encompass Health Corp	1.72	0.00
Conmed Corp	1.60	0.12
Magellan Health Inc	0.78	0.16
INDUSTRIALS	**11.65**	**11.78**
Brady Corporation - Cl A	1.82	0.24
Moog Inc-Class A	1.03	0.26
Simpson Manufacturing Co Inc	0.95	0.00
Esco Technologies Inc	0.93	0.19
Gardner Denver Holdings Inc	0.84	0.00
Kadant Inc	0.80	0.00
Continental Building Product	0.80	0.00
Graftech International Ltd	0.79	0.00
Matson Inc	0.77	0.08
Acuity Brands Inc	0.76	0.00
Saia Inc	0.74	0.00
Timken Co	0.72	0.00
Interface Inc	0.71	0.01
INFORMATION TECHNOLOGY	**11.31**	**10.74**
Viavi Solutions Inc	1.37	0.17
J2 Global Inc	1.33	0.00
Ciena Corp	1.19	0.55
Liveramp Holdings Inc	1.18	0.17
Semtech Corp	1.13	0.03
Belden Inc	1.08	0.19
Avnet Inc	1.04	0.00
Inphi Corp	1.03	0.00
Booz Allen Hamilton Holdings	0.98	0.00
Solarwinds Corp	0.97	0.00
MATERIALS	**4.20**	**4.06**
Sensient Technologies Corp	0.94	0.13
Carpenter Technology	0.86	0.19
Minerals Technologies Inc	0.82	0.21
Polyone Corporation	0.80	0.01
Silgan Holdings Inc	0.77	0.00
REAL ESTATE	**12.09**	**11.81**
American Assets Trust Inc	1.63	0.18
Healthcare Realty Trust Inc	1.48	0.40
Terreno Realty Corp	1.47	0.23
Columbia Property Trust Inc	1.19	0.00
Acadia Realty Trust	1.16	0.22
Highwoods Properties Inc	1.15	0.00
Agree Realty Corp	1.13	0.23
Sunstone Hotel Investors Inc	0.97	0.34
Pebblebrook Hotel Trust	0.97	0.44
Equity Commonwealth	0.95	0.00
UTILITIES	**6.59**	**7.28**
One Gas Inc	1.26	0.47
Idacorp Inc	1.20	0.54
Allete Inc	1.17	0.45
Pnm Resources Inc	1.15	0.37
South Jersey Industries	1.11	0.23
Chesapeake Utilities Corp	0.70	0.13
Cash	**3.52**	**0.00**
Total	**100.00**	**100.00**

As of 12/31/2018.

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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.