

# International Leaders Fund

*William Blair*

Quarterly Review

March 2019

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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. Because the Fund may focus its investments in a limited number of securities, its performance may be more volatile than a fund that invests in a greater number of securities. 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. 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](http://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 Summary**

After a difficult end to 2018, equity markets around the world rallied to start the year despite signals of moderating global growth. The MSCI ACWI Investable Market Index (IMI) gained 12.29% in USD terms, the largest quarterly gain since 2010, as investor sentiment was bolstered by a more dovish tone out of major central banks and improved trade talks between the US and China. Developed market equities outpaced emerging markets primarily driven by strength in the U.S. and Canada.

U.S. equities rallied in January (+8.60%) and continued to post strong returns throughout the quarter (+13.99%). Growth in the U.S. remained solid but started to decelerate off of last year's previous highs. The Federal Reserve's acknowledgment of slower economic growth and dovish stance on interest rates helped ease investor sentiment and boosted returns across sectors.

European equities also advanced despite signs of significant deceleration in manufacturing growth. Specifically, purchasing manager surveys continued to point to deceleration in the pace of industrial orders growth and subsequent industrial production growth in the Euro Area. Brexit woes continued to weigh on the economic conditions within the United Kingdom but the market felt some relief following the announcement that the European Union had agreed to delay the Brexit process past the March 29 deadline. The MSCI Europe ex-UK IMI advanced 10.50% and the MSCI UK IMI advanced 12.32% in USD terms during the quarter.

Within emerging markets, the story for the quarter was the rebound in equity performance across China's mainland securities (A-shares), which advanced 33.02% for the quarter, erasing the 32.99% loss incurred in 2018 (as measured by the MSCI China A Onshore Index in USD terms). The A-share market rallied following news of several fiscal and monetary stimulus

measures aimed to boost the economy. Additionally, A-shares were bolstered by news that MSCI would quadruple the weighting of A-shares in global benchmarks by increasing the inclusion factor from 5% to 20%. Outside of China, emerging market equities broadly lagged the global benchmark. Rising geopolitical tensions between India and Pakistan weighed on the Indian Rupee and equity market. The MSCI India IMI modestly advanced +6.65% in USD terms for the quarter.

From a global sector perspective (as measured by the MSCI ACWI IMI), Information Technology significantly led the market, driven by strength within small cap software and IT services. Other cyclical sectors such as Real Estate, which sold off sharply in late 2018, rallied during the first quarter of the year. Conversely, Financials lagged primarily due to weakness in Japan.

**Performance**

Outperformance of the International Leaders Fund (Class N) versus the MSCI ACWI ex-US IMI was primarily driven by positive stock selection across most sectors. The Financials and Materials sectors were the most significant contributors to relative return. Within the Financials sector, China Merchants Bank and AIA Group helped relative performance. China Merchants Bank, which benefited from the broad stock market recovery in China, posted solid operating performance due to net interest margin expansion, improved asset quality and its strengthening retail franchise. AIA Group, a leading provider of life insurance throughout Asia, added to returns. The company has benefited from consistently strong execution over the last decade. AIA is likely to receive final regulatory approval over the next six months to start operations in two additional cities in China—Tianjin and Shijiazhuang—increasing AIA's total addressable market. BHP Group, a well-positioned diversified commodity producer with attractive shareholder returns within

the Materials sector, was an additional source of outperformance.

The first quarter rebound in global equity markets coupled with a reversal of the short-term headwinds from a style perspective helped propel strong stock selection across large portions of the Fund. Partially offsetting these effects was an underweight to the Materials and Real Estate sectors, which outperformed the index and posted strong returns within the Fund.

### **Positioning**

During the period, Financials exposure was reduced through the liquidations of ORIX and KBC Group. These reductions were offset primarily by increases to the Information Technology sector where we purchased Check Point Software, an attractively-valued company with stable and long-term growth characteristics. Several quarters of disappointing growth and broad stock market weakness have provided a favorable setup for the stock. Check Point's customers remain sticky and the company is well-positioned to consolidate the fragmented IT security market. Exposure to Consumer Staples also increased as a result of the purchase of the leading global alcoholic beverage company, Diageo. The company's portfolio of leading brands and broad distribution reach including fast growing emerging market operations, combined with favorable exposure to the premium segment are all key to its attractive business model. More recently, Diageo has demonstrated success in improving its brand positioning and execution, resulting in an acceleration of growth and margin expansion. We believe the story is not over; brand repositioning continues and there should be more margin expansion to come. From a geographic perspective, notable adjustments were increases to the U.K. and Emerging Asia, offset by decreases to Japan and Canada. The Fund's weighting in Emerging Markets approximated 14% at the end of the period, up from 12% at the beginning of the period.

### **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 current pace, 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.

Growth is being supported by fiscal stimulus measures globally. Starting in Europe, the Euro Area is set to experience the first fiscal expansion in a decade. In Germany, Finance Minister Olaf Scholz has set aside approximately €150bn for much needed investment in infrastructure, education, housing and digital technology over the next four years. More immediately, the fiscal stimulus slated for this year will be largely for consumer spending, as higher unemployment and pension benefits, together with a tax cut to lower income earners, is expected to boost purchasing power by 0.5% of GDP. The abolition of the solidarity surcharge, which accounts for 5.5% additional income tax, is set to be reduced beginning this year. Government construction orders soared 12.2% in Q4 2018 from the prior quarter, and will likely advance further in 2019.

In France, President Emmanuel Macron responded to the “yellow vests” movement by announcing measures to boost the purchasing power of households by about 0.4% of GDP. These include cancellation of the increase in social charges on pensions, an increase in the activity bonus for employees paid the minimum wage, and a tax exemption on exceptional year-end bonuses and income from overtime.

In China, the government continues to roll out tax cuts following its 2-year effort to streamline and digitize tax collection. In Q1 2019, the government announced a CNY2 trn tax cut on business activity. Effective April 1, VAT in the top general category will be reduced from 16% to 13%, on top of reductions in the employer contribution to social security from 20% to 16%. Together with household income tax reform implemented last year, these measures will continue to support domestic activity. At the same time, the scope for further adjustments on the fiscal side is not exhausted, as the State Administration of Taxation continues to

report an increase in aggregate tax collections in excess of expectations.

The US continues to maintain a highly expansionary fiscal policy stance. Although major corporate tax cuts boosted domestic activity in H1 2018, the US budget deficit is expected to be even larger this year, at nearly 4.5% of GDP, despite the domestic economy expanding at a 2%+ annual pace.

Within portfolios, we maintain our focus on companies with sustainable earnings trends and recurring-revenue business models that add growth visibility at this later stage of the economic cycle. Recent positioning adjustments within our ACWI-oriented strategies generally reflect our incrementally less cautious outlook on China. 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	2018	2017	2016
Regions	<b>AC World (DM+EM)</b>	12.3	-10.1	23.9	8.4
	<b>Developed Markets (DM)</b>	12.6	-9.4	22.4	8.2
	Pacific ex JP	12.3	-11.2	25.9	7.8
	Japan	6.7	-13.5	25.3	3.2
	Europe ex UK	10.5	-15.7	28.0	-0.2
	UK	12.3	-15.0	23.7	-1.6
	Canada	15.2	-17.6	15.6	25.4
	USA	14.0	-5.7	20.6	12.0
	<b>Emerging Markets (EM)</b>	9.7	-15.0	36.8	9.9
	Asia	10.8	-15.9	41.8	4.8
	EMEA	5.4	-16.9	24.1	20.7
	Latin America	7.9	-7.2	24.8	30.3
	<b>Frontier Markets (FM)</b>	5.2	-16.6	29.9	5.6
Size	<b>Large Cap</b>	12.0	-8.6	23.9	8.0
	<b>Small Cap</b>	13.1	-14.4	23.8	11.6
Sectors	<b>Communication Svcs</b>	11.2	-15.9	8.2	4.9
	<b>Discretionary</b>	12.9	-10.5	25.0	2.9
	<b>Staples</b>	11.0	-10.5	18.0	2.1
	<b>Energy</b>	14.4	-15.0	5.2	28.4
	<b>Financials</b>	8.3	-15.7	23.1	11.2
	<b>Healthcare</b>	9.0	1.2	22.0	-6.7
	<b>Industrials</b>	13.4	-15.5	26.1	12.6
	<b>IT</b>	19.1	-6.1	41.0	12.3
	<b>Materials</b>	10.9	-17.3	29.3	24.4
	<b>Real Estate</b>	15.3	-7.8	16.2	4.1
	<b>Utilities</b>	9.5	0.9	15.2	7.4
Style	<b>Quality</b>	-1.6	14.7	4.3	2.5
	<b>Valuation</b>	-1.5	4.7	5.2	14.2
	<b>Etrend</b>	0.0	5.2	7.8	-1.1
	<b>Momentum</b>	-2.8	4.5	13.2	-4.5
	<b>Growth</b>	3.0	-3.8	6.7	-7.5
	<b>Composite</b>	-3.1	13.9	9.6	7.2

**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. 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 3/31/2019</i>	<b>March</b>	<b>Quarter</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>Since Inception*</b>	<b>Since Inception**</b>
International Leaders Fund (WILNX) Class N	1.88%	13.77%	-0.32%	9.83%	6.34%	8.55%	--
International Leaders Fund (WILIX) Class I	1.94%	13.80%	-0.06%	10.13%	6.58%	8.81%	--
International Leaders Fund (WILJX) Institutional Class J	1.88%	13.81%	-0.03%	10.20%	6.69%	--	8.83%
MSCI AC World ex US IMI (net)	0.54%	10.30%	-4.96%	7.94%	2.66%	5.76%	5.33%

\*Inception 8/16/2012

\*\*Inception 11/2/2012

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International Leaders Fund Expense Ratios:

	<u>Gross</u>	<u>Net</u>
Class N Shares	1.39%	1.25%
Class I Shares	1.08%	1.00%
Institutional Class J	0.98%	0.95%

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 AC World ex-US IMI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the U.S.

The table below shows the calculated sector attribution of the International Leaders Fund vs. its benchmark.

**International Leaders Fund vs. MSCI AC World ex US IMI (net)**  
**01/01/2019 to 03/31/2019**

GICS Sector	International Leaders Fund			MSCI AC World ex US 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	5.2%	7.2%	0.4%	7.0%	7.3%	0.5%	0.1%	0.0%	0.0%	0.1%
Consumer Discretionary	12.9%	14.2%	1.8%	11.1%	10.9%	1.2%	0.1%	0.4%	0.0%	0.4%
Consumer Staples	3.0%	13.3%	0.4%	9.3%	10.6%	1.0%	-0.3%	0.4%	0.0%	0.1%
Energy	4.7%	13.5%	0.7%	6.9%	12.6%	0.8%	-0.1%	0.1%	0.0%	0.0%
Financials	19.8%	15.3%	3.1%	20.6%	7.6%	1.6%	0.0%	1.6%	0.0%	1.5%
Health Care	8.3%	13.8%	1.2%	8.2%	10.9%	0.9%	0.0%	0.3%	0.0%	0.3%
Industrials	20.4%	13.8%	2.8%	12.7%	10.1%	1.3%	0.3%	0.5%	0.0%	0.7%
Information Technology	16.9%	17.4%	2.9%	8.4%	15.1%	1.3%	0.7%	0.2%	0.0%	0.9%
Materials	2.9%	19.7%	0.6%	8.0%	10.7%	0.9%	-0.5%	0.7%	0.0%	0.2%
Real Estate	1.4%	19.5%	0.3%	4.4%	13.7%	0.6%	-0.3%	0.2%	0.0%	0.0%
Utilities	1.6%	15.1%	0.2%	3.3%	8.4%	0.3%	-0.1%	0.2%	0.0%	0.1%
Cash	2.8%	-	0.0%	0.0%	0.0%	0.0%	-0.4%	0.0%	0.0%	-0.4%
<b>Total</b>	<b>100.0%</b>	<b>14.3%</b>	<b>14.3%</b>	<b>100.0%</b>	<b>10.3%</b>	<b>10.3%</b>	<b>-0.5%</b>	<b>4.5%</b>	<b>0.0%</b>	<b>4.0%</b>

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The table below shows the calculated regional attribution of the International Leaders Fund vs. its benchmark.

**International Leaders Fund vs. MSCI AC World ex US IMI (net)**  
**01/01/2019 to 03/31/2019**

Region	International Leaders Fund			MSCI AC World ex US 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
Pacific Ex Japan	9.8%	14.6%	1.4%	8.3%	12.1%	1.0%	0.1%	0.2%	0.0%	0.3%
Japan	9.8%	8.9%	0.9%	17.2%	6.7%	1.2%	0.0%	0.5%	0.0%	0.5%
Europe+ME Ex U.K.	41.2%	17.0%	7.0%	31.5%	10.5%	3.3%	0.6%	2.0%	0.0%	2.7%
U.K.	13.6%	12.1%	1.6%	10.8%	12.9%	1.4%	0.0%	-0.1%	0.0%	0.0%
W Hemisphere	10.0%	15.3%	1.5%	6.8%	15.2%	1.0%	0.2%	0.0%	0.0%	0.2%
EM Asia	11.9%	15.3%	1.8%	18.6%	10.7%	2.0%	-0.3%	0.9%	0.0%	0.5%
EMEA	0.8%	13.2%	0.1%	3.6%	5.3%	0.2%	-0.1%	0.3%	0.0%	0.2%
Latin America	0.0%	0.0%	0.0%	3.2%	8.1%	0.2%	0.1%	0.0%	0.0%	0.1%
Cash	2.8%	-	0.0%	0.0%	0.0%	0.0%	-0.4%	0.0%	0.0%	-0.4%
<b>Total</b>	<b>100.0%</b>	<b>14.3%</b>	<b>14.3%</b>	<b>100.0%</b>	<b>10.3%</b>	<b>10.3%</b>	<b>0.2%</b>	<b>3.8%</b>	<b>0.0%</b>	<b>4.0%</b>

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The tables below show the top contributors and detractors for the International Leaders Fund vs. its benchmark.

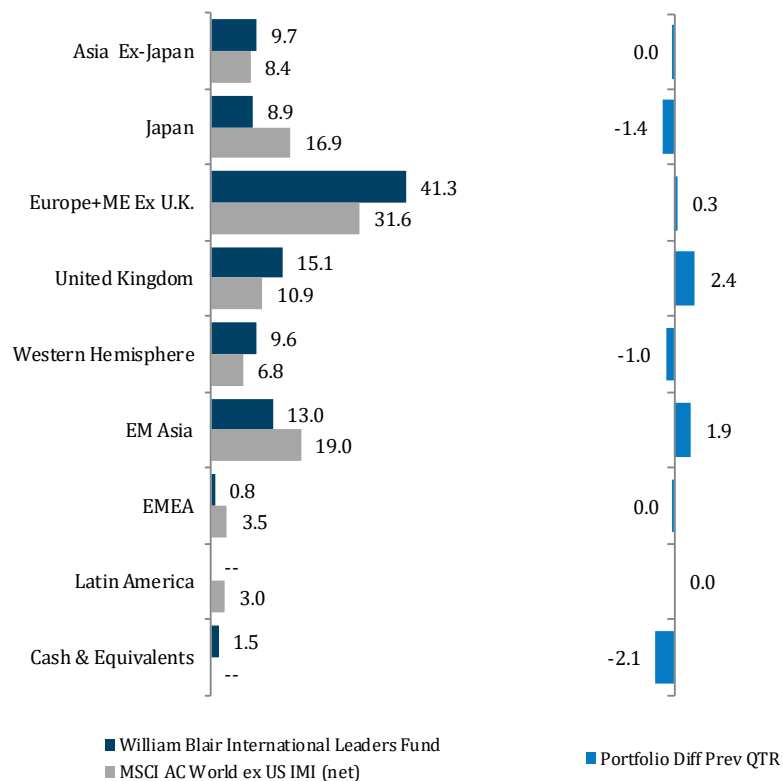
<b>Top Five Contributors (%) for the Period: 01/01/2019 to 03/31/2019</b>			
<b>Issuer</b>	<b>Sector</b>	<b>Country</b>	<b>Contribution To Relative Return</b>
Airbus SE	Industrials	France	0.47
China Merchants Bank Co Ltd	Financials	China	0.38
Keyence Corp	Information Technology	Japan	0.29
Alibaba Group Holding Ltd	Consumer Discretionary	China	0.28
LVMH Moet Hennessy Louis Vuitt	Consumer Discretionary	France	0.27

<b>Top Five Detractors (%) for the Period: 01/01/2019 to 03/31/2019</b>			
<b>Issuer</b>	<b>Sector</b>	<b>Country</b>	<b>Contribution To Relative Return</b>
Suzuki Motor Corp	Consumer Discretionary	Japan	-0.27
ORIX Corp	Financials	Japan	-0.22
Ferguson PLC	Industrials	United Kingdom	-0.14
Housing Development Finance Co	Financials	India	-0.13
NetEase Inc	Communication Services	China	-0.11

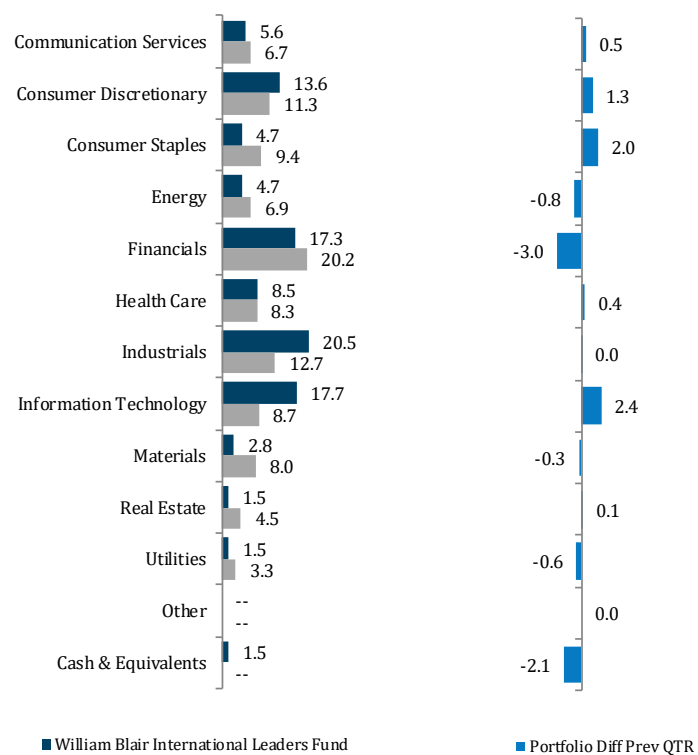
**Index:** MSCI AC World ex US IMI (net)

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**Regional Exposure**



**Sectoral Exposure**



Source: William Blair.

Cash & Equivalents includes: cash and dividend accruals.

The table below shows the International Leaders Fund's largest holdings as of 3/31/2019 by market cap as well as the sub-totals by market cap for the portfolio and index. The stocks are listed by country and by the sector that defines each one's role in the portfolio.

	Country	Sector	% of Total Net Assets in Portfolio	% of Total Net Assets in Index*
<b>Large Cap(&gt;\$15b)</b>			<b>75.2%</b>	<b>54.2%</b>
AIA Group Ltd	Hong Kong	Financials	3.3%	0.5%
Alibaba Group Holding Ltd	China	Consumer Discretionary	3.1%	1.0%
Keyence Corp	Japan	Information Technology	2.7%	0.3%
Canadian National Railway Co	Canada	Industrials	2.7%	0.3%
Tencent Holdings Ltd	China	Communication Services	2.5%	1.1%
<b>Mid Cap(\$4-15b)</b>			<b>24.4%</b>	<b>24.9%</b>
ACS Actividades de Construccio	Spain	Industrials	2.1%	0.0%
Coloplast A/S	Denmark	Health Care	1.8%	0.1%
Temenos AG	Switzerland	Information Technology	1.7%	0.0%
Partners Group Holding AG	Switzerland	Financials	1.7%	0.1%
Kingspan Group PLC	Ireland	Industrials	1.6%	0.0%
<b>Small Cap(&lt;\$4b)</b>			<b>0.4%</b>	<b>20.9%</b>
Abcam PLC	United Kingdom	Health Care	0.4%	0.0%

**\*Index:** MSCI AC World ex US IMI (net)

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

	Security Name	Country	Sector
Purchases	Diageo Plc	United Kingdom	Consumer Staples
	Check Point Software Tech	Israel	Information Technology
	Smc Corp	Japan	Industrials
	Neste Oyj	Finland	Energy
	Ferrari Nv	Italy	Consumer Discretionary
Liquidations	Kbc Group Nv	Belgium	Financials
	Orix Corp	Japan	Financials
	Suncor Energy Inc	Canada	Energy
	Geberit Ag-Reg	Switzerland	Industrials
	Arkema	France	Materials

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	International Leaders Fund	MSCI AC World ex US IMI (net)	Difference
<b>Quality</b>			
Return on Equity (%)	21.7	14.0	55%
Cash Flow ROIC (%)	18.9	13.5	40%
Debt/Equity (%)	81.8	84.9	-4%
<b>Growth</b>			
Long-Term Growth (%)*	10.4	10.1	2%
5-Year Historic EPS Growth (%)	15.3	12.4	23%
Reinvestment Rate (%)	15.3	9.3	64%
<b>Earnings Trend</b>			
EPS Revision Breadth	-3.7	-5.5	1.8
<b>Valuation</b>			
P/E (next 12 months)	19.2	13.2	45%
<b>Other</b>			
Float Adjusted Weighted Average Market Cap (\$m)	55,029	43,075	28%
Number of Holdings	59	6,263	
Active Share	88	--	

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
<b>Pacific Ex Japan</b>	<b>9.73</b>	<b>Europe+ME Ex UK (Continued)</b>		<b>UK (Continued)</b>	
<b>Australia</b>	<b>5.10</b>	<b>Ireland</b>	<b>1.61</b>	<b>United Kingdom (Continued)</b>	
Macquarie Group Ltd	2.21	Kingspan Group PLC	1.61	London Stock Exchange Group	1.39
Csl Ltd	1.96	<b>Israel</b>	<b>1.84</b>	Ferguson PLC	1.24
Aristocrat Leisure Ltd	0.93	Check Point Software Tech	1.84	St James's Place PLC	0.85
<b>Hong Kong</b>	<b>4.62</b>	<b>Italy</b>	<b>0.50</b>	Abcam PLC	0.38
Aia Group Ltd	3.23	Ferrari NV	0.50	<b>W Hemisphere</b>	<b>9.60</b>
Galaxy Entertainment Group L	1.39	<b>Luxembourg</b>	<b>0.87</b>	<b>Canada</b>	<b>9.60</b>
<b>Japan</b>	<b>8.90</b>	Tenaris SA	0.87	Canadian Natl Railway Co	2.64
<b>Japan</b>	<b>8.90</b>	<b>Netherlands</b>	<b>4.72</b>	Brookfield Asset Manage-Cl A	2.18
Keyence Corp	2.69	Koninklijke Philips NV	2.11	Toronto-Dominion Bank	2.15
Shiseido Co Ltd	1.84	Royal Dutch Shell Plc-A Shs	1.81	Rogers Communications Inc-B	1.66
Daikin Industries Ltd	1.38	Adyen NV	0.80	Dollarama Inc	0.95
Nitori Holdings Co Ltd	1.27	<b>Spain</b>	<b>4.19</b>	<b>EM Asia</b>	<b>13.05</b>
Suzuki Motor Corp	1.00	Acs Actividades Cons Y Serv	2.10	<b>China</b>	<b>9.14</b>
Smc Corp	0.72	Amadeus It Group SA	2.09	Alibaba Group Holding-Sp Adr	3.10
<b>Europe+ME Ex UK</b>	<b>41.30</b>	<b>Sweden</b>	<b>2.61</b>	Tencent Holdings Ltd	2.46
<b>Denmark</b>	<b>3.33</b>	Hexagon Ab-B Shs	1.51	China Merchants Bank-H	2.12
Coloplast-B	1.79	Atlas Copco Ab-A Shs	1.09	Netease Inc-Adr	1.46
Orsted A/S	1.54	<b>Switzerland</b>	<b>6.58</b>	<b>India</b>	<b>1.53</b>
<b>Finland</b>	<b>0.51</b>	Lonza Group Ag-Reg	2.23	Housing Development Finance	1.53
Neste Oyj	0.51	Temenos Ag - Reg	1.69	<b>Taiwan</b>	<b>2.38</b>
<b>France</b>	<b>10.76</b>	Partners Group Holding AG	1.67	Taiwan Semiconductor Manufac	2.38
Lvmh Moet Hennessy Louis Vui	2.45	Sika Ag-Reg	0.99	<b>EMEA</b>	<b>0.77</b>
Airbus Se	2.43	<b>UK</b>	<b>15.11</b>	<b>South Africa</b>	<b>0.77</b>
Safran SA	2.39	<b>United Kingdom</b>	<b>15.11</b>	Bid Corp Ltd	0.77
Capgemini Se	1.95	Diageo PLC	2.05	<b>Cash</b>	<b>1.55</b>
Total SA	1.53	Compass Group PLC	2.03	<b>Total</b>	<b>100.00</b>
<b>Germany</b>	<b>3.78</b>	Experian PLC	2.02		
Sap Se	1.83	Relx PLC	1.86		
Rational AG	1.06	Bhp Group PLC	1.84		
Infineon Technologies AG	0.89	Segro PLC	1.46		

As of 3/31/2019. 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

**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.