

William Blair Income Fund Performance

September 30, 2020

| Performance % | | | | | | | |
|---|---------|------|--------|---------|---------|----------|------------------|
| | Quarter | YTD | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception* |
| Income Fund (BIFIX) - Class I | 0.86 | 4.11 | 4.77 | 3.19 | 2.77 | 2.74 | -- |
| Income Fund (WBRRX) - Class N | 0.93 | 4.10 | 4.60 | 2.97 | 2.54 | 2.51 | -- |
| Income Fund (BIFJX) - Class R6 | 0.87 | 4.15 | 4.70 | -- | -- | -- | 5.21 |
| Bloomberg Barclays Int. Gov/Credit Bond Index | 0.61 | 5.92 | 6.32 | 4.43 | 3.39 | 2.91 | 7.23 |
| Morningstar Short-Term Bond Category | 0.99 | 2.71 | 3.30 | 2.76 | 2.39 | 1.99 | -- |

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.

Income Fund Expense Ratios:

| | Gross | Net |
|-----------------|-------|-------|
| Class I Shares | 0.74% | 0.70% |
| Class N Shares | 0.98% | 0.85% |
| Class R6 Shares | 0.71% | 0.65% |

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.

*Class R6 inception: 5/2/2019, Class I inception: 10/1/1999, Class N inception: 10/1/1990.

The Bloomberg Barclays Intermediate Government/Credit Bond Index indicates broad intermediate government/corporate bond market performance. A direct investment in an index is not possible. The Morningstar Short-Term Bond Category represents the average annual composite performance of all mutual funds listed in the Short-Term Bond Category by Morningstar.

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William Blair Income Fund Performance Analysis

September 30, 2020

QTD Contributors

- Overweight to U.S Government Agency mortgage-backed securities was the largest positive contributor to third-quarter performance. In addition to the sector allocation, security selection was beneficial.
- Underweight to US Treasuries was the second largest contributor to performance for the quarter. Exposure to TIPS contributed to performance.

QTD Detractors

- Security selection in Treasuries was a slight detractor from attribution as shorter-maturity and floating-rate UST underperformed longer-maturity, fixed-rate treasuries.
- The strategy's emphasis of shorter-maturity corporates and underweight to BBB-rated names detracted from performance as corporates spreads rallied during the quarter, with BBB-rated and longer-maturity corporates leading the sector.

YTD Contributors

- Security selection of higher coupon segments within U.S Government Agency mortgage-backed securities contributed to attribution as these securities outperformed current coupon MBS.
- Security selection within ABS was a contributor to attribution
- Allocation to and security selection within emerging market securities was a modest positive for performance.

YTD Detractors

- Significant underweight and shorter duration positioning in Treasuries detracted from performance as the YTD performance of Treasuries continue to reflect the extreme flight to quality experienced in the first quarter. Additionally security selection within treasuries detracted from performance as TIPS underperformed nominal treasuries.
- Security selection in Investment Grade Credit detracted from attribution, primarily from owning shorter duration exposure as 7-10 year credit outperformed 3-5 year credit.
- The strategy has a shorter duration profile versus the benchmark which detracted from performance.

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.

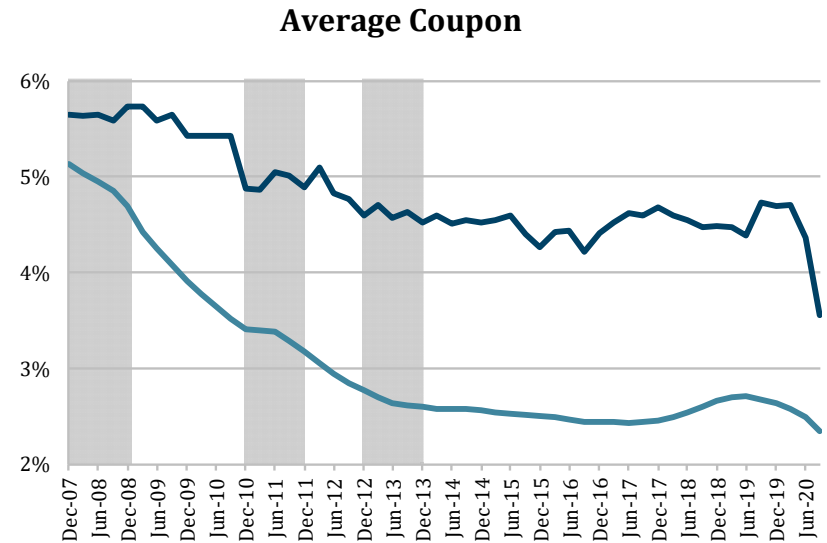
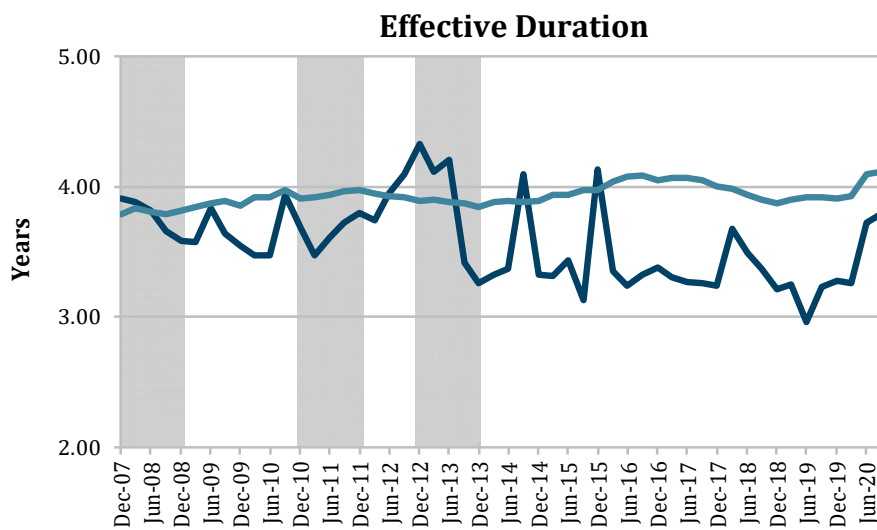
William Blair Income Fund Strategy

September 30, 2020

| Decision Factor | Positioning | Strategy |
|------------------------------|------------------|---|
| Interest Rates & Yield Curve | Shorter Duration | <ul style="list-style-type: none"> Portfolio designed to have less duration than the strategy's benchmark, the Bloomberg/Barclays Intermediate Government/Credit Index, as the Index's composition has become dominated by U.S. Treasuries. |
| Treasuries & Agencies | Underweight | <ul style="list-style-type: none"> <u>Allocation to TIPS</u>: We continue to monitor the effects of the pandemic on the overall economy, unlimited quantitative easing, and the Fed's recently highlighted "flexible form of average inflation targeting (FAIT)" and its impact on inflation. <u>Underweight Treasuries</u>: Due to valuation assessments, we have maintained an underweight to US Treasuries, in favor of spread sectors. We have reduced the underweight. <u>Underweight agencies</u>: We view agency MBS as a more attractive alternative. |
| Securitized Sectors | Overweight | <ul style="list-style-type: none"> <u>Overweight U.S. Government Agency MBS</u>: We find valuations of higher-coupon pools comprised of low loan balances attractive as such pools offer superior income within the MBS sector, defensive duration posture, and stable, predictable cash-flows. Due to the Fed support programs announced on March 15, 2020 we are tactically employing 15-year current coupon production TBA MBS coupons. <u>Overweight ABS</u>: We believe certain-ABS offer attractive total return potential as the consumer remains unlevered and resilient during the pandemic. |
| Credit Sectors | Underweight | <ul style="list-style-type: none"> Limits on BBB exposure result in an underweight to investment-grade industrials. We employ bonds with appealing valuations that are issued by companies with positive free cash flows and strong and experienced management teams. New issue supply has resulted in an opportunity to add new issuer exposure and increase yield while maintaining/increasing quality. <u>Underweight utilities and non-corporate credit</u>: We find valuations unattractive compared to alternatives available in financials and industrials. <u>Selective opportunities in corporations domiciled in emerging markets</u>: Within the sector, we have found value in large, multinational companies with a market leadership position and strong management teams. |

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William Blair Income Fund Characteristics



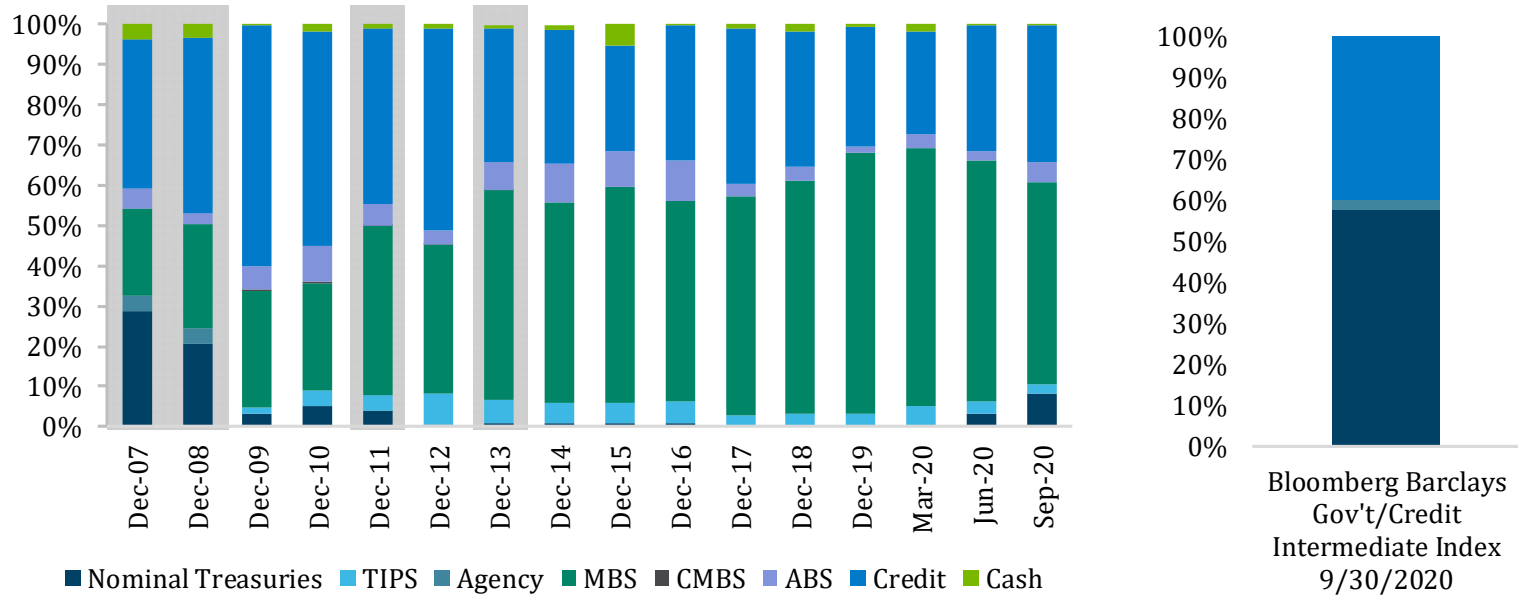
William Blair Income Fund
 Bloomberg Barclays Gov't/Credit Intermediate Index

As of September 30, 2020.

Sources: BlackRock Solutions, Bloomberg Barclays, CMS BondEdge. Information is for illustrative purposes only and is not intended as investment advice. Subject to change without notice. December 2007-December 2008 shading represents the Global Financial Crisis; 2011 shading represents the European Debt Crisis; 2013 shading represents the 2013 Taper Tantrum. The Bloomberg Barclays Intermediate Gov't/Credit Bond Index is a fixed-rate government and corporate bonds rated investment grade or higher.

William Blair Income Fund Characteristics

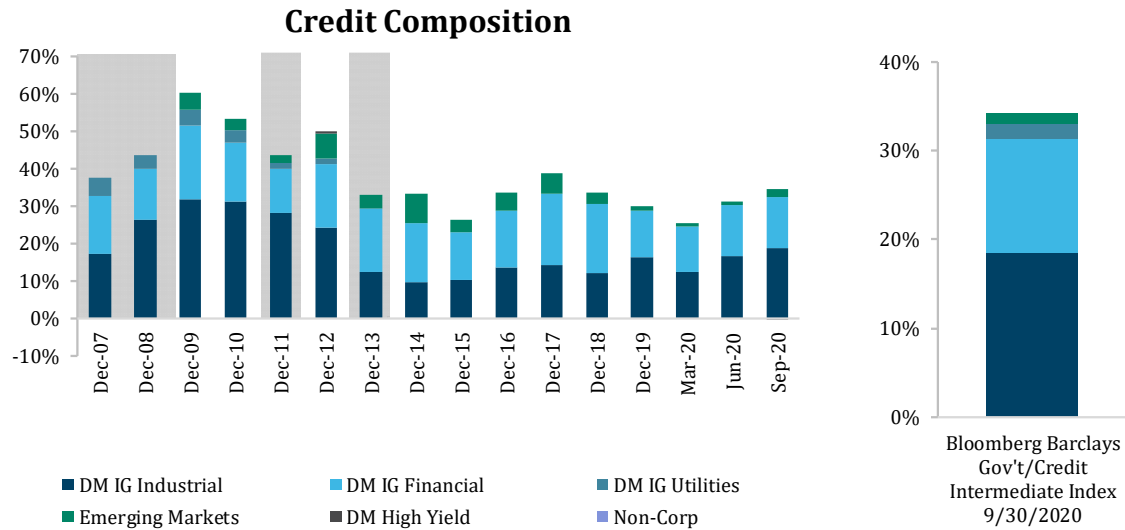
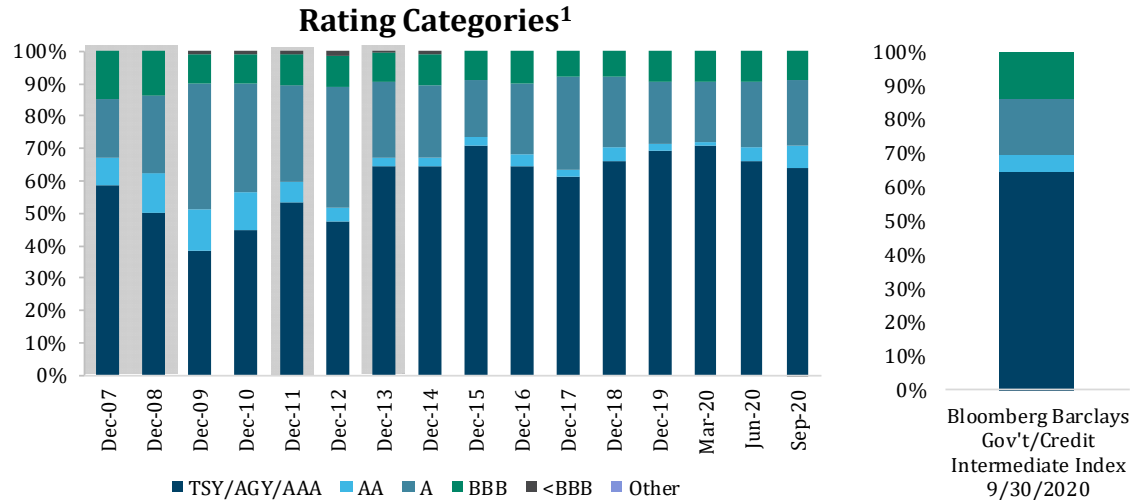
Sector Composition



As of September 30, 2020.

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William Blair Income Fund Characteristics



¹The 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 rating to a security, that rating is used.

As of September 30, 2020.

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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.

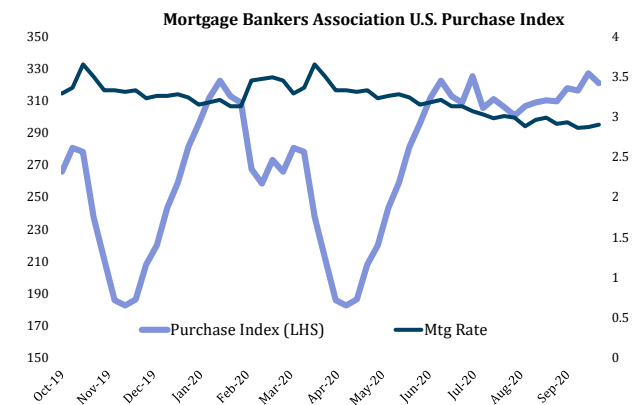
U.S. Treasury Inflation Protected Securities Update

- 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.

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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.