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 invests most of its assets in equity securities of mid cap domestic growth companies, where the primary risk is that the value of the equity securities it holds might decrease in response to the activities of those companies or market and economic conditions. Individual securities may not perform as expected or a strategy used by the Adviser may fail to produce its intended result. Investing in medium capitalization companies involves special risks, including higher volatility and lower liquidity. Mid-cap stocks are also more sensitive to purchase/sale transactions and changes in the issuer's financial condition. Convertible securities are at risk of being called before intended, which may have an adverse effect on investment objectives. The Fund is not intended to be a complete investment program. The Fund is designed for long-term investors. 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.

Investing includes the risk of loss. Please carefully consider the Fund's investment objective, risks, charges, and expenses before investing. This and other information is contained in the Fund's prospectus, which you may obtain by calling 1-800-742-7272. Read it carefully before you invest or send money.

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Market Overview

U.S. equities had a strong start to the year as most major benchmarks posted their best quarterly return in nearly ten years. After the pronounced sell-off to end 2018, comments from Federal Reserve Chairman Powell and progress in trade negotiations with China spurred optimism causing stocks to rally. Comments from the Federal Open Market Committee (FOMC) indicated that it would be patient and flexible with monetary policy normalization and ongoing discussions between high-level officials from the U.S. and China put fears of an escalating trade war on hold for the time being. Despite robust equity market returns, U.S. economic data in the quarter was somewhat mixed. Low unemployment and mild inflation remain positive indicators for the health of the economy. However, gauges for consumer spending and manufacturing activity were lower than many expected but still well above recessionary levels. Additionally, gross domestic product (GDP) growth for 2018 was revised down slightly to 2.9%. Pertaining to corporate performance, companies in the S&P 500 reported earnings growth of approximately 15% for the fourth quarter. While a step down from the levels experienced in the preceding quarters, U.S. companies continued to perform well against a backdrop of solid domestic economic activity and corporate tax cuts.

Fund Performance

The Mid Cap Growth Fund (Class N) outperformed the Russell Midcap Growth Index in the first quarter, driven by stock specific dynamics. While the Fund lagged in the month of January, when the benchmark advanced 11.49%, it outperformed during February and March, as benchmark returns moderated and on balance, our companies reported strong results during earnings season. Stock selection in Industrials was a standout as all but one of our nine sector holdings outperformed and the other performed in-line with the sector return of the Russell Midcap Growth. CoStar Group was the top contributor from the sector. Positive stock selection in Consumer Discretionary, including our positions in Wayfair and Ulta Beauty, also added to relative returns. The top two individual stock contributors during the period were Information Technology holdings Worldpay and Arista Networks. Shares of merchant acquirer Worldpay advanced on strong execution following its 2018 Vantiv acquisition and the announcement that Worldpay itself had agreed to be acquired. Arista Networks' outperformance was driven by market share gains and strong positioning of its network switch platform for cloud-based IT environments. Conversely, Financials and Health Care were areas of relative weakness during the period and top sector detractors were Cboe Global Markets and Encompass Health, respectively. Cboe Global Markets, a U.S. exchange for trading in options and futures, underperformed primarily due to reduced equity market volatility and slower than expected trading volumes throughout the quarter. Shares of Encompass Health, a leading provider of rehabilitative healthcare services, lagged despite reporting solid quarterly results as investor focus appeared to be on forthcoming payment model changes for the industry. Other laggards during the period were Centene (Health Care), Take-Two Interactive Software (Communications Services) and Sabre (Information Technology). From a style perspective, our emphasis on companies with less volatile fundamentals was a headwind, which is not unusual during periods with very strong absolute returns. Stock specific contributors and detractors for the first quarter are discussed in greater detail at the end of this quarterly review.

Outlook

The U.S. economy remains healthy with many believing the current expansion will persist and become the longest in U.S. history later this year. While GDP and earnings growth are likely to slow in the first half of 2019 from levels seen last year, expectations are that growth will improve in the latter half of the year. Company management teams generally remain upbeat as they have not seen a major decrease in business or consumer economic activity. The pause in interest rate increases should provide some relief in the short term for investors worried about companies needing to refinance debt that was taken out at ultra-low interest levels in the years following the Great Recession. However, over the intermediate to long term, the large amount of debt issued since 2009 may need to be refinanced at higher rates. In addition, business and consumer focus on servicing that debt may subdue investment and depress growth. Other prominent risks to corporate profitability in 2019 include an acceleration in wage growth and higher input costs. Globally, economic activity in China has improved with stimulus measures put in place by the government in the last year. A reversal in this improvement, a material slowdown in Europe caused by Brexit, or a rise in geopolitical tensions in the Middle East or Asia could all have negative implications for the U.S. economy.

We continue to focus on bottom-up, fundamental analysis to identify quality growth companies whose stocks we believe can outperform over time. Despite sharp moves in the prices of many U.S. stocks over the past two quarters, we believe concentrating our research efforts on long term business fundamentals is the best way to identify truly durable companies. By building a portfolio of inefficiently priced, quality growth companies, we believe our portfolio will hold up well in a variety of economic environments.

	Value	Core	Growth
Month to Date			
Russell 3000	0.39	1.46	2.53
Russell 1000	0.64	1.74	2.85
Russell Midcap	0.50	0.86	1.35
Russell 2500	-1.33	-0.82	-0.25
Russell 2000	-2.88	-2.09	-1.35
Quarter to Date			
Russell 3000	11.93	14.04	16.18
Russell 1000	11.93	14.00	16.10
Russell Midcap	14.37	16.54	19.62
Russell 2500	13.12	15.82	18.99
Russell 2000	11.93	14.58	17.14
Year to Date			
Russell 3000	11.93	14.04	16.18
Russell 1000	11.93	14.00	16.10
Russell Midcap	14.37	16.54	19.62
Russell 2500	13.12	15.82	18.99
Russell 2000	11.93	14.58	17.14

Market Performance

- Domestic equity market returns rebounded after a dismal final quarter of 2018, helped by the Fed's pivot to a more dovish posture and plans to take a more patient approach toward monetary policy; opening the door for accommodative policy decisions in the future.
- Although corporate earnings trends continued to be solid, the domestic employment picture remains strong, and consumer spending and confidence remain elevated, the domestic equity market weakened late in the quarter as investors seemed spooked by the inversion of the yield curve and concerns about a future recession.
- **Style Performance**
- Growth indices again outperformed value indices across the size spectrum for the month, extending their gains YTD.
- For the year, growth maintains a sizable lead over value, with the dispersion of returns greater in smaller caps segments of the market.

Market Cap Performance

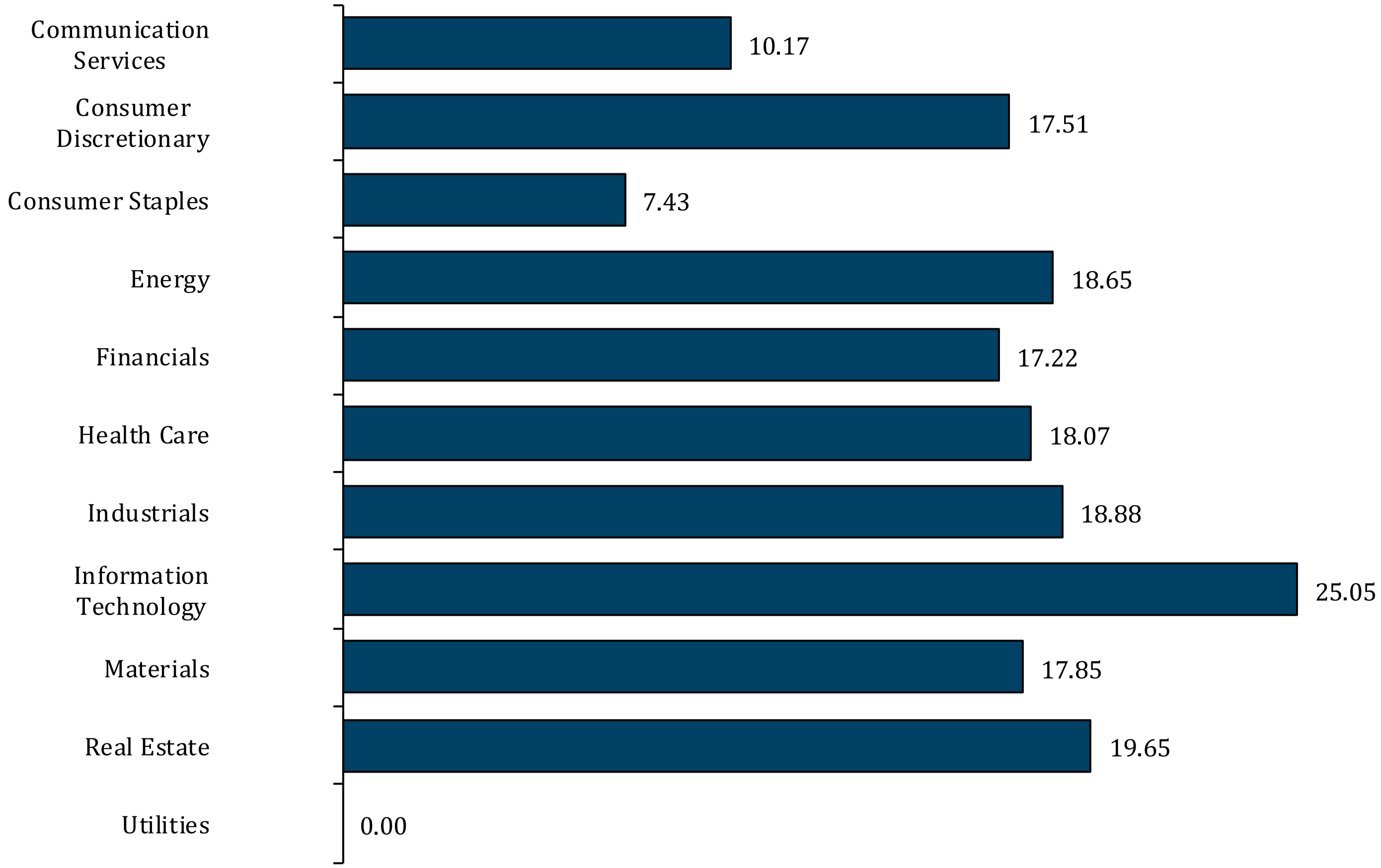
- Larger caps outperformed smaller caps in March as the performance was linear across both sets of style benchmarks.
- For the year, there was no difference in performance between large and small caps within the value indices. Within the growth benchmarks, smaller caps generally outperformed larger caps for the year. Regardless of style, mid caps outperformed all other size segments during the period.

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 Midcap Growth Total Return
Q1 2019**



Data calculated in Opturo. Past returns are no guarantee of future performance. A direct investment in an index is not possible. The Russell Midcap® Growth Index measures the performance of the 800 companies with the lowest market capitalizations in the Russell 1000® Index with higher price-to-book ratios and higher forecasted growth values. Name change from Telecommunication Services to Communication

Periods ended 3/31/2019	Quarter	1 Year	3 Year	5 Year	10 Year
Mid Cap Growth Fund (WCGNX) – Class N	20.63%	12.58%	13.70%	9.14%	14.74%
Mid Cap Growth Fund (WCGIX) – Class I	20.52%	12.85%	13.96%	9.40%	15.01%
Russell Midcap Growth*	19.62%	11.51%	15.06%	10.89%	17.60%

*Inception 2/1/2006

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.

Mid Cap Growth Fund Expense Ratios:

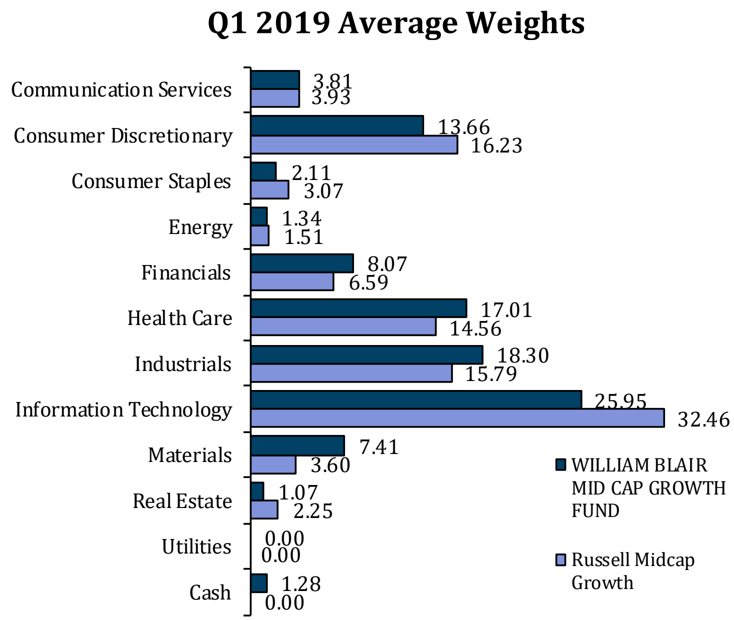
	Gross	Net
Class N Shares	1.49%	1.20%
Class I Shares	1.23%	0.95%

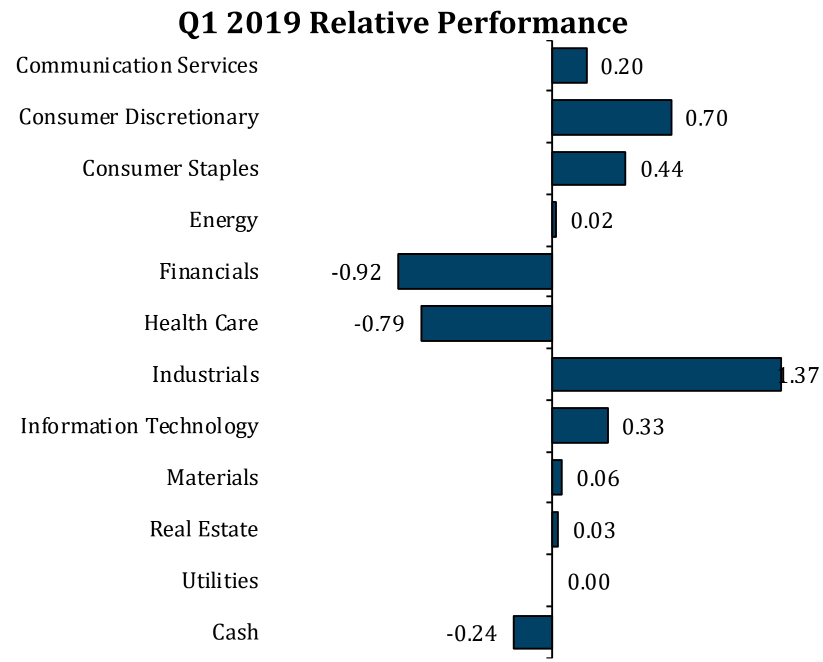
The Fund's Adviser has contractually agreed to waive fees and/or reimburse expenses to limit fund operating expenses until 4/30/19.

Expenses shown are as of the most recent prospectus.

A direct investment in an index is not possible. The Russell Midcap® Growth Index measures the performance of the 800 companies with the lowest market capitalizations in the Russell 1000® Index with higher price-to-book ratios and higher forecasted growth values.

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





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.*

Worldpay (WP) operates in the payment processing industry as the largest merchant acquirer in the U.S. Outperformance during the quarter was driven in part by strong execution as Worldpay reported organic revenue growth that exceeded expectations and synergies that were tracking favorably from Vantiv's 2018 acquisition of Worldpay (wherein the combined entity kept the Worldpay name). Later in the quarter, shares moved higher after the announcement that Worldpay agreed to be acquired by Fidelity National Information Services. We reduced our position following the announcement.

Arista Networks (ANET) sells networking switches and routers, with the majority of company revenues coming from the fast growing switch market, which is benefiting from the move to cloud-based IT infrastructures. Shares of Arista outperformed as the company reported quarterly results and issued 2019 guidance that exceeded expectations. Growth in revenue and earnings was driven by Arista's market share gains from its primary competitor and strong positioning of its network switch platform for cloud-based IT environments. We trimmed our position on strength. We believe that Arista, with its strong value proposition for companies moving applications and workloads to the cloud, can continue to steadily take share in the network switch market.

Wayfair (W) is the largest online-only home furnishings retailer in the U.S., operating under five distinct brands including Wayfair.com, Joss & Main, AllModern, Birch Lane and Perigold. The company reported revenue and margins that were above expectations driven by improving customer retention. We continue to expect the company to gain market share as the home improvement industry moves online. Additionally, we expect margins to expand as hiring moderates, logistics scale and customer acquisition costs decline with a higher portion of sales coming from repeat customers. We trimmed our position following the outperformance.

Ulta Beauty (ULTA) is a beauty retailer offering prestige, mass and salon products and services in a specialty beauty store. The company reported same-store-sales growth that was well ahead of expectations driven by strong in-store traffic. Ulta is gaining market share in both prestige and mass market beauty as it expands existing brands into new stores as well as adds new and, in some cases, exclusive brand partnerships. We trimmed our position, but continue to believe Ulta has a tremendous growth opportunity, via both new store growth and comparable store sales growth, over the next several years.

CoStar Group (CSGP) provides information, marketing and analytic services to the real estate industry in the United States and select countries internationally. Shares of the company advanced after CoStar reported quarterly results, issued 2019 guidance, and provided longer-term business targets that were ahead of expectations. Its core commercial real estate business benefited from an ongoing conversion of customers to higher priced, higher value-added products. In multi-family housing, the company continues to take share from weaker competitors. To that end, CoStar's 2019 margin guidance assumed continued marketing investments in this area. We maintained our position and believe the core business has meaningful growth opportunities to continue expansion and leverage its strong competitive moat, and Apartments.com will continue to take share of the multi-family market due to CoStar's vast information advantage relative to competitors.

Cboe Global Markets (CBOE) is a U.S. exchange for trading in options and futures on equities, indexes and exchange traded funds. The stock underperformed primarily due to reduced equity market volatility and slower than expected trading volumes throughout the quarter. We maintained our position and believe growth will be driven by the continued digitization of financial markets, increased use of the company's proprietary products, new proprietary products and continued movement from over-the-counter to listed trading.

Encompass Health (EHC) is a leading provider of rehabilitative healthcare services, through its home health services and network of inpatient rehabilitation facilities. While the company delivered strong quarterly results, investors focused on the forthcoming payment model changes for the industry. CMS (Centers for Medicare and Medicaid Services) will be shifting to a new tool to assess and code patients entering inpatient rehabilitation facilities, ultimately informing payment rates. Uncertainty with respect to the impact of this shift caused shares to lag. We maintained our position. We believe Encompass Health is well positioned for share gains given the industry shift toward lower cost, higher quality providers, and further supported by accelerating demographics for its core customer.

Centene Corp (CNC) is a managed care organization (MCO) predominantly focused on Medicaid and Medicare populations. During the quarter, Centene reported solid business results as the company continues to execute well and expand into new markets. While Centene's exchange marketplace business outperformed expectations, investors focused on a North Carolina Medicaid contract that Centene failed to win. In addition, shares declined along with other managed care organizations as a Medicare For All bill was introduced in the House of Representatives that would significantly reduce the role of managed care providers in the U.S. In our view, the proposal lacks the necessary political support to pose a credible threat to Centene's business. We maintained our position. We believe the stock is attractively valued and the company will benefit from an increased utilization of managed care within state Medicaid programs.

Take-Two Interactive Software (TTWO) is a video game developer best known for games sold under its wholly-owned labels Rockstar Games and 2K. While the company reported revenue and earnings that were ahead of expectations, forward-looking guidance was lower than expected. Revenue and earnings were driven by a successful launch of Red Dead Redemption II (RDR2), which was the most successful video game launch of 2018. However, management issued conservative guidance that disappointed some investors as the level of in-game purchases, a key source of recurring revenue, from RDR2 players is unknown. Given the successful launch of the game and our view that RDR2 players are used to making in-game purchases, we believe recurring revenue for 2019 will be better-than-expected. We added to the position on the weakness. We believe in-game purchases from RDR2 players, continued diversification of the business to more annual game releases and a shift from physical games to higher margin digital games will drive growth over the long term.

Sabre Corp. (SABR) is a technology solutions provider to the global travel and tourism industry. Sabre derives the majority of its revenue from its global distribution system (GDS) business, which enables transactions between airlines and travel agents. The company reported revenue that was below expectations and also issued forward-looking guidance that was lower-than-expected which put pressure on the stock. Sabre lost several smaller airline customers in Asia, which dampened revenue. Despite these losses, customer dollar retention remains strong at approximately 94%. Guidance was lower-than-expected due to an accounting change that the company will implement as it moves to more cloud-based technology systems. Importantly, this change will not affect the cash flow generation of the business. We added to our position on the weakness and believe Sabre's market share and competitive position remain stable and the long-term growth opportunity attractive. The company is poised to benefit from the natural growth in global travel as well as the trend towards outsourcing by airline and hotel companies.

Top 10 Holdings by Weight

	Mid Cap Growth Fund % in Fund	Russell Midcap Growth % in Index
Ball Corp	3.01	0.00
Costar Group Inc	2.83	0.54
Booz Allen Hamilton Holdings	2.74	0.24
Ulta Beauty Inc	2.69	0.63
BWX Technologies Inc	2.67	0.16
Copart Inc	2.62	0.39
Ross Stores Inc	2.59	1.09
Wex Inc	2.52	0.25
Global Payments Inc	2.49	0.70
Equifax Inc	2.43	0.12
Total:	26.59	4.13

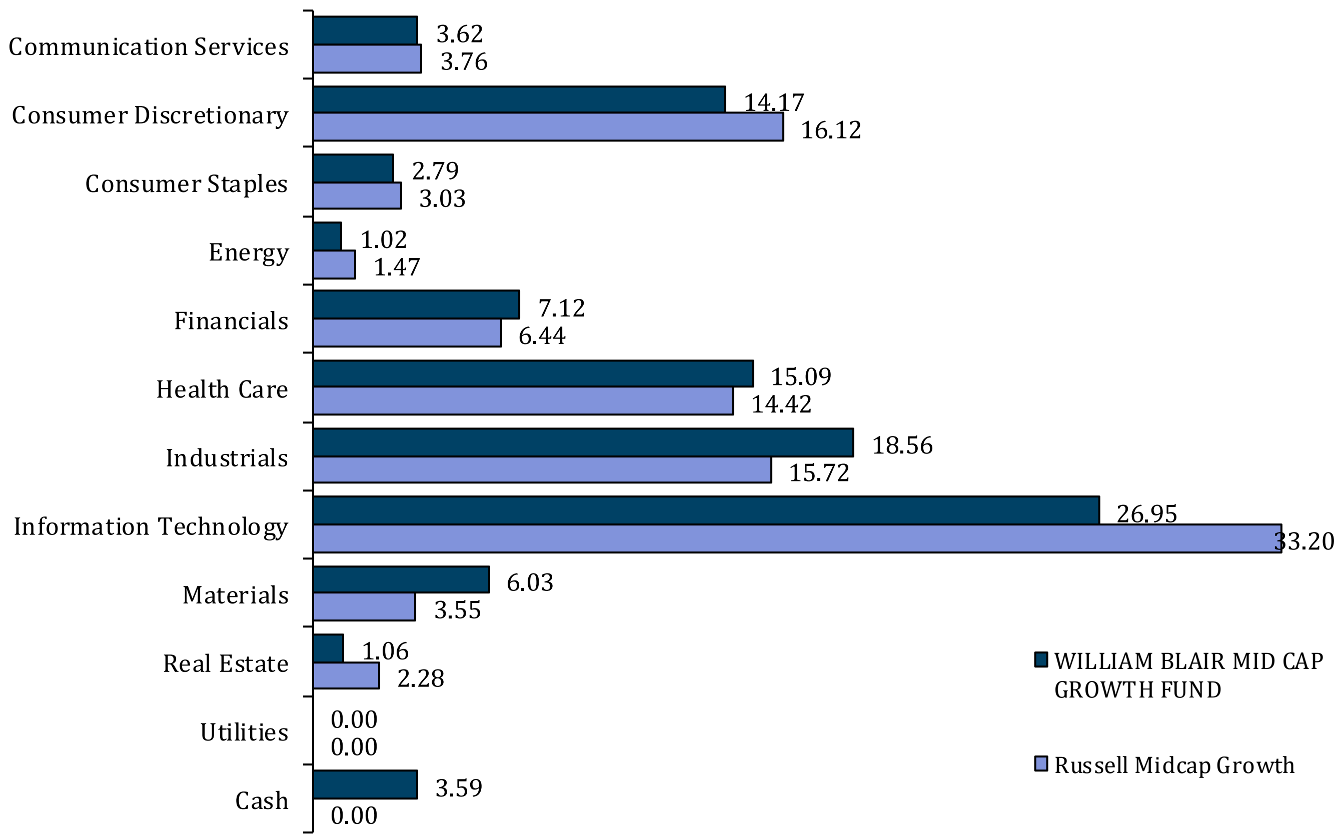
Source: Eagle.
References to specific securities and their issuers are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such securities. William Blair may or may not own the securities referenced and, if such securities are owned,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

	Mid Cap Growth Fund	Russell Midcap Growth
Growth		
EPS Growth Rate (3-yr historic)	16.9%	19.3%
EPS Growth Rate (LT forecast)*	15.3%	16.8%
Quality		
Return on Invested Capital	11.9%	14.4%
Free Cash Flow Margin	12.7%	13.5%
Debt to Total Capital Ratio	45.9%	46.3%
Valuation		
P/E (1-year forecast)	23.1x	22.2x
Capitalization ($B)		
Weighted Average Market Cap	$16.2	$17.5
Weighted Median Market Cap	$13.9	$16.1
Portfolio Positions		
Number of Securities	55	417

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 3/31/2019



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.

	Portfolio Weight	Benchmark Weight
COMMUNICATION SERVICES	**3.62**	**3.76**
Live Nation Entertainment In	1.95	0.28
Take-Two Interactive Softwre	1.67	0.20
CONSUMER DISCRETIONARY	**14.17**	**16.12**
Ulta Beauty Inc	2.69	0.63
Ross Stores Inc	2.59	1.09
Domino's Pizza Inc	1.69	0.34
Vail Resorts Inc	1.53	0.28
Aptiv PLC	1.34	0.58
Advance Auto Parts Inc	1.28	0.12
Wayfair Inc- Class A	1.16	0.27
Burlington Stores Inc	1.03	0.34
Carmax Inc	0.86	0.23
CONSUMER STAPLES	**2.79**	**3.03**
Lamb Weston Holdings Inc	1.42	0.00
Conagra Brands Inc	1.36	0.00
ENERGY	**1.02**	**1.47**
Parsley Energy Inc-Class A	1.02	0.11
FINANCIALS	**7.12**	**6.44**
Cboe Global Markets Inc	2.15	0.32
Arthur J Gallagher & Co	2.00	0.00
East West Bancorp Inc	1.58	0.02
Svb Financial Group	1.39	0.29

	Portfolio Weight	Benchmark Weight
HEALTH CARE	**15.09**	**14.42**
Mettler-Toledo International	2.29	0.57
Teleflex Inc	2.01	0.08
Agilent Technologies Inc	1.90	0.00
Centene Corp	1.52	0.61
Align Technology Inc	1.47	0.72
Encompass Health Corp	1.37	0.18
Veeva Systems Inc-Class A	1.31	0.51
Dexcom Inc	1.21	0.33
Abiomed Inc	1.01	0.39
Idexx Laboratories Inc	0.99	0.62
INDUSTRIALS	**18.56**	**15.72**
Costar Group Inc	2.83	0.54
Bwx Technologies Inc	2.67	0.16
Copart Inc	2.62	0.39
Equifax Inc	2.43	0.12
Fortive Corp	2.24	0.73
Middleby Corp	2.00	0.13
Waste Connections Inc	1.32	0.00
Verisk Analytics Inc	1.27	0.69
Xylem Inc	1.19	0.25
INFORMATION TECHNOLOGY	**26.95**	**33.20**
Booz Allen Hamilton Holdings	2.74	0.24

	Portfolio Weight	Benchmark Weight
INFORMATION TECHNOLOGY (continued)		
Wex Inc	2.52	0.25
Global Payments Inc	2.49	0.70
Arista Networks Inc	2.38	0.58
Pure Storage Inc - Class A	2.14	0.12
Godaddy Inc - Class A	2.05	0.41
Microchip Technology Inc	2.03	0.62
Worldpay Inc-Class A	1.97	0.10
Sabre Corp	1.82	0.15
Autodesk Inc	1.74	0.92
Workday Inc-Class A	1.71	0.90
Dolby Laboratories Inc-Cl A	1.38	0.00
Guidewire Software Inc	1.02	0.25
J2 Global Inc	0.96	0.00
MATERIALS	**6.03**	**3.55**
Ball Corp	3.01	0.00
Vulcan Materials Co	1.98	0.47
Celanese Corp	1.05	0.26
REAL ESTATE	**1.06**	**2.28**
Sba Communications Corp	1.06	0.72
Cash	**3.59**	**0.00**
Total	**100.00**	**100.00**

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 invested in any one particular sector. Holdings are subject to change at any time. The Benchmark is the Russell Midcap Growth Index.

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.