William Blair Low Duration Fund Performance

September 30, 2020

Performance %	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Low Duration Fund (WBLIX) Class I	0.68	2.62	2.87	2.47	1.92	1.55
Low Duration Fund (WBLNX) Class N	0.52	2.39	2.60	2.30	1.71	1.38
Low Duration Fund (WBLJX) Class R6	0.69	2.54	2.92	2.51	1.96	1.64
B of A ML 1-yr US Tsy Note	0.08	1.77	2.37	2.19	1.54	0.93
Morningstar Ultrashort Bond Category	0.45	0.98	1.63	2.00	1.74	1.18

Inception: 12/1/2009

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

Low Duration Fund Expense Ratios:

	Gross	Net
Class I Shares	0.53%	0.40%
Class N Shares	0.75%	0.55%
Class R6 Shares	0.50%	0.35%

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 4/30/21.

The Bank of America Merrill Lynch 1-Year U.S. Treasury Note Index is comprised of a single U.S. Treasury Note issue purchased at the beginning of the month and held for a full month. Each month the index is rebalanced and the issue selected is the outstanding U.S. Treasury Note that matures closest to, but not beyond, one year from the rebalancing date. A direct investment in an index is not possible.

The Morningstar Ultrashort Bond Category represents the average annual composite performance of all mutual funds listed in the Ultrashort Bond Category by Morningstar. Distributed by William Blair & Company, L.L.C., member FINRA/SIPC.

Low Duration Fund Performance Analysis

September 30, 2020

QTD Contributors

- U.S. Government Agency mortgage-backed securities continue to drive performance by delivering high levels of monthly income.
- Within the asset-backed allocation, exposure to securities in the lower part of the capital structure contributed to performance through price appreciation.
- Asset-backed securities, corporate bonds and floating rate Treasuries added incremental income.

QTD Detractors

- Fixed rate, high quality corporate bonds experienced valuation declines due to spread widening.
- Select 15 year U.S. Government agency mortgage-backed securities experienced mild price declines.
- Allocation to U.S. Treasury Bills detracted from performance due to lack of income generation.

YTD Contributors

- U.S. Government Agency mortgage-backed securities delivered strong performance, delivering above market monthly income while maintaining relatively stable prices.
- Shorter duration, investment-grade corporate bonds and asset-backed securities generated positive price appreciation and income generation.

YTD Detractors

- Exposure to Treasury Bills that do not generate income have detracted from performance.

Source: William Blair, BlackRock Solutions.

Past performance is not indicative of future returns. Holdings are subject to change at any time. 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. The above securities do not represent all of the securities purchased, sold or recommended for all William Blair clients.

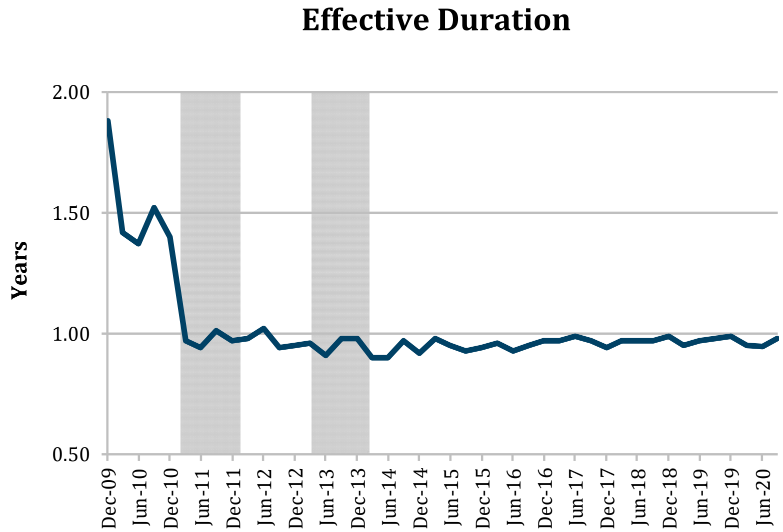
Low Duration Fund Strategy

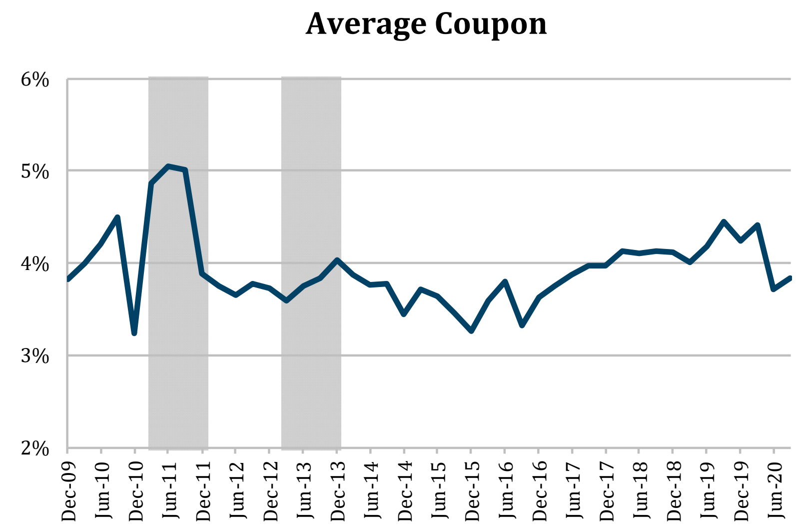
September 30, 2020

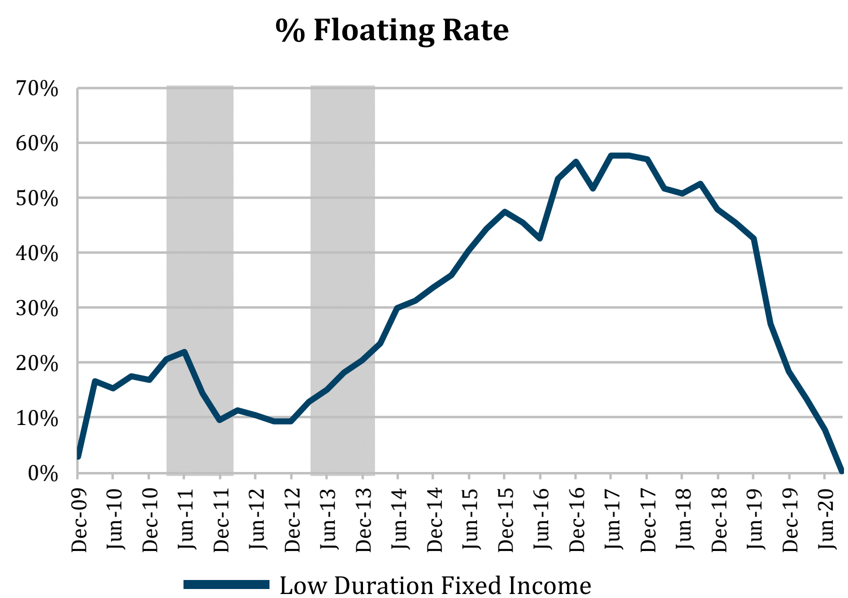
Decision Factor	Positioning	Strategy
Interest Rates & Yield Curve	Maintain	• The strategy's duration is managed to ~1yr as Chair Powell has been quoted "We're not thinking of raising rates. We're not even thinking about thinking about raising rates." • The strategy continues to benefit from the unprecedented availability of the Fed's liquidity programs that were designed to stabilize short-term funding markets and support corporate bonds and asset-backed securities. Also, the Fed continues to buy Treasuries and MBS under its unlimited Large-Scale Asset Purchases program.
Treasuries & Agencies	Maintain	• Maintain Treasury exposure to enhance the liquidity profile of the strategy and anchor against volatility. • <u>No allocation to agency debentures</u>: We currently find agency MBS valuations more attractive.
Securitized Sectors	Maintain ABS and MBS	• <u>Allocation to U.S. Government Agency MBS</u>: We believe employing higher-coupon pools comprised of low loan balances are attractive as such pools and typically offer stable, predictable cashflow. • <u>Allocation to ABS</u>: Exposure to ABS is based on fundamentals measured by the strength of the sponsor, structured credit enhancement and the underlying health of the consumer. ABS valuations remain appealing.
Credit Sectors	Maintain	• <u>Allocation to highly liquid investment-grade industrials and financials</u>: We emphasize companies with positive free cash flows and strong management teams. New issue supply has resulted in an opportunity to add new issuer exposure and increase yield while maintaining quality.

Information subject to change without notice. Not intended as investment advice.

Low Duration Fund Characteristics



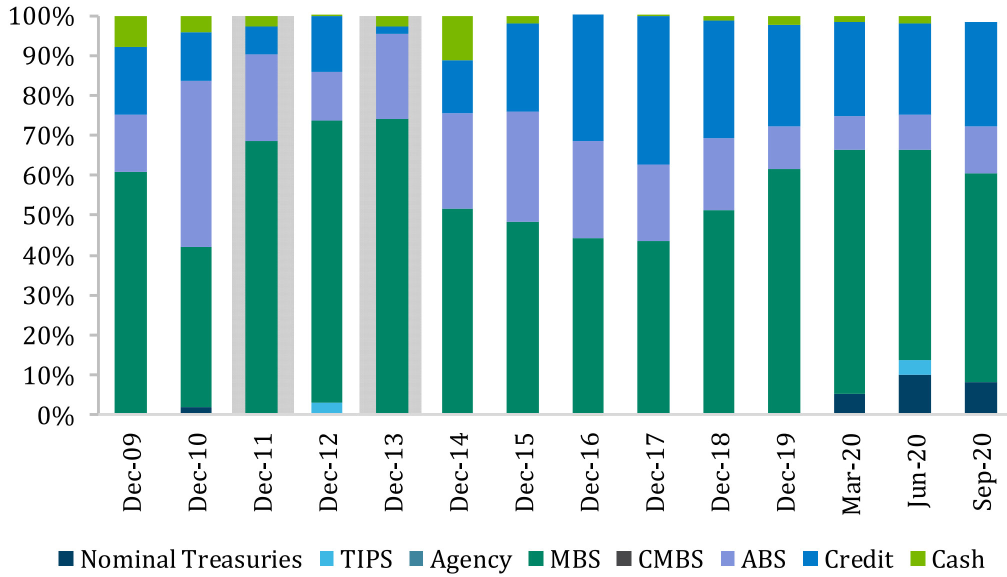




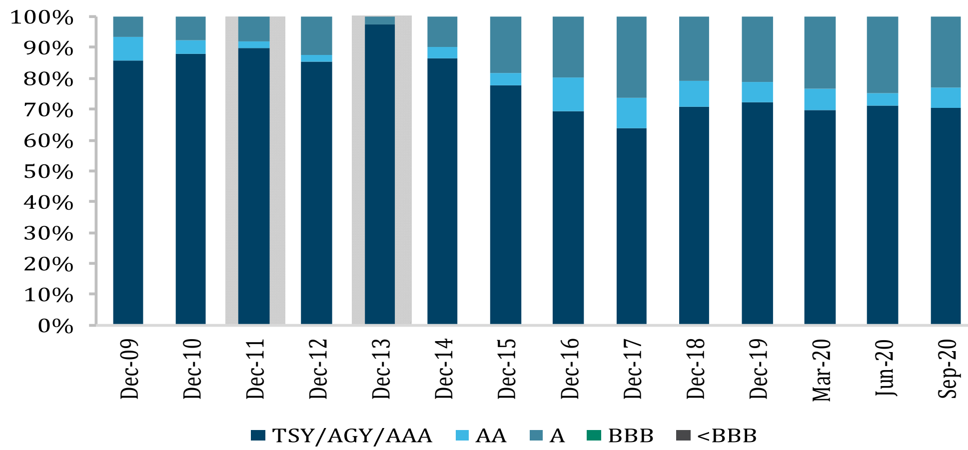
As of September 30, 2020.
Sources: BlackRock Solutions, Bloomberg Barclays, CMS Bond Edge, ICE. Information is for illustrative purposes only and is not intended as investment advice. Subject to change without notice. The above information is based on the strategy's representative account. 2011 shading represents the European Debt Crisis; 2013 shading represents the 2013 Taper Tantrum.

Low Duration Fund Characteristics

Sector Composition



Rating Categories[1]



[1]The credit quality of securities in the representative portfolio is sourced through BlackRock Solutions and derived from Fitch Ratings, Moody's Investors Service, Inc. and Standard & Poor's. In cases where the credit rating agencies have assigned different credit ratings to the same security, the higher rating is used. In cases where only one rating agency has assigned a credit As of September 30, 2020.

Sources: BlackRock Solutions, Bloomberg Barclays, CMS Bond Edge, ICE. Information is for illustrative purposes only and is not intended as investment advice. Subject to change without notice. The above information is based on the strategy's representative account. 2011 shading represents the European Debt Crisis; 2013 shading represents the 2013 Taper Tantrum.

Capital Markets Recap/Outlook

September 30, 2020

Fed Chair Powell testifies on the effects of the stimulus on the economy 9/22/20

- Powell says the Fed is "committed to using our tools...for as long as it takes" to limit lasting damage to the economy."
- With employment and overall economic activity below pre-pandemic levels, Powell says the "full recovery is likely to come only when people are confident that it is safe to re-engage in a broad range of activities. "
- "The path forward will depend on keeping the virus under control, and on policy actions taken at all levels of government," Jay Powell says.

U.S. Treasuries: September's fixed-rate coupon auctions totaled $285B

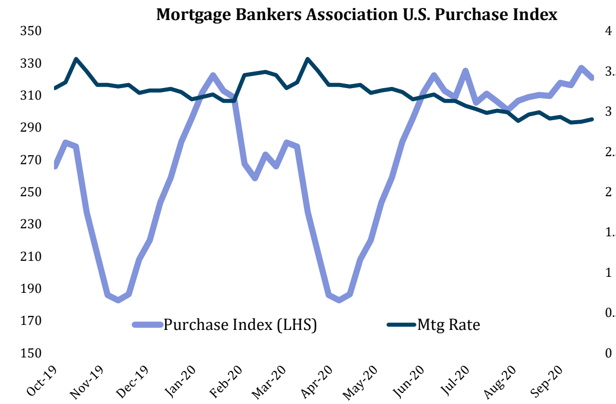
- At the beginning of the month the Treasury auctioned: $50 billion 3-year notes; $35 billion 10-year notes; $23 billion 30-year bonds.
- Later in September, the Treasury auctioned: $22 billion 20-year bonds; $52 billion 2-years notes; $53 billion 5-year notes; $50 billion 7-year notes.
- For the month of September, the US Treasury Index generated a +0.14% total return, reversing some of the –1.10% total return printed in August.

U.S. Treasury Inflation Protected Securities Update

- After Jackson Hole in late August when the Fed stated it "will likely aim to achieve inflation moderately above 2 percent for some time" after periods of persistently low inflation, TIPS rallied smartly and then subsequently underperformed during the month of September as increases to inflation have not materialized.
- Fed Chair Jerome Powell called this strategy "a flexible form of average inflation targeting"—which Fed officials are calling FAIT.
- In September, the Treasury auction $12 billion 10-year TIPS at –0.97% yield.
- The September TIPs Index printed a –0.37% total return, reversing some of the +1.98% return generated in August.

Agency MBS: The Fed Continues to spur lower rates / creates home-buying demand.

- The Fed's continuous, massive tactical MBS purchases have been very effective in bringing down mortgage rates for borrowers and the MBA purchase index has picked up that households are applying to buy homes at lower rates.



Corporate Bonds: Rebound Continues

- Corporate bonds continue to benefit from strong demand by investors globally. Valuations have largely recovered from the March widening but remain wider than pre-pandemic levels.
- Strong demand for corporate bonds is evidenced by continued record issuance being absorbed well by the market. Issuers taking advantage of low financing costs have resulted in record issuance and continued lengthening of the Corporate Index duration.
- After a relatively strong earnings season, market focus turned towards the U.S. election, prospects for additional fiscal stimulus, and fears of a second wave of Covid-19 cases.
- As we look towards 3Q20 earnings, we'll look to see a continued divergence between companies whose business models can perform in a post-pandemic world and those that continue to see significant deterioration.

Index Definitions

BofA Merrill Lynch 1-Year U.S. Treasury Note Index: Comprised of a single U.S. Treasury Note issue purchased at the beginning of the month and held for a full month. Each month the index is rebalanced and the issue selected is the outstanding U.S. Treasury Note that matures closest to, but not beyond, one year from the rebalancing date.

Bloomberg Barclays Aggregate Bond Index: Composed of securities from the Barclays Aggregate Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index.

Bloomberg Barclays U.S. Corporate Index: measures the investment grade, fixed-rate, taxable corporate bond market.

Bloomberg Barclays Corporate High Yield Bond Index: Composed of fixed-rate, publicly issued, non-investment grade debt.

Bloomberg Barclays U.S. Credit Index: measures the investment grade, U.S dollar-denominated, fixed rate, taxable corporate and government-related bond markets. It is composed of the U.S. Corporate Index and a non-corporate component that includes non-U.S. agencies, sovereigns, supranationals and local authorities.

Bloomberg Barclays Emerging Market Bond Index: An unmanaged index that tracks total returns for external-currency-dominated debt instruments for emerging markets.

Bloomberg Barclays Intermediate Govt./Credit Bond Index: Fixed-rate government and corporate bonds rated investment grade or higher.

Bloomberg Barclays U.S. MBS Index: Measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of GNMA, FNMA, and FHLMC.

Bloomberg Barclays U.S. TIPS Index: Includes all publicly issued U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

Bloomberg Barclays U.S. Treasury Index: measures U.S. dollar-denominated fixed-rate, nominal debt issued by the U.S. Treasury.

MSCI EAFE IMI Index: a free float-adjusted market capitalization index that is designed to measure equity market performance in the developed markets outside the United States.

MSCI Emerging Markets IMI Index: a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

S&P 500 Index: A measure of domestic equity market performance published by Standard & Poor's. It consists of 400 leading industrial issues, 20 transportation issues, 40 utilities and 40 finance issues weighted on a market capitalization basis. The S&P 500 is a broad-based index composed of domestic stocks representing 80% of the market value of all stocks traded on the New York Stock Exchange.

Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly.