







Discretionary, stock selection within Household Durables and Auto Components contributed to the relative outperformance within the sector. The relative outperformance within Health Care was due to strong stock selection within Health Care Equipment and the lack of exposure to Pharmaceutical and Biotech stocks. Real Estate was the most significant detractor from relative performance during the period as well due to stock selection within Office, Hotel & Resort, and Health Care REITs. Cash was a notable detractor during the period given the strong benchmark return during the first half of the year. Looking specifically at stock selection, the strategy's largest contributors to relative performance were TopBuild (Industrials), Gardner Denver Holdings (Industrials), and Booz Allen Hamilton (Tech). Offsetting these contributors were our investments in Weight Watchers (Consumer Discretionary), Wolverine Worldwide (Consumer Discretionary), and Range Resources (Energy).

## **Outlook**

Despite the strong rebound in domestic equity performance through the second quarter, many of the risks that contributed to the dramatic market sell-off late in 2018 remain. The constantly evolving trade/tariff landscape seems to present a challenge for the Fed and complicates future monetary policy decisions as it is forced to make assumptions about harder to predict geopolitical risks and their impact on the economy. Continued trade policy uncertainty may result in supply chain disruption and delayed corporate investment activity, which could alter the trajectory of global growth. The Fed may be proactive and move more quickly than in previous cycles in an effort to spark growth and prolong the current economic expansion.

We remain cognizant that corporate debt levels continue to rise and could contribute to higher market volatility should these more highly levered companies feel pressure as a greater percentage of their cash flow is needed to service their rising debt levels. The main difference between this cycle and what transpired during the global financial crisis is that these higher

debt levels are not on bank balance sheets, but rather have been privately financed. Should these lower quality/more highly levered companies have trouble accessing the capital markets or get squeezed as high yield spreads increase, this could be the impetus for sustained higher quality stock outperformance. We remain focused on companies with solid balance sheets and have gravitated towards companies with even stronger balance sheets given our concern about corporate debt levels and expectations for increased market volatility. As always, our focus remains on identifying quality companies at discount prices and corporate transformation opportunities. We continue to find opportunities across sectors and believe the portfolio is well-suited to withstand a variety of market scenarios and add value over the long-term.

	Value	Core	Growth
<b>Month to Date</b>			
Russell 3000	7.12	7.02	6.93
Russell 1000	7.18	7.02	6.87
Russell Midcap	6.75	6.87	7.02
Russell 2500	6.47	7.09	7.78
Russell 2000	6.37	7.07	7.70
<b>Quarter to Date</b>			
Russell 3000	3.68	4.10	4.50
Russell 1000	3.84	4.25	4.64
Russell Midcap	3.19	4.13	5.40
Russell 2500	1.89	2.96	4.14
Russell 2000	1.38	2.10	2.75
<b>Year to Date</b>			
Russell 3000	16.05	18.71	21.41
Russell 1000	16.24	18.84	21.49
Russell Midcap	18.02	21.35	26.08
Russell 2500	15.26	19.25	23.92
Russell 2000	13.47	16.98	20.36

Source: FactSet; Eagle

**Past performance is not a guarantee of future results.** A direct investment in 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.

### Market Performance

- Relative to the robust first quarter, positive performance was more moderate in the second quarter and included significant swings on a monthly basis.
- U.S. corporations reported first quarter earnings that were broadly better than investors' previously-lowered expectations, providing support for equities to move higher during the month of April.
- From there, macro considerations, most notably rising trade tensions and a perceived shift in U.S. Federal Reserve policy, seemed to drive the direction of the market, which included negative returns in May and a subsequent recovery in June.

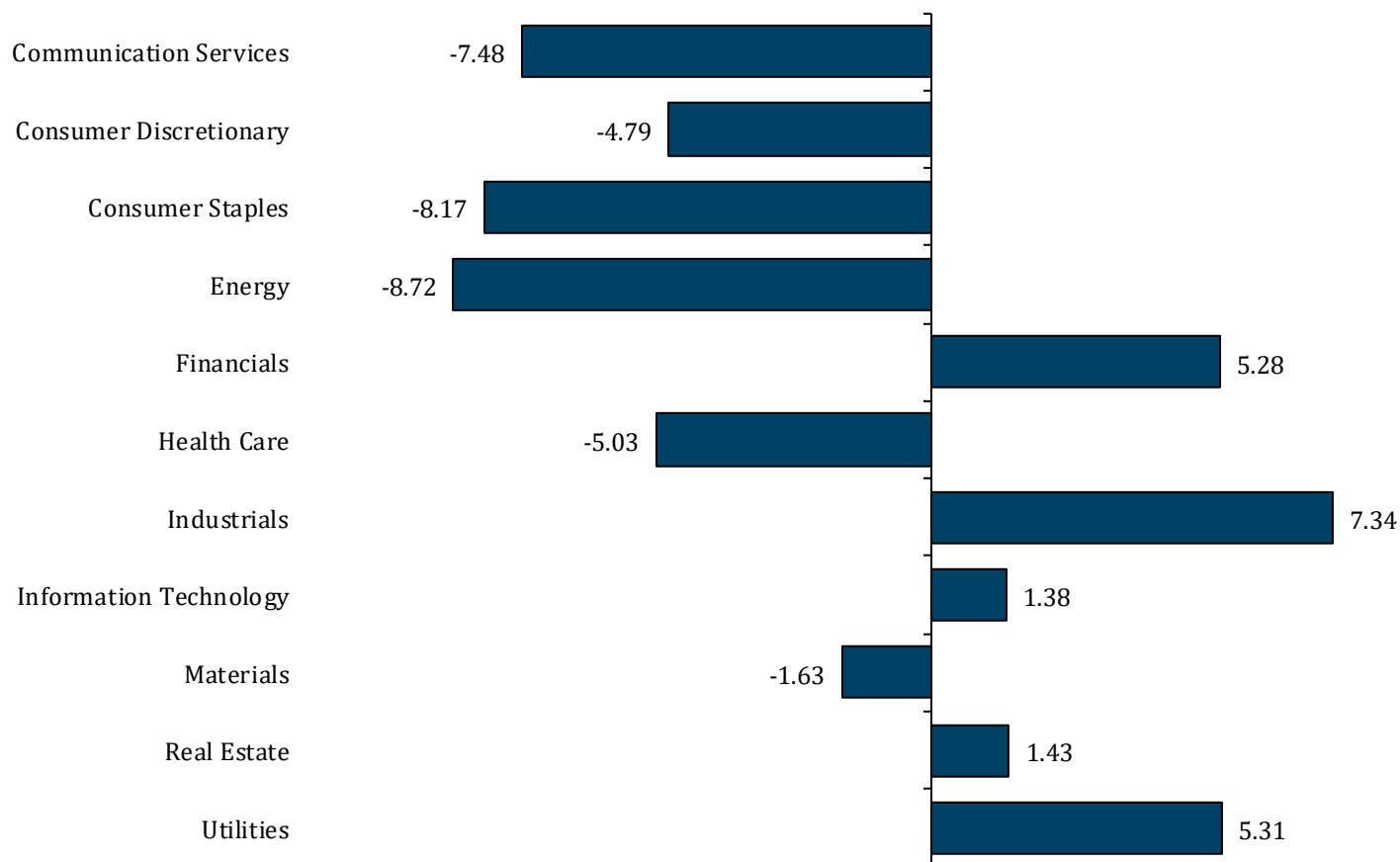
### Style Performance

- Growth indices outperformed value indices across the size spectrum during the second quarter.
- Year-to-date, growth outperformed value, with the dispersion of returns greater in smaller caps segments of the market.

### Market Cap Performance

- Larger caps outperformed smaller caps in the second quarter. While the trend was linear across value indices, mid caps were the best performing size segment across growth indices.
- Year-to-date, mid caps outperformed other size segments across styles. Large caps narrowly outperformed small caps in growth indices and more meaningfully in value indices.

**Russell 2000 Value Total Return  
Q2 2019**



*Data calculated in Opturo. Past returns are no guarantee of future performance. A direct investment in an index is not possible. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to book ratios and forecasted growth values.*

Periods ended 6/30/2019	Quarter	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*
Small Cap Value Fund (WBVDX) Class N	2.76%	16.22%	-3.35%	7.48%	4.87%	12.18%	
Small Cap Value Fund (BVDIX) Class I	2.85%	16.39%	-3.10%	7.74%	5.14%	12.46%	
Small Cap Value Fund (BVDRX) Class R6							-0.77%
Russell 2000 Value	1.38%	13.47%	-6.24%	9.81%	5.39%	12.40%	-1.54%

Class N Inception: 12/23/1996

Class I Inception: 10/1/1999

\*Class R6 Inception: 5/2/2019

**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 and Class R6 shares are available only to investors who meet certain eligibility requirements.**

Small Cap Value Fund Expense Ratios:

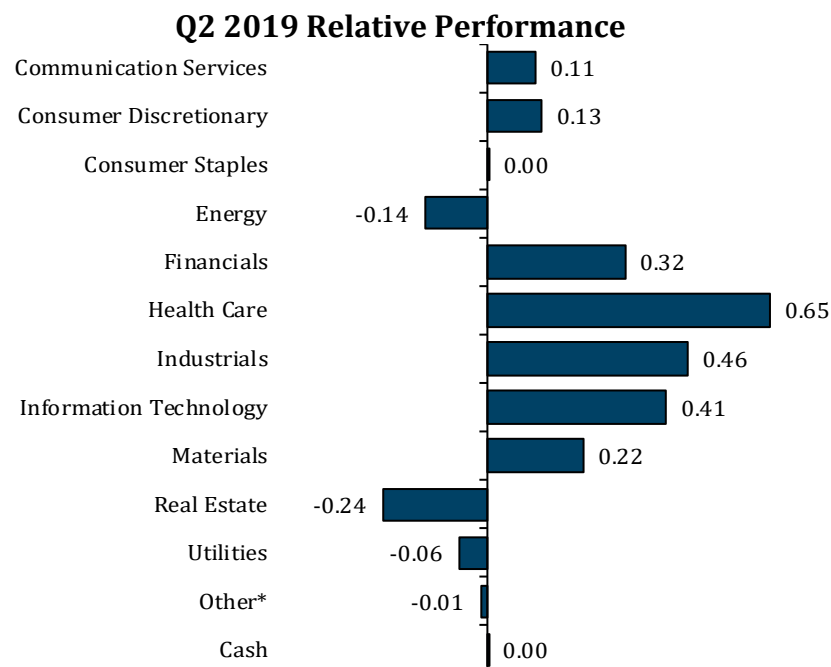
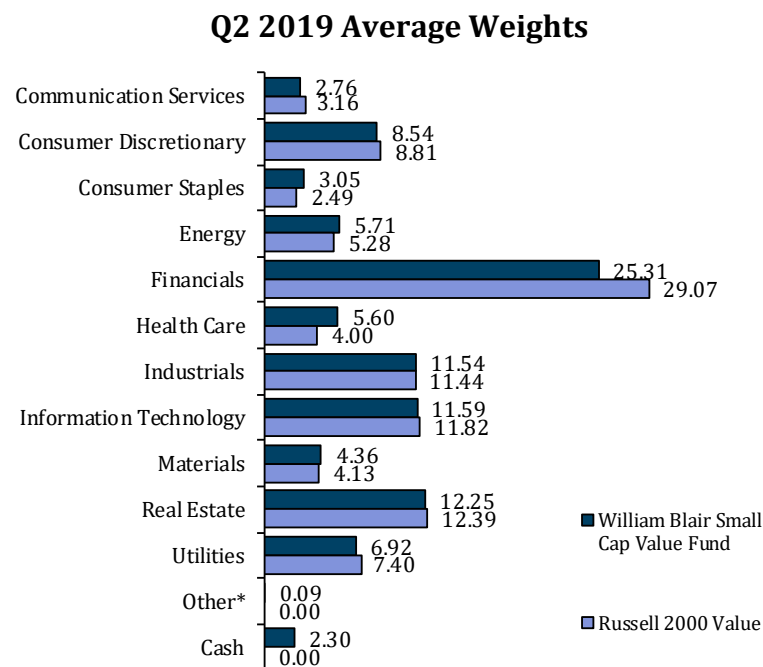
	Gross	Net
Class N Shares	1.56%	1.50%
Class I Shares	1.30%	1.25%
Class R6 Shares	1.16%	1.16%

The Fund's Adviser has contractually agreed to waive fees and/or reimburse expenses to limit fund operating expenses until 4/30/20.

Expenses shown are as of the most recent prospectus.

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

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



\*Other represents iShares Russell 2000 ETF and iShares Russell 2000 Value ETF.

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.



**Cavco Industries (CVCO)** designs, produces, and sells manufactured homes in the United States. The stock outperformed after management announced impressive quarterly results, highlighted by an improving demand environment and increased margins due to strong operational execution and a solid pricing environment. In addition, CVCO's Financial Services division experienced one of its most profitable quarters ever with expectations for continued momentum due to an improved regulatory landscape, which levels the playing field for manufactured homes. We continue to own this attractively valued company given its strong balance sheet, confidence in management and continued momentum within manufactured housing.

**TopBuild (BLD)** is the largest new residential insulation installer and distributor in the U.S. The relative outperformance was the result of strong quarterly results that were better than expected and forward guidance that could prove conservative should recent momentum continue. Management highlighted strong operating leverage due to a strong pricing environment and the company's willingness to walk away from low margin business. It also noted BLD was seeing a solid start to the spring selling season. We continue to own the stock given its attractive valuation, strong market position and its ability to grow organically or through consolidation.

**Esco Technologies (ESE)** provides special purpose solutions for electric, gas, and water utilities, coupled with segments in filtration and test chambers. The relative outperformance of the stock was due to quarterly earnings results that were better than expected, resulting in management to raise forward guidance. ESE was able to more than offset a minor slowdown related to the Boeing 737 max issues by shifting production to higher margin products and a stronger demand environment, which contributed to volume efficiencies. We continue to own this high quality stock given its solid ROIC, good margins and cash flow, conservative balance sheet, and visible growth, which should benefit from tailwinds from the rollout of 5G.

*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 for advisory clients, and you should not assume that investments in the securities identified and discussed were or will be profitable.*

**Abercrombie & Fitch (ANF)** is a mall-based teen retailer that operates stores selling its A&F and Hollister brands. Although management announced quarterly results that were largely better than anticipated, the stock underperformed during the quarter as management maintained its forward guidance, which disappointed investors. While the forward guidance was disappointing, we believe the quarterly results were solid and reflected strength in the company's U.S. business, despite a challenging retail environment. We continue to own the stock given its attractive valuation, improving operational results and our confidence in management's execution capabilities as they continue to prove out their turnaround.

**Range Resources (RRC)** engages in the exploration, development, and acquisition of natural gas and oil properties. Although management delivered quarterly results that were better than feared due to strong production and pricing, the stock traded down during the quarter due to disappointing guidance issued by management. Specifically, management revised its production guidance slightly lower, with no anticipated change in capex expected. Intra-quarter pressure on NGL pricing also weighed heavily on the stock. We continue to own this attractively valued stock given its high-quality liquids-rich assets in the Southwest Marcellus, our confidence in management's ability to execute, and the company's seemingly clear path to free cash flow generation.

**Wolverine World Wide (WWW)** designs, manufactures, sources, markets, licenses, and distributes footwear, apparel, and accessories. It offers casual footwear and apparel; performance outdoor and athletic footwear and apparel; children's footwear; industrial work boots and apparel; and uniform shoes and boots. The underperformance in the stock during the quarter was driven by weaker than anticipated quarterly results, which were impacted by higher inventory levels due to a late start to spring and challenging sales of seasonal products; primarily within WWW's Sperry division. While we are disappointed in the increased inventory, we believe the issue is transitory as management reaffirmed its annual outlook for all brands and noted that recent trends have strengthened. In addition, the company's margins, cash flow and ROIC have all improved as a result of the operational efficiency initiatives management has been implementing. We continue to own this attractively priced stock given the company's free cash flow yield, our confidence in management's execution capabilities, and WWW's global brand portfolio.

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<b>Top 10 Holdings</b>		
	<b>Small Cap Value Fund</b>	<b>Russell 2000 Value</b>
	<u>% in Portfolio</u>	<u>% in Index</u>
CONMED Corp	1.84	0.14
Integer Holdings Corp	1.72	0.07
Healthcare Realty Trust Inc	1.57	0.40
Curtiss-Wright Corp	1.56	0.00
Encompass Health Corp	1.53	0.00
Selective Insurance Group	1.50	0.45
Brady Corporation - Cl A	1.50	0.24
Radian Group Inc	1.48	0.51
J & J Snack Foods Corp	1.43	0.00
Terreno Realty Corp	1.40	0.30
<b>Total:</b>	<b>15.54</b>	<b>2.12</b>

Source: Eagle.

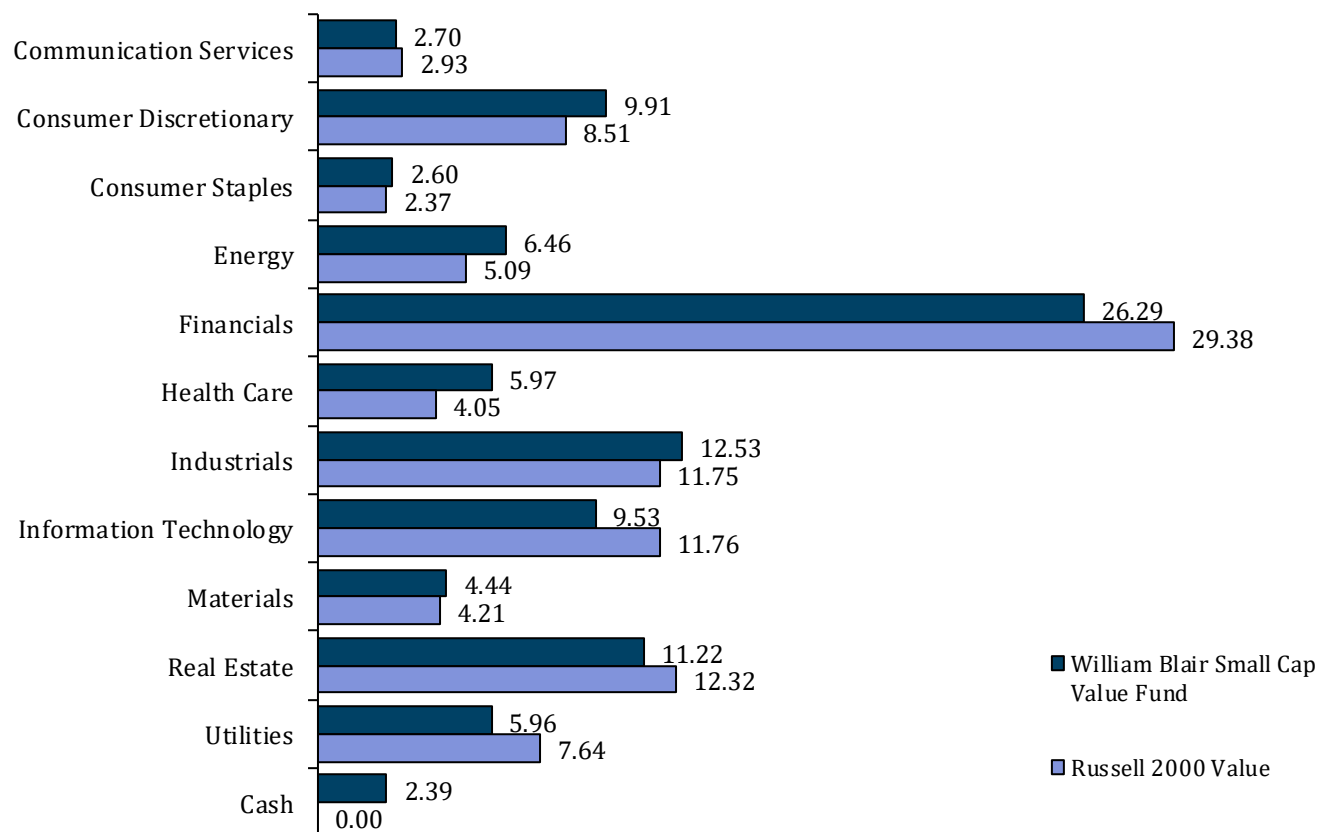
References to specific securities and their issuers are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such securities. William Blair may or may not own the securities referenced and, if such securities are owned, no representation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

	Small Cap Value Fund	Russell 2000 Value
<b>Valuation</b>		
PE Ratio (1 year forecast)	14.8x	14.9x
Price/Sales	2.4x	2.4x
<b>Quality</b>		
Return on Equity	10.3%	7.3%
Debt to Total Capital	39.2%	42.0%
<b>Growth</b>		
EPS Growth Rate (LT forecast)	11.2%	11.1%
<b>Capitalization (\$B)</b>		
Weighted Average Market Cap	\$3.2	\$2.2
Unweighted Median Market Cap	\$3.0	\$0.7
>\$3 Billion	51.2%	27.6%
\$1.5 – 3 Billion	32.4%	36.6%
\$500 Million to \$1.5 Billion	14.0%	26.8%
< \$500 Million	0.0%	9.1%
<b>Portfolio Positions</b>		
Number of Securities	91	1347

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 6/30/2019



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		Portfolio Weight	Benchmark Weight		Portfolio Weight	Benchmark Weight
<b>COMMUNICATION SERVICES</b>	<b>2.70</b>	<b>2.93</b>	<b>FINANCIALS (continued)</b>			<b>REAL ESTATE</b>	<b>11.22</b>	<b>12.32</b>
Meredith Corp	1.20	0.22	Pacwest Bancorp	1.04	0.00	Healthcare Realty Trust Inc	1.57	0.40
Cinemark Holdings Inc	0.91	0.00	Oceanfirst Financial Corp	1.03	0.12	Terreno Realty Corp	1.40	0.30
Imax Corp	0.58	0.00	Cno Financial Group Inc	0.93	0.28	Americold Realty Trust	1.30	0.00
<b>CONSUMER DISCRETIONARY</b>	<b>9.91</b>	<b>8.51</b>	Umpqua Holdings Corp	0.90	0.00	Highwoods Properties Inc	1.30	0.00
Carter's Inc	1.25	0.00	Boston Private Finl Holding	0.83	0.10	Pebblebrook Hotel Trust	1.26	0.38
Adtalem Global Education Inc	1.24	0.27	Horace Mann Educators	0.77	0.17	Acadia Realty Trust	1.20	0.23
Dana Inc	1.14	0.02	Banc Of California Inc	0.75	0.06	American Assets Trust Inc	1.02	0.22
Cavco Industries Inc	1.03	0.00	Cvb Financial Corp	0.75	0.24	Equity Commonwealth	0.72	0.00
Foot Locker Inc	1.00	0.00	Glacier Bancorp Inc	0.75	0.30	Agree Realty Corp	0.72	0.22
Dick's Sporting Goods Inc	1.00	0.00	<b>HEALTH CARE</b>	<b>5.97</b>	<b>4.05</b>	Columbia Property Trust Inc	0.72	0.00
Topbuild Corp	0.86	0.00	Conmed Corp	1.84	0.14	<b>UTILITIES</b>	<b>5.96</b>	<b>7.64</b>
Abercrombie & Fitch Co-Cl A	0.85	0.11	Integer Holdings Corp	1.72	0.07	One Gas Inc	1.23	0.49
Wolverine World Wide Inc	0.84	0.00	Encompass Health Corp	1.53	0.00	Pnm Resources Inc	1.12	0.42
Dave & Buster's Entertainmen	0.70	0.00	Magellan Health Inc	0.88	0.19	Idacorp Inc	1.02	0.52
<b>CONSUMER STAPLES</b>	<b>2.60</b>	<b>2.37</b>	<b>INDUSTRIALS</b>	<b>12.53</b>	<b>11.75</b>	South Jersey Industries	1.01	0.27
J & J Snack Foods Corp	1.43	0.00	Curtiss-Wright Corp	1.56	0.00	Black Hills Corp	0.88	0.43
Darling Ingredients Inc	1.17	0.34	Brady Corporation - Cl A	1.50	0.24	Chesapeake Utilities Corp	0.70	0.14
<b>ENERGY</b>	<b>6.46</b>	<b>5.09</b>	Watsco Inc	1.33	0.00	<b>Cash</b>	<b>2.39</b>	<b>0.00</b>
Callon Petroleum Co	1.12	0.16	Esco Technologies Inc	1.27	0.22	<b>Total</b>	<b>100.00</b>	<b>100.00</b>
Archrock Inc	1.08	0.14	Acuity Brands Inc	1.27	0.00			
Pdc Energy Inc	1.07	0.25	Continental Building Product	1.17	0.00			
Helix Energy Solutions Group	0.83	0.13	Simpson Manufacturing Co Inc	1.16	0.00			
Solaris Oilfield Infrast-A	0.78	0.00	Watts Water Technologies-A	1.15	0.12			
Newpark Resources Inc	0.72	0.07	Kennametal Inc	1.08	0.12			
Range Resources Corp	0.69	0.00	Matson Inc	1.05	0.09			
Talos Energy Inc	0.17	0.05	<b>INFORMATION TECHNOLOGY</b>	<b>9.53</b>	<b>11.76</b>			
<b>FINANCIALS</b>	<b>26.29</b>	<b>29.38</b>	J2 Global Inc	1.36	0.00			
Selective Insurance Group	1.50	0.45	Viavi Solutions Inc	1.23	0.20			
Radian Group Inc	1.48	0.51	Avnet Inc	1.21	0.00			
Hancock Whitney Corp	1.37	0.35	Belden Inc	1.20	0.25			
Home Bancshares Inc	1.35	0.24	Maximus Inc	1.03	0.00			
Sterling Bancorp/De	1.31	0.00	Liveramp Holdings Inc	0.95	0.17			
Hanover Insurance Group Inc/	1.25	0.00	Inphi Corp	0.91	0.00			
Iberiabank Corp	1.21	0.43	Semtech Corp	0.89	0.03			
National Bank Hold-Cl A	1.19	0.07	Solarwinds Corp	0.76	0.00			
Sandy Spring Bancorp Inc	1.17	0.12	<b>MATERIALS</b>	<b>4.44</b>	<b>4.21</b>			
Fnb Corp	1.16	0.00	Sensient Technologies Corp	1.07	0.15			
Banner Corporation	1.15	0.18	Carpenter Technology	1.00	0.23			
Reasant Corp	1.15	0.18	Silgan Holdings Inc	0.86	0.00			
Seacoast Banking Corp/Fl	1.12	0.10	Polyone Corporation	0.76	0.01			
Wsfs Financial Corp	1.07	0.18	Minerals Technologies Inc	0.74	0.20			
Western Alliance Bancorp	1.06	0.00						

As of 6/30/2019.

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.

# 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.