

Emerging Markets Growth Fund

William Blair

Quarterly Review

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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 involves a high level of risk and may not be appropriate for everyone. You should only consider it for the aggressive portion of your portfolio. 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 foreign denominated and/or domiciled securities may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets. The securities of emerging market companies may be subject to greater volatility and less liquidity than companies in more developed markets. Individual securities may not perform as expected or a strategy used by the Adviser may fail to produce its intended result. Currency rates may fluctuate significantly over short periods of time and may reduce the returns of a portfolio. Convertible securities may be called before intended, which may have an adverse effect on investment objectives. The Fund is expected to incur operating expenses that are higher than those of mutual funds investing exclusively in U.S. equity securities due to the higher custodial fees associated with foreign securities investments.

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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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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believe that network effects and the strength of its ecosystem underpinned by its logistics and payment solutions should reinforce its competitive advantage. Huazhu Group's share price rebounded sharply on the back of robust operating performance. Tencent Music Entertainment, the largest Chinese online music entertainment platform and a recent IPO within Communication Services was an additional source of outperformance. The company has over 800 million monthly active users and 90% market share by revenue in an industry that it is expected to grow by over fivefold through 2023. The attractive user growth and under-monetized opportunity underpins the emerging growth, high return investment thesis.

Partially offsetting these effects were weak results in the Information Technology, Real Estate and Energy sectors. Within Information Technology, Korean lithium-ion battery manufacturer Samsung SDI detracted from relative returns as the stock fell on softer operating momentum, coupled with concerns over China subsidies cuts. Real Estate and Energy underperformance was mainly driven by unowned names especially Chinese Real Estate and Indian Energy companies. From a geographic perspective, India and Brazil detracted from relative performance. Hindustan Unilever, the Indian FMCG company, was a notable drag despite delivering continued strong results driven by double digit volume growth and margin expansion. The stock weakened amid expectations of a slight deceleration in near term growth and high valuation.

Positioning

During the period, Consumer Discretionary exposure was augmented to an increased overweighting through new purchases and addition to existing holdings. New Oriental Education & Technology, the Chinese private education company, and Yum China Holdings, the fast food restaurant chain, were bought during the quarter. We believe New Oriental is well positioned to benefit from resilient tutoring demand in China and deliver sustainably strong revenue and earnings growth, driven by market share gains and margin expansion. Yum China has in our view a structurally advantaged business model underpinned by its strong brands, industry-leading scale

and infrastructure and favorable exposure to the secularly growing and highly fragmented Chinese fast food industry. Industrials exposure was also increased to an overweight position during the period, primarily through new purchases of domestic Chinese companies Jiangsu Hengli Hydraulic (leading supplier of hydraulic components to excavator manufacturers), Centre Testing International (leading testing, inspection and certification company in a highly fragmented market) and Zhejiang Dingli Machinery (largest manufacturer of aerial working platforms in China by sales volume).

These increases were offset primarily by reductions to Financials and Information Technology. Within Financials, Sanlam, the South African insurer, was sold given the difficult operating environment and subdued growth outlook in South Africa coupled with increased election and sovereign credit risks. The Information Technology weighting was reduced through the liquidation of Korean Samsung SDI and SK Hynix. The latter was sold as weak end demand and elevated inventories continue to pressure DRAM prices. From a geographic perspective, notable adjustments were an increase to China, offset by decreases to India and South Africa.

Outlook

As we begin the second quarter of 2019, domestic demand in key jurisdictions is showing signs of stabilization and synchronized fiscal expansion. Existing home sales rebounded strongly in March in the US, and private consumption growth in the Euro Area is tracking a nearly 2% annualized pace. At the same time, 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 corporate tax cuts unveiled at the beginning of 2018 dissipates, the US economy is returning to a growth rate of approximately 2%. The divergence between the US and other economies is normalizing in line with our expectations. If the rest of the world continues to grow at the

Top Portfolio Changes During the Period: 01/01/2019 to 03/31/2019

	Security Name	Country	Sector
Purchases	New Oriental Educatio-Sp Adr	China	Consumer Discretionary
	Wuliangye Yibin Co Ltd-A	China	Consumer Staples
	Yum China Holdings Inc	China	Consumer Discretionary
	Jiangsu Hengli Hydraulic C-A	China	Industrials
	Titan Co Ltd	India	Consumer Discretionary
Liquidations	Astra International Tbk Pt	Indonesia	Consumer Discretionary
	Samsung Sdi Co Ltd	South Korea	Information Technology
	Sk Hynix Inc	South Korea	Information Technology
	Mr Price Group Ltd	South Africa	Consumer Discretionary
	Weibo Corp-Spon Adr	China	Communication Services

Sectors are based on Global Industry Classification (GICS) Sectors. Individual securities listed in this report are for informational purposes only. Holdings are subject to change at any time. 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 do not represent all of the securities purchased, sold, or recommended and you should not assume that investments in the securities identified were or will be profitable.

	Emerging Markets Growth Fund	MSCI Emerging Markets IMI (net)	Difference
Quality			
Return on Equity (%)	21.0	15.9	33%
Cash Flow ROIC (%)	17.4	15.0	16%
Debt/Equity (%)	88.1	86.5	2%
Growth			
Long-Term Growth (%)*	17.0	13.9	22%
5-Year Historic EPS Growth (%)	19.3	15.6	24%
Reinvestment Rate (%)	15.0	11.6	30%
Earnings Trend			
EPS Revision Breadth	3.3	-6.4	9.7
Valuation			
P/E (next 12 months)	19.4	12.2	59%
Other			
Float Adjusted Weighted Average Market Cap (\$m)	53,585	44,202	21%
Number of Holdings	136	2,711	
Active Share	73	--	

The index is comparable to the strategy in terms of investment approach but contains significantly more securities. Calculated in FactSet, with the exception of market cap and active share, which are calculated in 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.

	Portfolio Weight		Portfolio Weight		Portfolio Weight
EM Asia	72.25	EM Asia (continued)		EM Asia (continued)	
China	35.69	China (continued)		India (continued)	
Alibaba Group Holding-Sp Adr	6.32	Wuxi Biologics Cayman Inc	0.35	Hdfc Life Insurance Co Ltd	0.30
Tencent Holdings Ltd	4.93	Zhejiang Dingli Machinery -A	0.33	Torrent Pharmaceuticals Ltd	0.27
Ping An Insurance Group Co-H	3.56	Country Garden Services Hold	0.31	Biocon Ltd	0.27
China Merchants Bank-H	2.77	Xiabuxiabu Catering Manageme	0.27	Info Edge India Ltd	0.25
Shenzhou International Group	1.25	Zhangzhou Pientzehuang Pha-A	0.26	Pvr Ltd	0.23
Huazhu Group Ltd-Adr	1.18	Nari Technology Co Ltd-A	0.26	Page Industries Ltd	0.21
New Oriental Educatio-Sp Adr	1.05	Aier Eye Hospital Group Co-A	0.25	Hdfc Asset Management Co Ltd	0.21
Wuliangye Yibin Co Ltd-A	0.97	Hundsun Technologies Inc-A	0.25	Indonesia	2.86
Zhejiang Supor Co Ltd -A	0.93	Yonyou Network Technology-A	0.22	Bank Central Asia Tbk Pt	1.35
Anta Sports Products Ltd	0.85	Noah Holdings Ltd-Spon Ads	0.21	Bank Rakyat Indonesia Perser	1.18
Kweichow Moutai Co Ltd-A	0.83	Dali Foods Group Co Ltd	0.16	Gudang Garam Tbk Pt	0.32
Foshan Haitian Flavouring -A	0.78	India	16.05	Malaysia	0.45
Tencent Music Entertainm-Adr	0.73	Hdfc Bank Limited	2.65	Public Bank Berhad	0.45
China Mengniu Dairy Co	0.58	Housing Development Finance	1.97	Philippines	0.78
Yum China Holdings Inc	0.53	Bajaj Finance Ltd	1.68	Ayala Land Inc	0.49
Enn Energy Holdings Ltd	0.50	Tata Consultancy Svcs Ltd	1.27	Jollibee Foods Corp	0.28
Yihai International Holding	0.49	Infosys Ltd	1.10	South Korea	4.21
China Communications Servi-H	0.49	Hindustan Unilever Ltd	0.99	Samsung Electronics Co Ltd	1.95
Jiangsu Hengli Hydraulic C-A	0.47	Asian Paints Ltd	0.66	Lg Household & Health Care	1.24
Kingdee International Sftwr	0.46	Upl Ltd	0.53	Fila Korea Ltd	0.45
Guangdong Investment Ltd	0.45	Britannia Industries Ltd	0.51	Macquarie Korea Infra Fund	0.36
58.Com Inc-Adr	0.42	Indusind Bank Ltd	0.51	Douzone Bizon Co Ltd	0.21
China International Travel-A	0.41	Havells India Ltd	0.50	Taiwan	8.49
Shanghai International Air-A	0.40	Titan Co Ltd	0.46	Taiwan Semiconductor-Sp Adr	3.05
Li Ning Co Ltd	0.39	Nestle India Ltd	0.46	Taiwan Semiconductor	1.89
Qiaqia Food Co Ltd-A	0.37	Dabur India Ltd	0.36	E.Sun Financial Holding Co	1.05
Centre Testing Intl Group-A	0.35	Pidilite Industries Ltd	0.34	President Chain Store Corp	0.73
Midea Group Co Ltd-A	0.35	Divi's Laboratories Ltd	0.32	Chailease Holding Co Ltd	0.45

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	Portfolio Weight		Portfolio Weight		Portfolio Weight
EM Asia (continued)		EMEA (continued)		Latin America (continued)	
Taiwan (continued)		Romania	0.26	Brazil (continued)	
Makalot Industrial Co Ltd	0.39	Banca Transilvania SA	0.26	Cvc Brasil Operadora E Agenc	0.29
Feng Tay Enterprise Co Ltd	0.35	South Africa	4.35	Multiplan Empreendimentos	0.28
Eclat Textile Company Ltd	0.34	Naspers Ltd-N Shs	2.24	Iguatemi Emp De Shopping	0.26
Airtac International Group	0.25	Capitec Bank Holdings Ltd	0.91	Bk Brasil Operacao E Assesso	0.25
Thailand	3.27	Firststrand Ltd	0.46	Sul America Sa - Units	0.23
Airports Of Thailand Pcl-For	0.95	Clicks Group Ltd	0.42	Odontoprev S.A.	0.23
Cp All Pcl-Foreign	0.69	Bidvest Group Ltd	0.29	Notre Dame Intermed Par SA	0.22
Bangkok Dusit Med Service-F	0.50	Jse Ltd	0.03	Cyrela Brazil Realty Sa Emp	0.21
Home Product Center Pcl-For	0.34	Turkey	0.26	Chile	0.96
Central Pattana Pub Co-Forei	0.32	Bim Birlesik Magazalar As	0.26	Banco Santander-Chile-Adr	0.96
Bangkok Expressway And	0.26	United Arab Emirates	1.21	Mexico	2.83
Muangthai Capital Pcl-Foreign	0.21	First Abu Dhabi Bank Pjsc	0.77	Walmart De Mexico Sab De Cv	1.23
Vietnam	0.46	Aramex Pjsc	0.24	Grupo Financiero Banorte-O	0.97
Vingroup Jsc	0.25	Dp World PLC	0.20	Grupo Aeroportuario Del Cent	0.22
Vincom Retail Jsc	0.21	Latin America	16.85	Grupo Aeroportuario Sur-Adr	0.21
EMEA	9.13	Argentina	0.34	Megacable Holdings-Cpo	0.20
Czech Republic	0.31	Globant SA	0.34	Peru	1.31
Moneta Money Bank As	0.31	Brazil	11.41	Credicorp Ltd	1.31
Greece	0.29	B3 Sa-Brasil Bolsa Balcao	1.86	Cash	1.76
Jumbo SA	0.29	Itau Unibanco Holding S-Pref	1.76	Total	100.00
Hungary	1.61	Lojas Renner S.A.	1.44		
Otp Bank PLC	1.61	Localiza Rent A Car	1.30		
Kenya	0.27	Irb Brasil Resseguros SA	0.81		
Safaricom PLC	0.27	Magazine Luiza SA	0.61		
Poland	0.56	Weg SA	0.47		
Dino Polska SA	0.32	Rumo SA	0.45		
Cd Projekt SA	0.24	Engie Brasil Energia SA	0.40		
		Energisa Sa-Units	0.33		

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Glossary - Terms

1 Month EPS Revision Breadth: 1-month factor representing the trend in the direction of estimate changes. Range from -100% to +100%, it is calculated as the number of positive revisions minus the number of negative revisions divided by the total number of estimates.

Active Share: A measure of the percentage of equity holdings in a portfolio that differ from the benchmark index. It is calculated by taking the sum of the absolute value of the differences of the weight of each holding in a portfolio versus the weight of each holding in the index and dividing by two.

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.

Cash Flow Return on Invested Capital (ROIC): A measure of how effectively a company generates cash flow based on legacy capital investment.

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.

EPS Growth Rate - 5-Year Historic: The weighted average earnings per share growth for stock within the portfolio over the past 5 years.

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.

Glossary - Terms

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.

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.