

Emerging Markets Growth Fund

William Blair

Quarterly Review

December 2018

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Market Review

Heightened concerns about slowing global growth, rising interest rates and tighter liquidity conditions contributed to the broad selloff across global equity markets in the fourth quarter of 2018. The sharp decline in global equities during the quarter (-13.28% for the MSCI ACWI IMI in USD terms) wiped out positive gains for the year and sent indices firmly into negative territory (-10.08%).

The final weeks of 2018 were nothing short of dramatic, punctuated by the U.S. political dispute over the budget which ultimately resulted in the federal government shutdown. Investors were also rattled by the increasingly volatile nature of U.S.-China relations, including the arrest of Huawei Technologies' CFO on suspicion of violating U.S. sanctions against Iran, further complicating the trade war outlook.

U.S. equities fell -13.52% for the quarter – the worst quarterly performance since 3Q2011, as measured by the S&P 500. The majority of underperformance occurred in December over concerns of higher interest rates and renewed political turmoil ahead of the new congressional session. From a sector perspective, Energy equities were hurt the most (-25.77% for the quarter) as the WTI oil price plunged over 40% to as low as \$42 per barrel in December.

European and UK equities trailed on concerns over slowing economic growth, political turmoil in Italy, and increasing Brexit uncertainty ahead of the March 29 deadline for withdrawal from the European Union. Uncertainty surrounding not only the terms of Brexit but the continuation of Brexit itself weighed more heavily on domestically-oriented UK sectors such as real estate and small cap companies more broadly. Amid this difficult backdrop, the MSCI Europe ex-UK IMI declined 13.68% and the MSCI UK IMI fell 12.66% in USD terms during the quarter.

Emerging market equities outpaced developed markets during the quarter, led by strong outperformance in Brazil (+14.28% USD terms), Indonesia (+8.28%), and India (+3.20%). Within Brazil, optimism towards the newly elected government and pension reform prospects supported investor sentiment. The significant decline in oil prices contributed to gains for Indonesia and India on hopes of moderating inflation prospects, given both countries' dependency on oil imports.

Performance

Fourth quarter underperformance of the Emerging Markets Growth Fund (Class N) versus the MSCI Emerging Markets IMI (net) was primarily driven by negative stock selection across most sectors coupled with the IT overweighting and Utilities and Industrials underweightings. Stock selection within the Communication Services was particularly weak, as Chinese social media platforms Tencent Holdings and Momo Inc weighed on relative performance. Tencent's share price declined sharply in the first part of the quarter as continued regulatory and macro headwinds weighed on investor sentiment ahead of the company's Q3 earnings report. Momo's stock weakness was driven by management's disappointing guidance due to softness in its live streaming business, coupled with a broader sector rotation away from higher valuation stocks during the quarter.

Partially offsetting these effects was an overweight to Financials and positive stock selection within the Materials and Industrials sectors. Within Materials, Asian Paints, India's leading decorative paints company, enhanced relative results. The stock was lifted by the company's favorable fundamental outlook given recent price hikes and lower oil prices. Localiza Rent a Car SA, Brazil's leading car rental company within the Industrials sector, also added to performance. Localiza's share price strength was underpinned by the company's solid Q3 earnings and revenue growth and robust growth prospects, coupled with positive investor sentiment towards Brazil.

From a geographic perspective, China was the most significant detractor, dragged down by weak stock selection in Financials and Communication Services coupled with the Consumer Discretionary and Health Care sector overweightings. Conversely, India was a notable contributor, boosted by the Financials and Consumer Staples overweightings.

Calendar year underperformance versus the MSCI Emerging Markets IMI (net) was partly driven by style headwinds as low valuation stocks outperformed growth-oriented stocks, especially in the second half of the year. From a sector perspective, the Energy, Consumer Discretionary and IT sectors were the most notable detractors. Stock selection was a key drag in Energy mainly due to unowned Index names that outperformed, while Consumer Discretionary and IT were negatively impacted by both the overweightings and stock selection. Within the IT sector, Sunny Optical, the Chinese camera lens and modules manufacturer, was a detractor. The stock price declined on the back of weak operating trends and broad market rotation away from higher valuation technology stocks. Maruti Suzuki, the Indian car manufacturer, weighed on Consumer Discretionary results. The stock underperformed as the company experienced weakening demand and lower margins on higher costs, promotional discounts and currency headwinds.

Partially offsetting these effects was an overweight to Financials and positive stock selection within the Health Care sector. Within Health Care, CSPC Pharmaceutical Group Ltd contributed to relative results. The share price rallied in the first half of the year fueled by the company's strong operating momentum but lost ground on the second half amid regulatory headwinds in the form of government mandated drug price cuts.

Positioning

During the fourth quarter, Information Technology exposure was reduced to an underweight position through liquidations

and position trims. Sunny Optical Technology Group was sold due to weak fundamental trends, a softer demand outlook and increased competition. Furthermore, Samsung Electro-Mechanics Co, the Korean electronic component manufacturer, was eliminated amid weaker expectations for MLCC pricing and subdued unit growth. Health Care exposure was also reduced to an underweight position during the period. Chinese pharmaceutical companies CSPC Pharmaceutical and Jiangsu Hengrui Medicine were sold amid headwinds from the Chinese government's focus on drug price decreases. These reductions were offset primarily by increases to Financials and Consumer Discretionary. Within Financials, China Merchants Bank and Moneta were recent purchases. China Merchants Bank is a premier banking franchise, with a strong position in retail and SME lending. The bank has continued to deliver stronger earnings growth and ROE than larger peers while improving credit quality as well as capital and reserves positions. Moneta Money Bank is leading consumer lending company in the Czech Republic. Moneta's operating momentum has accelerated and we believe it will remain strong as the bank benefits from solid economic growth and a higher interest rate environment which we believe supports loan growth and the net interest margin prospectively. Moreover, the recently announced acquisition of two Czech banks will likely boost future growth prospects. Lojas Renner, the Brazilian apparel retailer was purchased within the Consumer Discretionary sector. We believe the company can deliver robust growth over the next several years with strong cash generation driven by structural share gains in Brazil's apparel retail market and solid execution. From a geographic perspective, notable adjustments were an increase to Brazil, offset by decreases to South Korea and India.

Outlook

As we begin 2019, surveys suggest that momentum in global growth continued to decelerate at the tail end of last year. Specifically, purchasing manager surveys continue to point to deceleration in the pace of industrial orders growth and

subsequent industrial production growth. We regard the deceleration in economic activity in the US to be more about the base effect rather than the end of the current economic cycle. As the impact of highly stimulative fiscal policy unveiled at the beginning of 2018 begins to dissipate, the US economy is likely to slow to 2-2.5% growth, from the high of 4.2% in Q2 2018.

At the same time, we continue to expect the divergence between the US and other economies to begin to normalize. If the rest of the world continues to grow at the current pace, while the US economy slows, the growth wedge and by extension the substantial outperformance of US markets vis-à-vis the rest of the world is likely to moderate from here.

In Europe, near-term indicators of industrial activity continue to decelerate. At the same time, employment and income growth together with corporate balance sheets suggest support for domestic demand growth comparable to the 2018 rate. Italian budget woes have subsided, at least for now. While Brexit uncertainty remains an overhang, we believe the UK Parliament will seek to avoid near-term economic disruption.

The exceptionally strong US economy and rising US bond yields supported the US dollar in 2018, contributing to a challenging year for emerging market economies. Looking ahead, these headwinds are likely to subside. Further, in the final quarter of 2018, the price of crude oil declined by a third, significantly easing constraints on emerging market economies, as many are large energy importers.

The likelihood of a US-China trade deal and de-escalation of tariff wars has risen at the beginning of 2019. Later in 2019 or in 2020, the US is likely to become a sizeable exporter of LNG and petroleum products. It needs to find consumers for its products, which will be relatively more expensive because of shipping costs. China is the largest and fastest growing consumer of such products. Thus, the economic rationale for a trade deal is substantial and imminent.

Last year, China implemented significant and wide-spread changes in its tax structure, especially income taxes. We expect that reducing taxes for households is likely to support consumer demand in China. We are not expecting China to implement a large stimulus, but slow policy changes have been made to keep growth steady. The recently announced reserve rate requirement cut is noteworthy in its size: the reserve ratio for major banks now stands at 13.5%, down from 17% a year ago.

Recent positioning adjustments within our ACWI-oriented strategies generally reflect our incrementally less cautious outlook on emerging markets. Within our dedicated emerging markets strategies, we have added to Brazil and maintained overweighted positions in India. Within China, we continue to emphasize domestically-oriented consumer, healthcare and technology companies that we believe are well positioned to benefit from the economy's ongoing transition to a consumption and services-driven growth model.

		QTD	YTD	2017	2016
Regions	AC World (DM+EM)	-13.3	-10.1	23.9	8.4
	Developed Markets (DM)	-14.0	-9.4	22.4	8.2
	Japan	-14.4	-13.5	25.3	3.2
	Europe ex UK	-13.7	-15.7	28.0	-0.2
	UK	-12.7	-15.0	23.7	-1.6
	USA	-14.5	-5.7	20.6	12.0
	Emerging Markets (EM)	-7.4	-15.0	36.8	9.9
	Asia	-9.2	-15.9	41.8	4.8
	China	-10.8	-18.7	50.7	0.0
	India	3.2	-11.2	43.7	-1.1
	Korea	-13.2	-20.6	46.0	4.2
	Taiwan	-13.0	-10.1	30.2	16.4
	EMEA	-4.3	-16.9	24.1	20.7
	Russia	-9.0	-1.7	5.1	57.0
	South Africa	-3.9	-24.7	34.0	20.6
	Latin America	0.5	-7.2	24.8	30.3
Brazil	14.3	-1.1	26.4	66.1	
Mexico	-19.1	-15.1	15.0	-9.3	
Frontier Markets (FM)	-4.4	-16.6	29.9	5.6	
Size	Large Cap	-7.9	-14.9	37.7	12.5
	Small Cap	-7.2	-18.6	33.8	2.3
Sectors	Communication Svcs	-6.9	-18.0	16.8	1.9
	Discretionary	-10.4	-28.3	38.6	0.3
	Staples	-5.0	-14.2	25.0	0.2
	Energy	-10.9	3.4	21.0	35.4
	Financials	-1.0	-9.2	32.7	13.3
	Healthcare	-15.4	-19.8	35.4	-9.8
	Industrials	-4.0	-15.1	25.7	-2.1
	IT	-15.1	-21.8	59.9	15.1
	Materials	-10.5	-13.4	33.5	29.7
	Real Estate	-0.9	-16.0	42.2	-1.1
	Utilities	4.1	-5.8	17.5	4.9
Style	Quality	6.6	18.7	2.4	7.4
	Valuation	2.6	19.3	0.1	24.2
	Etrend	-0.4	10.0	14.4	6.7
	Momentum	-2.4	0.9	18.3	-6.1
	Growth	-1.6	-9.2	9.5	-8.5
	Composite	5.2	27.2	7.9	18.3

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 EM IMI Index. Size values are based on the MSCI EM 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. All index returns are net of dividends. A direct investment in an unmanaged index is not possible. 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.

<i>Periods ended 12/31/2018</i>	December	Quarter	1 Year	3 Year	5 Year	10 Year
William Blair Emerging Markets Growth Fund (WBENX) – Class N	-2.62%	-8.25%	-21.61%	5.72%	0.75%	8.44%
William Blair Emerging Markets Growth Fund (WBEIX) – Class I	-2.54%	-8.18%	-21.37%	5.99%	1.00%	8.72%
William Blair Emerging Markets Growth Fund (BIEMX) – Institutional Class J	-2.55%	-8.14%	-21.29%	6.07%	1.12%	8.87%
MSCI Emerging Markets IMI (net)	-2.54%	-7.44%	-15.05%	8.51%	1.56%	8.24%

Inception 6/6/2005

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.

Emerging Markets Growth Fund Expense Ratios:

	Gross
Class N Shares	1.50%
Class I Shares	1.27%
Institutional Class	1.17%

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 4/30/19.

A direct investment in an index is not possible. The MSCI Emerging Markets IMI Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The table below shows the calculated sector attribution of the Emerging Markets Growth Fund vs. its benchmark.

Emerging Markets Growth Fund vs. MSCI Emerging Markets IMI (net)

10/01/2018 to 12/31/2018

GICS Sector	Emerging Markets Growth Fund			MSCI Emerging Markets IMI (net)			Attribution Analysis			
	Average Weight	Total Return	Contrib to Return	Average Weight	Total Return	Contrib to Return	Allocation Effect	Issue Selection Effect	Invest Effect	Total Effect
Communication Services	7.9%	-11.9%	-1.3%	12.8%	-6.9%	-0.9%	0.0%	-0.6%	0.0%	-0.6%
Consumer Discretionary	14.0%	-9.5%	-1.3%	10.8%	-10.5%	-1.2%	-0.1%	0.1%	0.0%	0.0%
Consumer Staples	12.0%	-7.3%	-0.8%	6.6%	-5.0%	-0.3%	0.1%	-0.2%	0.0%	-0.1%
Energy	0.5%	-12.6%	0.0%	7.6%	-10.9%	-0.8%	0.3%	-0.1%	0.0%	0.3%
Financials	33.7%	-1.3%	-0.4%	22.9%	-1.0%	-0.2%	0.6%	-0.1%	0.0%	0.5%
Health Care	4.5%	-19.6%	-1.0%	3.6%	-15.4%	-0.6%	-0.1%	-0.2%	0.0%	-0.3%
Industrials	5.1%	1.0%	0.1%	6.5%	-4.0%	-0.3%	-0.2%	0.3%	0.0%	0.1%
Information Technology	15.5%	-15.9%	-3.0%	14.7%	-15.0%	-2.4%	-0.2%	-0.2%	0.0%	-0.4%
Materials	1.3%	-7.0%	-0.1%	8.2%	-10.5%	-0.9%	-0.1%	0.4%	0.0%	0.3%
Real Estate	1.9%	-4.8%	-0.1%	3.4%	-0.9%	0.0%	-0.1%	-0.1%	0.0%	-0.2%
Utilities	1.2%	2.2%	0.0%	2.8%	4.1%	0.1%	-0.2%	0.0%	0.0%	-0.2%
Cash	2.3%	-	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.2%
Total	100.0%	-7.9%	-7.9%	100.0%	-7.4%	-7.4%	0.1%	-0.6%	0.0%	-0.4%

Past performance does not guarantee future results. Performance cited represents past performance and current performance may be lower or higher than the data quoted. Gross investment performance assumes reinvestment of dividends and capital gains, is gross of investment management fees and net of transaction costs. Attribution by segment is based on estimated returns of equities held within the segments listed. All stocks held during a measurement period, including purchases and sales, are included. Cash is not allocated among segments. Calculations are for attribution analysis only and are not intended to represent simulated performance history. The actual returns may be higher or lower. We calculate attribution using Opturo. Opturo runs transactions-based attribution, taking into account all trading activity. Interaction effect is reallocated into Allocation effect and Trade effect is reallocated into Issue Selection effect. Invest Effect is the decision to stay invested. It is meant to capture excess fund returns that are attributable to compounding effects rather than an active decision. Sectors are based on Global Industry Classification (GICS) Sectors. International investing involves special risk considerations, including currency fluctuations, lower liquidity, economic and political risk. 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.

The table below shows the calculated regional attribution of the Emerging Markets Growth Fund vs. its benchmark.

Emerging Markets Growth Fund vs. MSCI Emerging Markets IMI (net)

10/01/2018 to 12/31/2018

Region	Emerging Markets Growth Fund			MSCI Emerging Markets IMI (net)			Attribution Analysis			
	Average Weight	Total Return	Contrib to Return	Average Weight	Total Return	Contrib to Return	Allocation Effect	Issue Selection Effect	Invest Effect	Total Effect
EM Asia	71.4%	-9.3%	-7.4%	73.6%	-9.2%	-6.9%	-0.1%	-0.1%	0.0%	-0.2%
EMEA	9.5%	-4.2%	-0.4%	14.2%	-4.3%	-0.6%	-0.2%	0.0%	0.0%	-0.2%
Latin America	16.8%	0.9%	0.0%	12.2%	0.5%	0.1%	-0.2%	0.0%	0.0%	-0.2%
Cash	2.3%	-	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.2%
Total	100.0%	-7.9%	-7.9%	100.0%	-7.4%	-7.4%	-0.3%	-0.2%	0.0%	-0.4%

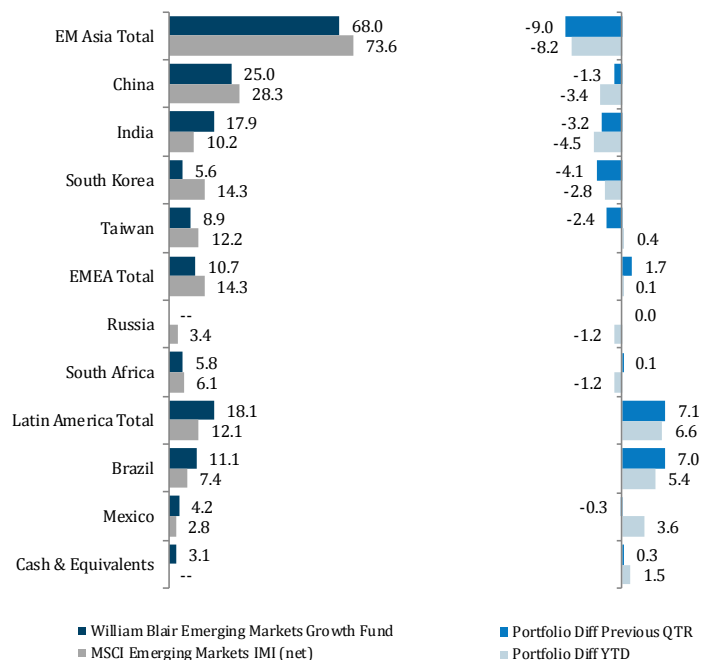
Past performance does not guarantee future results. Performance cited represents past performance and current performance may be lower or higher than the data quoted. Gross investment performance assumes reinvestment of dividends and capital gains, is gross of investment management fees and net of transaction costs. Attribution by segment is based on estimated returns of equities held within the segments listed. All stocks held during a measurement period, including purchases and sales, are included. Cash is not allocated among segments. Calculations are for attribution analysis only and are not intended to represent simulated performance history. The actual returns may be higher or lower. We calculate attribution using Opturo. Opturo runs transactions-based attribution, taking into account all trading activity. Interaction effect is reallocated into Allocation effect and Trade effect is reallocated into Issue Selection effect. Invest Effect is the decision to stay invested. It is meant to capture excess fund returns that are attributable to compounding effects rather than an active decision. International investing involves special risk considerations, including currency fluctuations, lower liquidity, economic and political risk.

The table below shows the Emerging Markets Growth Fund's largest holdings as of 12/31/2018 by market cap. The stocks are listed by country and by the economic sector that defines each one's role in the portfolio.

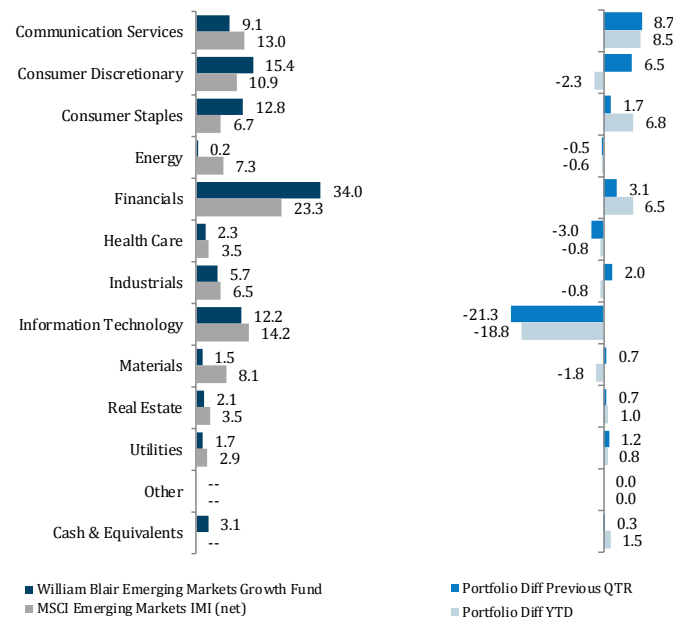
	Country	Economic Sector	% of Total Net Assets
Large Cap			
Tencent Holdings Ltd	China	Communication Services	4.8%
Alibaba Group Holding-Sp Adr	China	Consumer Discretionary	4.3%
Ping An Insurance Group Co-H	China	Financials	3.1%
Hdfc Bank Limited	India	Financials	3.1%
Taiwan Semiconductor-Sp Adr	Taiwan	Information Technology	3.1%
Mid Cap			
Walmart De Mexico Sab De Cv	Mexico	Consumer Staples	1.9%
B3 Sa-Brasil Bolsa Balcao	Brazil	Financials	1.7%
Grupo Financiero Banorte-O	Mexico	Financials	1.6%
Otp Bank Plc	Hungary	Financials	1.6%
Bajaj Finance Ltd	India	Financials	1.6%
Small Cap			
Localiza Rent A Car	Brazil	Industrials	1.3%
Britannia Industries Ltd	India	Consumer Staples	0.8%
Magazine Luiza Sa	Brazil	Consumer Discretionary	0.7%
Huazhu Group Ltd-Adr	China	Consumer Discretionary	0.7%
Zhejiang Supor Co Ltd -A	China	Consumer Discretionary	0.5%
Total:			30.9%

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. 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.

Regional Exposure



Sectoral Exposure



Source: William Blair.

Cash & Equivalents includes: cash and dividend accruals. 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.

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

	Emerging Markets Growth Fund	MSCI Emerging Markets IMI (net)
Market Capitalization		
Large [>\$15b]	38.8%	36.9%
Medium [\$4-15b]	36.3%	29.6%
Small [<\$4b]	21.8%	33.5%
Fundamental Characteristics		
Growth		
EPS, 3 year historic	18.8%	16.5%
DPS, 3 year historic	20.6%	14.8%
Reinvestment rate	15.6%	11.9%
Profitability		
ROE	21.9%	16.0%
Operating Margin	23.3%	18.9%
Valuation		
PE [Estimated EPS]	16.1 X	10.8 X
Price-to-Book Value	3.5 X	2.2 X
EV/EBITDA	14.3 X	8.8 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
EM Asia	68.03	EM Asia (continued)		EM Asia (continued)	
China	24.97	India	17.92	Malaysia	1.41
Tencent Holdings Ltd	4.77	Hdfc Bank Limited	3.06	Public Bank Berhad	1.16
Alibaba Group Holding-Sp Adr	4.34	Housing Development Finance	2.55	Hartalega Holdings Bhd	0.25
Ping An Insurance Group Co-H	3.12	Bajaj Finance Ltd	1.62	Philippines	0.79
China Merchants Bank-H	2.19	Tata Consultancy Svcs Ltd	1.58	Ayala Land Inc	0.49
Shenzhou International Group	1.41	Hindustan Unilever Ltd	1.51	Jollibee Foods Corp	0.29
China International Travel-A	0.74	Infosys Ltd	1.07	South Korea	5.60
China Mengniu Dairy Co	0.73	Britannia Industries Ltd	0.81	Samsung Electronics Co Ltd	2.43
Huazhu Group Ltd-Adr	0.70	Asian Paints Ltd	0.67	Samsung Sdi Co Ltd	0.68
Anta Sports Products Ltd	0.66	Nestle India Ltd	0.58	Lg Household & Health Care	0.67
Foshan Haitian Flavouring -A	0.64	Indusind Bank Ltd	0.57	Sk Hynix Inc	0.58
Enn Energy Holdings Ltd	0.55	Hdfc Standard Life Insurance	0.50	Fila Korea Ltd	0.35
Zhejiang Supor Co Ltd -A	0.52	Havells India Ltd	0.50	Macquarie Korea Infra Fund	0.35
China Communications Servi-H	0.50	Upl Ltd	0.46	Korea Investment Holdings Co	0.28
Kweichow Moutai Co Ltd-A	0.50	Dabur India Ltd	0.42	Douzone Bizon Co Ltd	0.27
Tencent Music Entertainm-Adr	0.48	Godrej Consumer Products Ltd	0.42	Taiwan	8.88
Guangdong Investment Ltd	0.44	Pidilite Industries Ltd	0.33	Taiwan Semiconductor-Sp Adr	3.05
58.Com Inc-Adr	0.39	Biocon Ltd	0.30	Taiwan Semiconductor Manufac	1.93
Weibo Corp-Spon Adr	0.38	Torrent Pharmaceuticals Ltd	0.27	President Chain Store Corp	1.57
Shanghai International Air-A	0.35	Marico Ltd	0.26	E.Sun Financial Holding Co	0.99
Kingdee International Sftwr	0.31	Page Industries Ltd	0.23	Chailease Holding Co Ltd	0.31
Yihai International Holding	0.30	Hdfc Asset Management Co Ltd	0.22	Tci Co Ltd	0.28
Li Ning Co Ltd	0.30	Indonesia	3.67	Eclat Textile Company Ltd	0.25
Dali Foods Group Co Ltd	0.24	Bank Central Asia Tbk Pt	1.28	Makalot Industrial Co Ltd	0.25
Xiabuxiabu Catering Manageme	0.17	Bank Rakyat Indonesia Perser	1.02	Feng Tay Enterprise Co Ltd	0.25
Ssy Group Ltd	0.14	Astra International Tbk Pt	0.79		
Wuxi Biologics Cayman Inc	0.09	Gudang Garam Tbk Pt	0.36		
		United Tractors Tbk Pt	0.23		

As of 12/31/2018. 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.

	Portfolio Weight		Portfolio Weight		Portfolio Weight
EM Asia (continued)		EMEA (continued)		Latin America (continued)	
Thailand	4.16	South Africa	5.81	Brazil (continued)	
Airports Of Thailand Pcl-For	1.16	Naspers Ltd-N Shs	1.96	Rumo SA	0.36
Bangkok Dusit Med Service-F	0.93	Firststrand Ltd	1.05	Cvc Brasil Operadora E Agenc	0.36
Cp All Pcl-Foreign	0.57	Capitec Bank Holdings Ltd	0.84	Energisa Sa-Units	0.34
Central Pattana Pub Co-Forei	0.53	Mr Price Group Ltd	0.50	Engie Brasil Energia SA	0.34
Home Product Center Pcl-For	0.50	Clicks Group Ltd	0.49	Multiplan Empreendimentos	0.32
Bangkok Expressway And Metro	0.27	Sanlam Ltd	0.39	Iguatemi Emp De Shopping	0.31
Muangthai Capital Pcl-Foreign	0.20	Bidvest Group Ltd	0.34	Bk Brasil Operacao E Assesso	0.18
Vietnam	0.64	Jse Ltd	0.24	Sul America Sa - Units	0.17
Vingroup Jsc	0.23	Turkey	0.35	Chile	1.22
Vietjet Aviation Jsc	0.22	Bim Birllesik Magazalar As	0.35	Banco Santander-Chile-Adr	1.22
Vincom Retail Jsc	0.19	United Arab Emirates	1.37	Mexico	4.16
EMEA	10.74	First Abu Dhabi Bank Pjsc	0.80	Walmart De Mexico Sab De Cv	1.87
Czech Republic	0.32	Nmc Health PLC	0.33	Grupo Financiero Banorte-O	1.65
Moneta Money Bank As	0.32	Dp World Ltd	0.24	Megacable Holdings-Cpo	0.22
Greece	0.28	Latin America	18.14	Grupo Aeroportuario Sur-Adr	0.22
Jumbo SA	0.28	Argentina	0.30	Grupo Aeroportuario Del Cent	0.21
Hungary	1.64	Globant SA	0.30	Peru	1.34
Otp Bank PLC	1.64	Brazil	11.12	Credicorp Ltd	1.34
Kenya	0.24	Itau Unibanco Holding S-Pref	2.04	Cash	3.08
Safaricom PLC	0.24	B3 Sa-Brasil Bolsa Balcao	1.74	Total	100.00
Poland	0.44	Lojas Renner S.A.	1.57		
Dino Polska SA	0.24	Localiza Rent A Car	1.32		
Cd Projekt SA	0.20	Irb Brasil Resseguros SA	0.83		
Romania	0.29	Magazine Luiza SA	0.72		
Banca Transilvania SA	0.29	Weg SA	0.52		

As of 12/31/2018. 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.