Market Overview

COVID-19 was the dominant force affecting the economy and equities in a volatile year-to-date period.

Late in the first quarter, as it became clear that COVID-19 was becoming a global pandemic, equities declined rapidly due to stay-at-home directives, which effectively shut down many segments of the economy. After bottoming in mid-March, equity returns were robust during the second quarter. This was predominately the result of massive amounts of fiscal and monetary stimulus, coupled with improving COVID-19 trends, optimism regarding vaccine development and progress toward re-opening the economy. The Federal Reserve (Fed) responded quickly and dramatically in an attempt to limit economic damage.

Third quarter advances built on second quarter strength. Continued economic improvement, including positive trends in employment and increases in consumer spending, coupled with incremental progress towards the development of a vaccine, supported the market rise. Market returns were further fueled by a shift in Fed policy to allow flexibility around its inflation target, signaling policymakers' intent to keep the Fed Funds rate low for an extended period. Within the market, there was a pronounced bifurcation between the performance of "COVID beneficiaries" and those disrupted by COVID, as select companies across different sectors saw a strengthening of demand for their products (e.g., ecommerce), while others saw a complete collapse in demand (e.g., travel related), though this divergence began to narrow late in the third quarter.

Amid significant COVID-related business disruption, a focus on 2021 profit potential and a decline in 10-year U.S. Treasury yields allowed valuation multiple expansion to drive many U.S. equity indices in positive territory for the year-to-date period ended September 30, 2020.

Fund Performance

The Large Cap Growth Fund (Class N) trailed the Russell 1000 Growth Index during the third quarter, primarily driven by stock specific dynamics. The largest source of underperformance as compared to our benchmark came from not owning Apple (Information Technology) and Tesla (Consumer Discretionary). Both stocks have benefited from significant valuation multiple expansion as fundamental expectations have remained relatively stable. In the case of Apple, given the maturity of the high-end smart phone, tablet and PC markets, and the recent revaluation of its services business, we believe the long-term growth and return prospects for our other Information Technology holdings are more attractive. As it relates to Tesla, we believe the stock is embedding unrealistic expectations as to the pace of auto market conversion to electronic vehicles, as well as Tesla's ultimate margin profile and market share. Within the Fund, top detractors were Illumina (Health Care) and Apollo Global Management (Financials). Illumina experienced fundamental headwinds and also announced its intent to make an acquisition that will likely be dilutive to earnings in the intermediate term. Alternatives investment manager Apollo posted second quarter earnings that were lower than consensus expectations due to lighter than expected net realizations and incentive fees. Other laggards included Equifax (Industrials), Guidewire (Information Technology) and Alphabet (Communication Services). Conversely, top contributors to relative returns were Advanced Micro Devices (Information Technology) and Nike (Consumer Discretionary). Fabless semiconductor company Advanced Micro Devices benefited from robust growth in server CPU sales and continued high demand for laptops. Nike benefited from a sharp recovery in many regions led by digital purchases as the company continues to take global share in both footwear and apparel. Other notable outperforming holdings were Copart (Industrials), Zoetis (Health Care) and Salesforce.com (Information Technology). Stock specific contributors and detractors for the third quarter are discussed in greater detail at the end of this quarterly review.

While we added value in the first quarter downdraft, the Fund lagged its benchmark on a year-to-date basis. Performance drivers over the nine-month period were similar to those of the third quarter, with the largest negative impact on relative performance coming from not owning Apple and Tesla, as described in more detail above. As it relates to our Fund, top detractors could generally be characterized as companies that experienced COVID-related business headwinds and included Live Nation Entertainment (Communication Services), Coca-Cola (Consumer Staples), Starbucks Corporation (Consumer Discretionary), Fortive Corp. (Industrials) and Stryker (Health Care). Live Nation, a global leader in live entertainment, was negatively impacted by social distancing measures that made it difficult to conduct live events, while beverage company Coca-Cola faced revenue headwinds resulting from store and restaurant closures. Conversely, top contributors during the period were PayPal Holdings (Information Technology), Advanced Micro Devices (Information Technology), Amazon.com (Consumer Discretionary), Veeva Systems (Health Care) and Adobe (Information Technology). Digital payments company PayPal had record levels of new client additions and transactions as it continued to benefit from the rapid transition to e-commerce and digital payments. Advanced Micro Devices outperformed on strong demand for its chipsets and market share gains.

Outlook

Looking forward, though the U.S. economy is recovering and broad market indices are near prior peak levels, uncertainty remains. The upcoming U.S. presidential election is likely to cause volatility to the extent its outcome is not immediately known and as the market digests its implications. Should there be a change in leadership, the market will have to weigh likely changes in tax policy and regulation against the potential for higher levels of fiscal stimulus.

In addition, virus trends heading into colder months are a source of concern for consumers and businesses most impacted by COVID-19 at the same time the benefits of earlier federal aid packages are fading and job growth is slowing. Progress toward the development and rollout of a vaccine and the Fed's commitment to remain accommodative are critical factors in supporting a continued recovery.

Our investment philosophy is built on the belief that future cash flows are the ultimate determinants of long-term value creation and stock performance. We remain focused on identifying companies with superior management, high barriers to entry, differentiated products or services, and the financial flexibility to invest through uncertainty. We seek to construct a portfolio of companies that we believe will emerge from the current period stronger regardless of political outcomes or the duration of the economic recovery.

	Value	Core	Growth
Month to Date			
Russell 3000	-2.58	-3.64	-4.57
Russell 1000	-2.46	-3.65	-4.70
Russell Midcap	-2.27	-1.95	-1.40
Russell 2500	-3.85	-2.59	-0.77
Russell 2000	-4.65	-3.34	-2.14
Quarter to Date			
Russell 3000	5.42	9.21	12.86
Russell 1000	5.59	9.47	13.22
Russell Midcap	6.40	7.46	9.37
Russell 2500	3.54	5.88	9.37
Russell 2000	2.56	4.93	7.16
Year to Date			
Russell 3000	-12.23	5.41	23.00
Russell 1000	-11.58	6.40	24.33
Russell Midcap	-12.84	-2.35	13.92
Russell 2500	-18.39	-5.82	11.58
Russell 2000	-21.54	-8.69	3.88

Market Performance

- U.S. equity benchmarks were down in September due in part to comments by the Fed that fiscal stimulus is needed to support continued economic recovery and concerns that political gridlock may impede progress on further stimulus efforts.
- Market volatility may remain high as investors face significant uncertainty, a prominent source of which is the upcoming U.S. presidential election. Other risks include the re-escalation of trade tensions with China, potential delays in additional fiscal stimulus, deterioration in virus trends, the pace of vaccine development, and mounting social tensions.

Style Performance

- Excluding large caps, growth benchmarks outperformed value benchmarks during September.
- Growth benchmarks continued to lead value benchmarks in the third quarter and year-to-date periods. The dispersion of returns between growth and value was widest among large caps.

Market Cap Performance

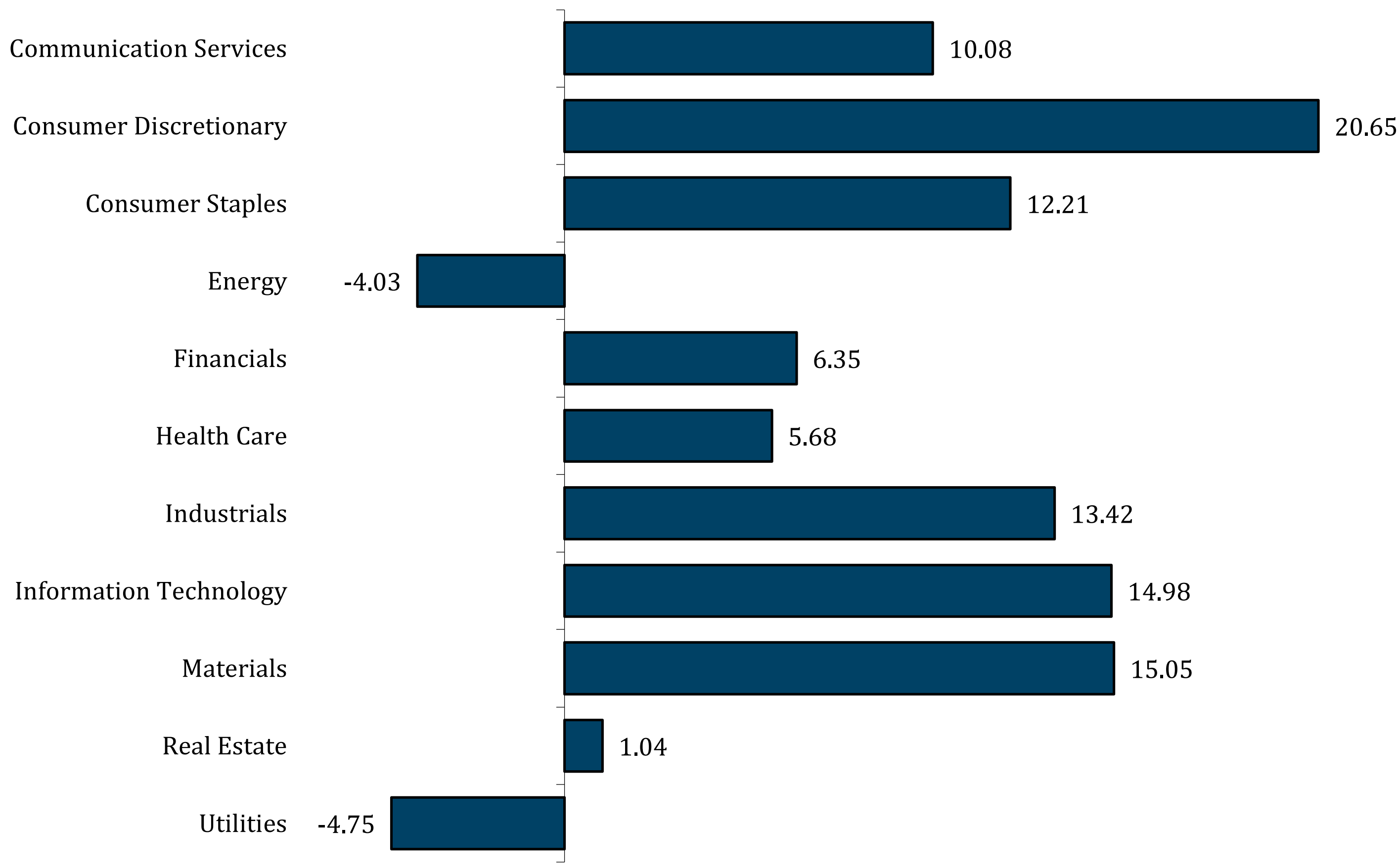
- While larger caps outperformed smaller caps within the value benchmarks during September, performance was mixed within the growth benchmarks.
- Larger caps outperformed smaller caps in both the quarter and year-to-date periods.

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 1000 Growth Total Return
Q3 2020**



Data calculated in our proprietary attribution system. Past returns are no guarantee of future performance. A direct investment in an index is not possible. The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Periods ended 9/30/2020	Quarter	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*
Large Cap Growth Fund (LCGNX) Class N	10.99%	21.68%	31.84%	24.15%	19.68%	17.22%	--
Large Cap Growth Fund (LCGFX) Class I	11.03%	21.87%	32.22%	24.46%	19.99%	17.52%	--
Large Cap Growth Fund (LCGJX) Class R6	11.04%	21.95%	32.28%	--	--	--	26.30%
Russell 1000 Growth	13.22%	24.33%	37.53%	21.67%	20.10%	17.25%	27.21%

Class I & N Inception Date: 12/27/1999
*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. 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.

William Blair Large Cap Growth Fund Expense Ratios:

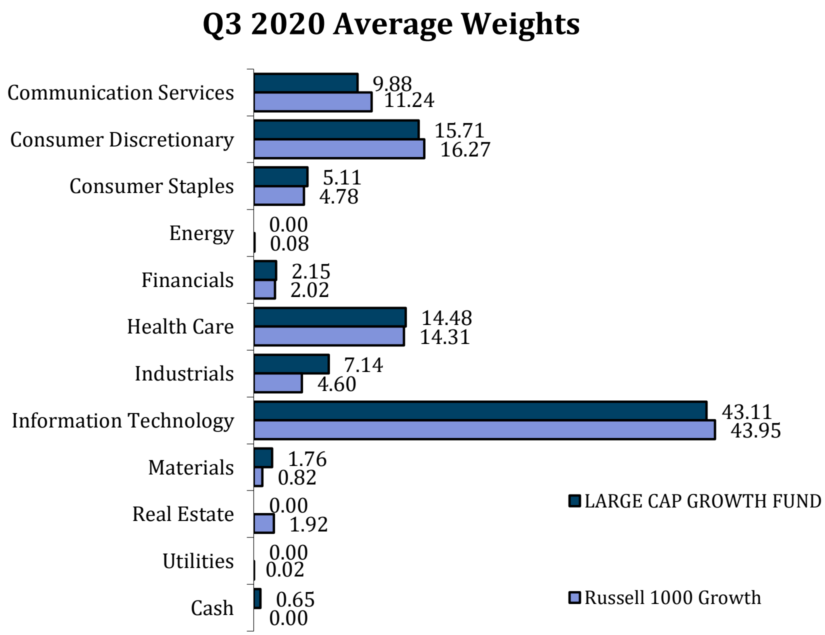
	Gross	Net
Class N Shares	1.09%	0.90%
Class I Shares	0.78%	0.65%
Class R6 Shares	0.71%	0.60%

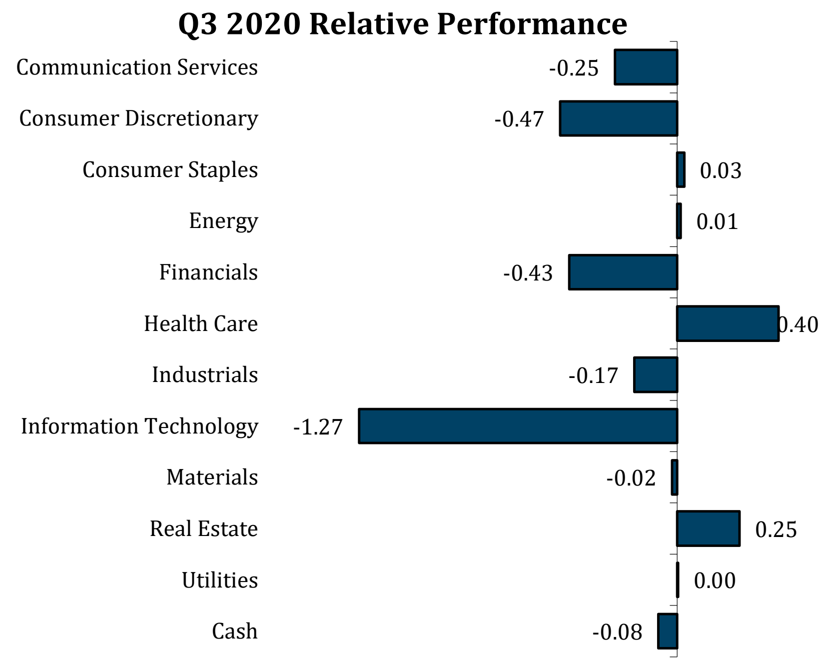
The Fund's Adviser has contractually agreed to waive fees and/or reimburse expenses to limit fund operating expenses until 4/30/21.

Expenses shown are as of the most recent prospectus.

A direct investment in an index is not possible. The Russell 1000 Growth Index measures the performance of those Russell 1000 companies 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: Proprietary attribution system.

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.*

Advanced Micro Devices (AMD) is a fabless semiconductor company that designs and markets central processing unit (CPU) chipsets, graphics processing unit (GPU) chipsets and custom chip designs for large original equipment manufacturers. The company reported strong earnings results during the quarter, driven by robust growth in server CPU sales and continued high demand for laptops. Advanced Micro Devices continues to gain momentum in the CPU market relative to competitors and management increased full-year guidance, indicating a positive outlook on growth in all segments, particularly in PC CPUs. We trimmed our position on strength, given a valuation that now embeds significant share gains relative to Intel. We believe that Advanced Micro Devices will continue to take share of a growing market, while at the same time expanding margins.

Nike (NKE) is the world's leading designer, developer and seller of athletic footwear, apparel, equipment and accessories. While brick and mortar store traffic remained negative in the period, Nike benefited from a sharp recovery in many regions led by digital purchases as the company continues to take global share in both footwear and apparel. Women's apparel was an area of particular strength, in part due to the launch of Nike M, a maternity fitness line, and Nike Yoga. In addition, high consumer demand and a shift towards higher profit digital purchases drove better than expected margins. We added to our position in the quarter, as we believe Nike's customer focused strategy, product innovation and digital capabilities should allow the company to continue to gain market share globally. Further, the company benefits from a global market shift towards a more casual fashion aesthetic and broader awareness and adoption of active living.

Copart Inc (CPRT) is the leading online auction platform for salvage vehicles. The company reported earnings that were well ahead of expectations, driven by continued international demand as well as an increase in average selling prices (ASPs) of used vehicles, as they surged to record highs. We trimmed our position on strength. Copart continues to benefit as increasing auto part complexity and rising labor costs are driving up the cost to repair cars and compelling insurers to forego repairs and scrap more cars. In addition, opportunities in non-insurance markets and Western Europe add to our long-term growth outlook.

Illumina (ILMN) develops, manufactures and markets life science tools and integrated systems used in the large-scale analysis of genetic data. Shares of Illumina lagged in the quarter due to weakness in the consumables and services segments of the business. COVID-19 related headwinds have resulted in temporary lab closures and a slowdown in clinical testing, areas that are continuing to show improvement. Further, later in the quarter the company announced its intent to acquire GRAIL, a company focused on early cancer detection. While the acquisition has the potential to position Illumina to rise to the forefront of the cancer testing industry, it will likely be dilutive to earnings in the intermediate term. We are assessing the impact of the acquisition on the business and the potential impact on the stock's risk/reward profile.

Apollo Global Management (APO) is a leading global alternatives investment manager focused on credit, private equity and real estate investments. Apollo posted second quarter earnings that were lower than consensus expectations due to lighter than expected net realizations and incentive fees, causing weakness in the share price. We believe fee-related earnings growth should accelerate from current levels given strong recent asset growth. We added to our position. Within the attractive private and alternative asset class industry, we believe Apollo is well positioned to gain share as assets gravitate toward investment managers with breadth, scale and performance.

Equifax (EFX) provides information services to businesses and consumers. Its proprietary database of consumer and business information includes detail regarding credit history, financial assets, utility payments, employment, income, public records, demographics and marketing data. While Equifax's mortgage-related business performed well, benefiting from low interest rates and new product investments, non-mortgage volume growth worsened, suggesting the spike in COVID trends and re-closing of certain states had dampened the improvement in business activity witnessed in the second quarter. We maintained our position. Through the company's ongoing tech transformation, Equifax continues to innovate and bring new products to the market, while at the same time reducing its overall cost structure, which we believe is being underappreciated by investors.

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.

Top 10 Holdings by Weight

	Large Cap Growth Fund % in Fund	Russell 1000 Growth % in Index
Microsoft Corp	10.04	9.53
Amazon.com Inc	8.75	8.08
Paypal Holdings Inc	4.93	1.40
Alphabet Inc	4.92	4.11
Mastercard Inc - A	4.73	1.81
Nike Inc -Cl B	3.97	0.92
Adobe Inc	3.80	1.43
UnitedHealth Group Inc	3.78	1.48
Advanced Micro Devices	3.40	0.54
Accenture Plc-Cl A	3.30	0.87
Total:	51.61	30.16

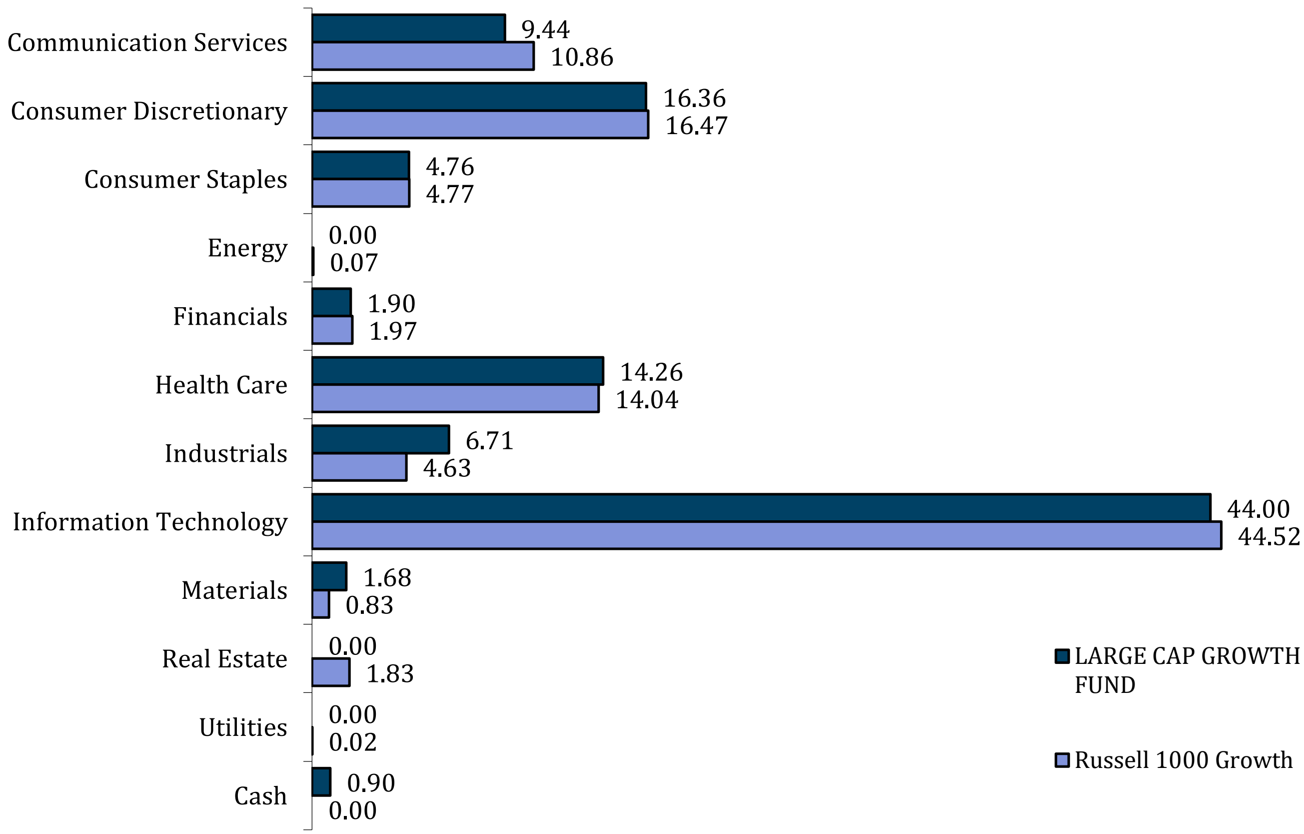
Source: Eagle.
References to specific securities and their issuers are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such securities. William Blair may or may not own the securities referenced and, if such securities are owned,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

	Large Cap Growth Fund	Russell 1000 Growth
Growth		
EPS Growth Rate (LT forecast)	16.2%	17.1%
Quality		
Return on Assets (5-year average)	10.7%	10.2%
Free Cash Flow Margin	16.1%	16.4%
Debt to Total Capital	43.8%	49.2%
Valuation		
PE Ratio (1 year forecast)	34.8x	30.6x
Capitalization ($M)		
Weighted Average Market Cap	$453,445	$662,755
Weighted Median Market Cap	$192,687	$231,175
Portfolio Positions		
Number of Securities	32	447
Cash		
% Cash in Portfolio	0.9%	0.0%
Active Share		
% Active Share	64%	

Characteristics have been calculated by William Blair.

Please refer to the 'Important Disclosures' section of this document for further information on investment risks and returns.

Sector Weights as of 9/30/2020



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	**9.44**	**10.86**
Alphabet Inc-Cl A	4.92	2.07
Activision Blizzard Inc	2.71	0.15
Live Nation Entertainment In	1.81	0.05
CONSUMER DISCRETIONARY	**16.36**	**16.47**
Amazon.Com Inc	8.75	8.08
Nike Inc -Cl B	3.97	0.92
Starbucks Corp	2.63	0.35
Marriott International -Cl A	1.01	0.00
CONSUMER STAPLES	**4.76**	**4.77**
Costco Wholesale Corp	2.90	0.84
Estee Lauder Companies-Cl A	1.86	0.26
FINANCIALS	**1.90**	**1.97**
Apollo Global Management Inc	1.90	0.02
HEALTH CARE	**14.26**	**14.04**
Unitedhealth Group Inc	3.78	1.48
Abbott Laboratories	2.54	0.44
Zoetis Inc	2.49	0.43
Stryker Corp	2.46	0.14
Illumina Inc	1.77	0.27
Abiomed Inc	1.21	0.07
INDUSTRIALS	**6.71**	**4.63**
Copart Inc	2.59	0.13
Fortive Corp	2.13	0.00
INDUSTRIALS (continued)		
Equifax Inc	2.00	0.09
INFORMATION TECHNOLOGY	**44.00**	**44.52**
Microsoft Corp	10.04	9.53
Paypal Holdings Inc	4.93	1.40
Mastercard Inc - A	4.73	1.81
Adobe Inc	3.80	1.43
Advanced Micro Devices	3.40	0.54
Accenture Plc-Cl A	3.30	0.87
Texas Instruments Inc	3.28	0.39
Intuit Inc	2.65	0.50
Lam Research Corp	2.23	0.29
Fidelity National Info Serv	2.15	0.00
Salesforce.Com Inc	2.11	1.22
Guidewire Software Inc	1.39	0.01
MATERIALS	**1.68**	**0.83**
Linde PLC	1.68	0.00
Cash	**0.90**	**0.00**
Total	**100.00**	**100.00**

As of 9/30/2020.
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 1000 Growth Index.

Glossary - Terms

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.

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.

Glossary - Terms

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.