Growth Fund

William Blair

Quarterly Review

December 2020

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Portfolio Manager

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 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. The securities of smaller and medium sized companies tend to be more volatile and less liquid than securities of larger companies. In addition, small and medium sized companies may be traded in lower volumes. This can increase volatility and increase the liquidity risk whereby the Fund will not be able to sell the security on short notice at a reasonable price. The Fund is not intended to be a complete investment program. The Fund is designed for long-term investors.

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.

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 and summary prospectus, which you may obtain by calling 1-800-742-7272. Read the prospectus and summary prospectus carefully before investing.

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Market Overview

In a volatile yet robust year for U.S. equities, COVID-19 was the dominant force affecting the economy and stock market during 2020.

During the first quarter, equities declined rapidly due to stay-at-home directives, which effectively shut down many segments of the economy. After bottoming in late March, equity returns rebounded rapidly during the second quarter. This was predominately the result of massive amounts of fiscal and monetary stimulus, coupled with improving COVID-19 trends and progress toward re-opening the economy.

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 into the third quarter. 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 somewhat late in the third quarter.

Gains for U.S. equities accelerated in the fourth quarter, most notably as the market digested U.S. election results and several announcements of highly efficacious COVID-19 vaccine candidates. From a political standpoint, while the Democratic Party claimed the presidency, it did not achieve overwhelming congressional victories. This effectively removed the most extreme agenda items from either party as likely outcomes and suggested a more centrist approach from President Elect Biden. On the vaccine front, strong clinical trial results, FDA approvals and the commencement of vaccinations gave investors some visibility in terms of a path to return to more normal lifestyles and economic activity. These developments, together with resilient corporate earnings, overshadowed the recent surge in virus cases and hospitalizations, which could lead to further limitations on business activity.

With significant COVID-related business disruption throughout 2020, the Federal Reserve (Fed) committed to keep the Fed Funds rate low for an extended period. This support, coupled with lower 10-year U.S. Treasury yields and a focus on longer-term corporate profit potential, drove valuation multiple expansion and resulted in several U.S. equity indices ending the year at all-time highs.

Fund Performance

The Growth Fund (Class N) outperformed the Russell 3000 Growth benchmark during the fourth quarter, driven by the combination of strong stock selection and a style tailwind. From a style perspective, the strategy benefited from its typical emphasis on small and mid caps, which considerably outperformed larger caps in the quarter, reversing the size dynamic that had been a headwind earlier in the year. From a stock selection standpoint, Information Technology and Industrials were notable areas of strength. Standout contributors from the sectors included Brink's Company (Industrials), Pure Storage (Information Technology) and Arista Networks (Information Technology). Global cash management services company Brink's benefited as customer locations re-opened and favorable COVID-19 vaccine news provided a path to return to a more normal environment. Other top performers included Consumer Discretionary holdings Rush Street Interactive and Revolve Group. Rush Street Interactive is the largest U.S. online casino operator and recently became public. Outperformance was driven by better investor awareness of the company and strong quarterly results, including robust active user growth. Top detractors in the period were Fidelity National Information Services (Information Technology) and Horizon Therapeutics (Health Care). Shares of Fidelity National Information Services lagged during the quarter, in part as it was reported that merger discussions with another larger merchant acquirer had broken down. While specialty biopharmaceutical company Horizon Therapeutics' fundamentals remained strong, the stock underperformed following exceptional stock performance earlier in the year as the company experienced some disruption related to the production of Tepezza, a recently launched drug that treats Thyroid Eye Disease. Other notable laggards included SBA Communications (Real Estate), BJ's Wholesale Club (Consumer Staples) and Adobe (Information Technology). Stock specific contributors and detractors for the fourth quarter are discussed in greater detail at the end of this quarterly review.

While posting strong absolute performance during 2020, the strategy trailed the return of the Russell 3000 Growth Index, 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) as both stocks have benefited from significant valuation multiple expansion during the year. 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, while we share the market's view that electric vehicle penetration is likely to accelerate from here, resulting in better forward growth than was expected a year ago, we believe the stock is embedding unrealistic expectations as to Tesla's ultimate market share and margin profile. Within the Fund, stock selection in Information Technology, including our positions in Fidelity National Information Services and Sabre, detracted from relative performance. Other notable laggards included Coca-Cola (Consumer Staples), BWX Technologies (Industrials) and Laureate Education (Consumer Discretionary). Beverage company Coca-Cola faced revenue headwinds that resulted from COVID-related store and restaurant closures, as roughly 40% of its beverages are consumed "away from home." Outside of Information Technology, and the impact of not owning Apple or Tesla, stock selection was generally favorable across the Fund and most notably in Health Care and Industrials. Top individual stock contributors for the year-to-date period included Horizon Therapeutics (Health

Care), Amazon.com (Consumer Discretionary), Etsy (Consumer Discretionary), Advanced Micro Devices (Information Technology) and Rush Street Interactive (Consumer Discretionary). Horizon Therapeutics was a standout as sales of Tepezza, as described above, handily exceeded expectations for much of the year. Amazon benefited from COVID-19 related tailwinds in its retail business, including increased consumer demand and the rapid shift to e-commerce, and in its cloud computing business AWS, including accelerating migration to, and use of, cloud-based services.

Outlook

Looking past the current surge in COVID-19 cases, there is a sense of optimism around U.S. economic potential when a sufficiently large portion of the population is vaccinated. COVID-19 has had materially negative impacts on many households while others have experienced little-to-no financial hardship. Acknowledging that dispersion, in aggregate the U.S. savings rate is up dramatically and mortgage rates are near historic lows. When combined with the recently passed stimulus measures, there is likely pent-up demand to be unlocked as the economy re-opens.

Tempering that optimism is the potential for slower than expected vaccine distribution and the prospect of inflation. While the unemployment rate in the U.S. has fallen, there remains slack in the employment market, mitigating the potential inflationary impact of continued Fed asset purchases and possible additional fiscal stimulus.

As equity investors, we must also weigh what expectations are embedded in stock prices. We believe it matters what you pay for an asset and have long focused on investing in stocks of quality companies where we believe the future risk/reward potential is skewed in our favor. While having this sensitivity to valuation has generally not benefited relative returns in 2020, we believe our portfolio is well-positioned for an eventual normalization of more extreme valuations in certain segments of the market. Furthermore, we believe that better visibility for a return to a more normal economic environment creates a supportive backdrop for the attractively valued stocks of durable businesses in which we invest.

	Value	Core	Growth
Month to Date			
Russell 3000	4.09	4.50	4.89
Russell 1000	3.83	4.23	4.60
Russell Midcap	4.63	4.68	4.80
Russell 2500	6.95	7.61	8.60
Russell 2000	7.92	8.65	9.35
Quarter to Date			
Russell 3000	17.21	14.68	12.41
Russell 1000	16.25	13.69	11.39
Russell Midcap	20.43	19.91	19.02
Russell 2500	28.51	27.41	25.89
Russell 2000	33.36	31.37	29.61
Year to Date			
Russell 3000	2.87	20.89	38.26
Russell 1000	2.80	20.96	38.49
Russell Midcap	4.96	17.10	35.59
Russell 2500	4.88	19.99	40.47
Russell 2000	4.63	19.96	34.63

Market Performance

- U.S. equity returns reaccelerated in the fourth quarter with some benchmarks delivering their best quarterly returns ever. The robust returns were driven by positive vaccine developments, resilient corporate earnings, positive economic trends, U.S. election results, continued central bank support, and the anticipation of additional fiscal stimulus measures. All of this overshadowed the recent surge in virus cases nationally.
- While there continues to be optimism surrounding vaccines and a path for a return to normalcy, numerous risks could alter the trajectory of the economy including inflationary pressures, further deterioration in virus trends, and challenges associated with the mass distribution of a vaccine.

Style Performance

- Although trailing the growth benchmarks in December, value benchmarks outperformed growth benchmarks in the fourth quarter.
- Growth benchmarks ended the year considerably ahead of value benchmarks.

Market Cap Performance

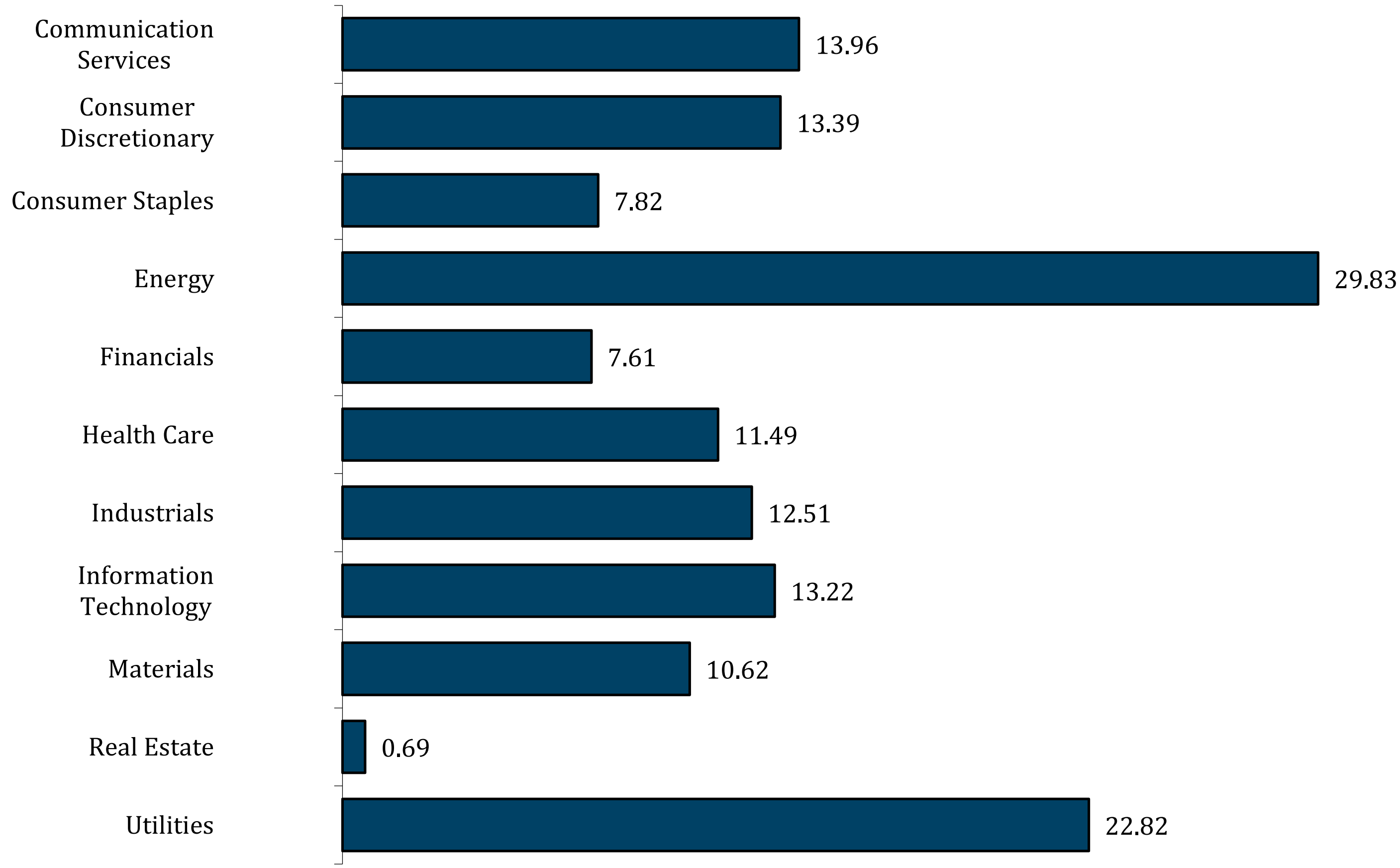
- Small caps outperformed large caps for the month and quarter; performance was linear across the market capitalization spectrum.
- For the year, smaller caps outperformed larger caps within the value benchmarks while larger caps generally outperformed smaller caps within the growth benchmarks. The best performing benchmark during the year was the Russell 2500 Growth.

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 3000 Growth Total Return
Q4 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 3000 Growth Index measures the performance of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

Periods 12/31/2020	Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception*
Growth Fund (WBGSX) – Class N	15.04%	35.97%	23.55%	18.35%	14.85%	--
Growth Fund (BGFIX) – Class I	15.16%	36.35%	23.90%	18.68%	15.20%	--
Growth Fund (BGFRX) – Class R6	15.13%	36.50%	--	--	--	28.10%
Russell 3000 Growth	12.41%	38.26%	22.50%	20.67%	16.93%	30.46%

Class N Inception Date: 3/20/1946
Class I Inception Date: 10/1/1999
*Class R6 Inception Date: 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.

Growth Fund Expense Ratios:

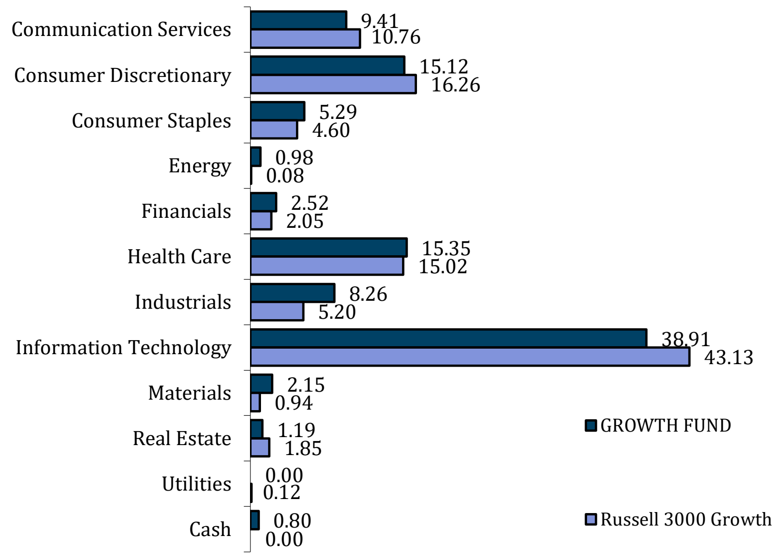
	Gross	Net
Class N Shares	1.24%	1.20%
Class I Shares	0.92%	
Class R6 Shares	0.88%	

Expenses shown are as of the most recent prospectus. The Fund's Advisor has contractually agreed to waive fees and/or reimburse expenses to limit fund operating expenses until 4/30/21.

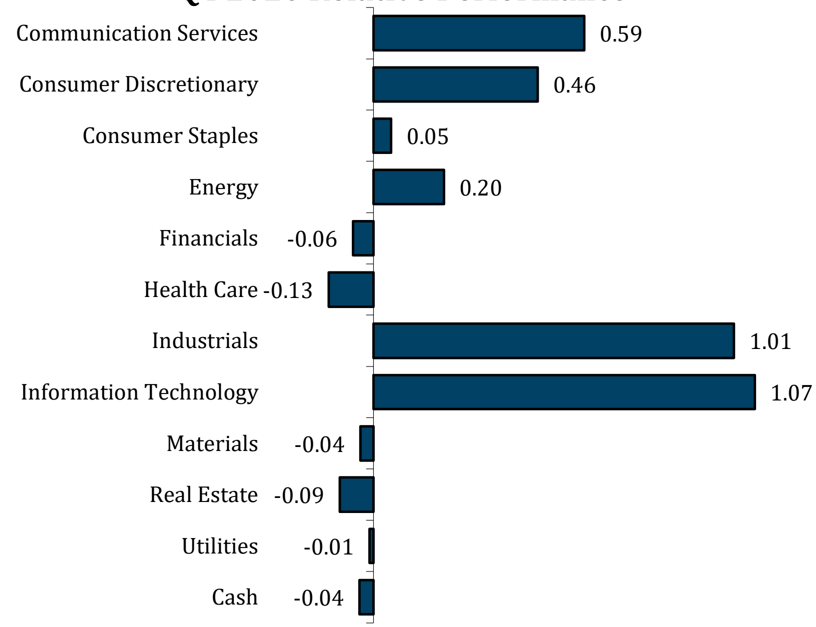
A direct investment in an index is not possible. The Russell 3000 Growth Index measures the performance of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

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

Q4 2020 Average Weights



Q4 2020 Relative Performance



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.*

Brink's Company (BCO) is the largest global cash management services company providing services such as secure transportation of cash and highly valuable commodities, ATM replenishment, payment services, security services and guarding. During the quarter, the company reported revenue and earnings that exceeded expectations as customer locations re-opened and Brink's effectively managed variable costs. In addition, the stock advanced throughout November as favorable COVID-19 vaccine news provided a path to return to a more normal environment, indicating that the business is likely to recover from COVID-19 driven headwinds sooner than previously expected. We maintained our position and continue to believe that the market is underestimating the long-term returns profile of the business.

Rush Street Interactive (RSI) is the largest U.S. online casino operator. Rush Street Interactive recently became public through a merger with a SPAC (Special Purpose Acquisition Company). Outperformance was driven by better investor awareness ahead of the merger approval and strong quarterly results, including robust active user growth. We initiated our position during the quarter with the stock trading at an attractive valuation relative to public peers. We expect rapid growth of the online casino market, as COVID-19 accelerates state-by-state legalization given the quest for new revenue streams in light of budget shortfalls with Rush Street Interactive well poised to be a significant beneficiary given the company's proprietary technology, market access and strong management execution.

Pure Storage (PSTG) is a provider of flash-based storage solutions. Its technology replaces storage systems designed for mechanical disks, which store data magnetically, with all-flash systems, which store data electronically on microchips. The company reported better-than-expected revenue and earnings results during the quarter, driven by revenue growth in subscription services as well as an acceleration of new product sales, despite facing a challenging demand environment due to the COVID-19 pandemic. The secular trend of the storage market continues to migrate to the higher performance and increasingly less expensive flash technology where Pure Storage maintains a leadership position. We trimmed our position and continue to believe Pure Storage will gain share of the rapidly growing flash storage market.

Fidelity National Information Services (FIS) is a leading global bank processor, financial services back and middle-office outsourcer, and global merchant acquirer. The company reported solid quarterly results, including strong sales wins and accelerated cost synergies following its acquisition of Worldpay. However, the stock lagged during the quarter, in part as it was reported that merger discussions with another larger merchant acquirer had broken down. We added to our position as we believe Fidelity National Information Services is a structurally advantaged company and the market is undervaluing the strategic value of its recent Worldpay acquisition.

Horizon Therapeutics (HZNP) is a specialty biopharmaceutical company focused on drug formulations that target the treatment of arthritis pain, inflammation and rare diseases. In December, Horizon announced disruption related to the production of Tepezza as the U.S. government mandated that COVID vaccine production take priority. Horizon indicated it would file with the FDA for an expedited drug manufacturing process that would alleviate the bottleneck and allow use of Tepezza, and the associated revenues, to resume. We view this as a transitory delay that does not alter our long-term cash flow expectations for Tepezza, given that the drug has no existing competition. We maintained our position and believe the company will continue to shift its portfolio of treatments to highly profitable, rare disease drugs, which will improve the durability of growth and future earnings potential.

SBA Communications (SBAC) is one of the largest independent operators of wireless towers in North, Central and South America. While the company reported solid results during the quarter, primarily driven by operating and interest expense savings, a slower-than-expected domestic leasing ramp pressures shares. SBA Communications should be a beneficiary of the 5G rollout in the US, which is expected to ramp in the second half of 2021, following U.S. government spectrum auctions that began late in the fourth quarter and are expected to continue into this year. We maintained our position. We continue to believe the company will benefit from the secular demand tailwind tied to the 5G build out given that towers play an important role in increasing the capacity to handle current and future traffic.

Top 10 Holdings by Weight		
	Growth Fund % in Fund	**Russell 3000 Growth** % in Index
Microsoft Corp	9.27	8.47
Amazon.com Inc	7.80	7.02
Alphabet Inc	6.56	4.09
Mastercard Inc - A	3.99	1.60
PayPal Holdings Inc	3.80	1.40
UnitedHealth Group Inc	3.03	1.40
Adobe Inc	2.81	1.22
Advanced Micro Devices	2.44	0.52
Texas Instruments Inc	2.28	0.38
Stryker Corp	2.17	0.14
Total:	44.15	26.24

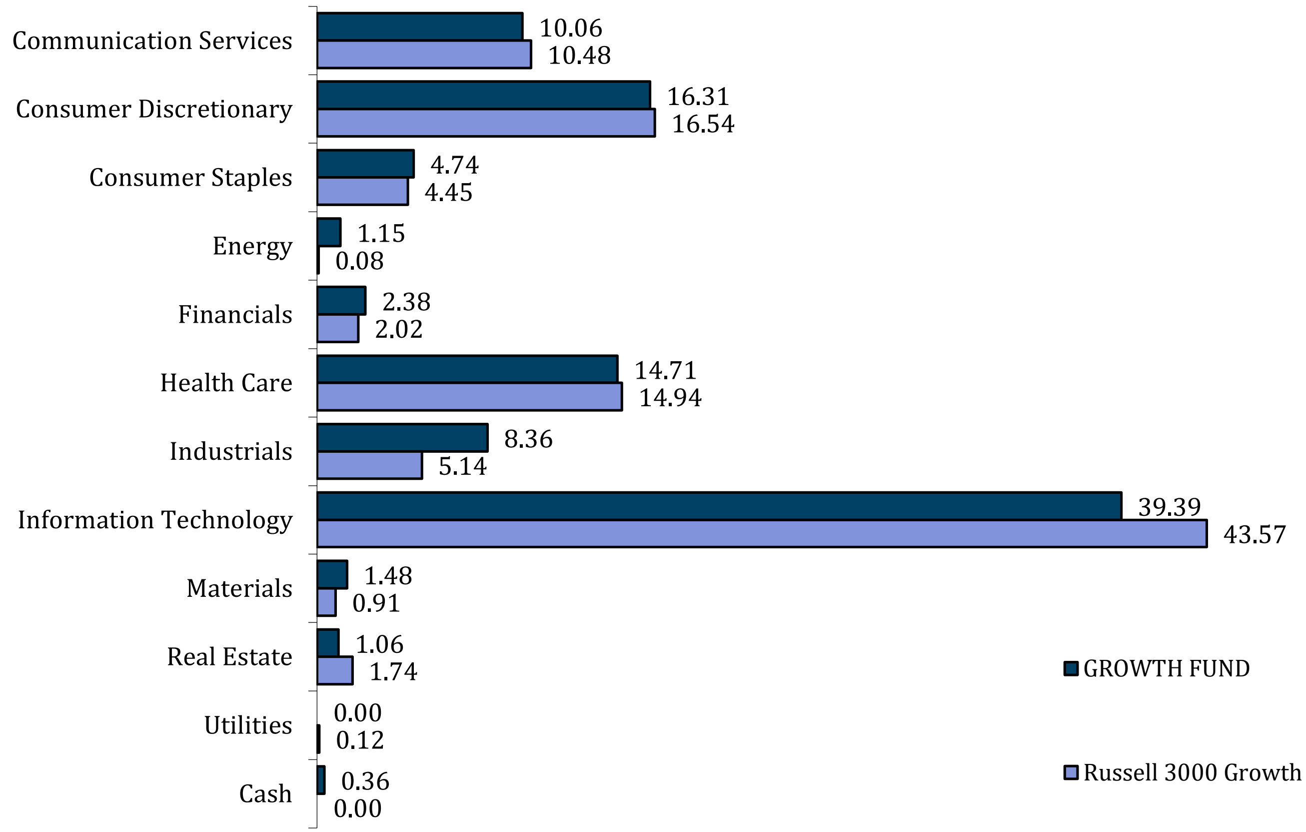
Source: Eagle.
References to specific securities and their issuers are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such securities. William Blair may or may not own the securities referenced and, if such securities are owned,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

	Growth Fund	Russell 3000 Growth
Growth		
EPS Growth Rate (LT forecast)	18.2%	18.1%
Quality		
Return on Assets (5-year average)	7.6%	9.2%
Free Cash Flow Margin	14.8%	15.6%
Debt to Total Capital	41.9%	47.8%
Valuation		
PE Ratio (1 year forecast)	34.2x	32.9x
Capitalization ($M)		
Weighted Average Market Cap	$433,118	$676,041
Weighted Median Market Cap	$87,777	$222,083
Portfolio Positions		
Number of Securities	57	1,581
Cash		
% Cash in portfolio	0.4%	0.0%
Active Share		
% Active Share	70%	

Characteristics have been calculated by William Blair.

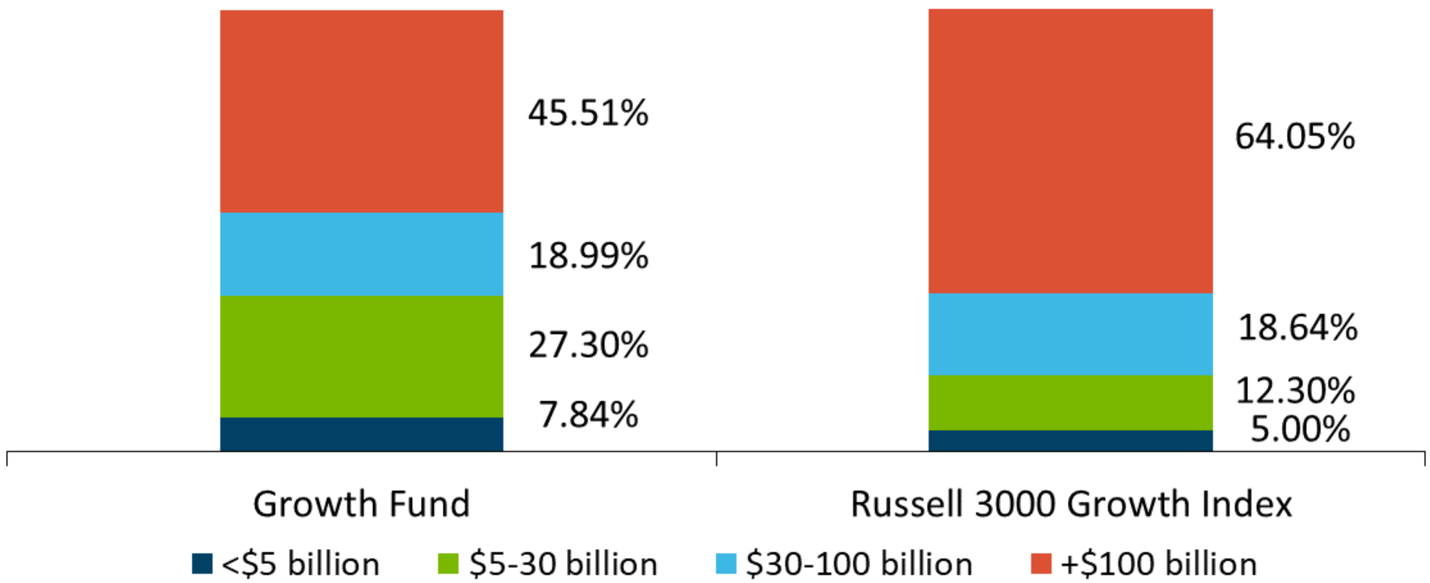
Please refer to the 'Important Disclosures' section of this document for further information on investment risks and returns.

Sector Weights as of 12/31/2020



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.

Market Cap Allocation



Calculated in Eagle.
Market capitalization refers to the total market value of each company's outstanding shares. The Fund's allocations may not add up due to 100% due to cash holdings and rounding.

The Russell 3000® Growth Index consists of large, medium and small-capitalization companies with above average price-to-book rations and forecasted growth rates. The stocks in this index are also members of either the Russell 1000® Growth or the Russell 2000® Growth indices. The size of companies in the Russell 3000® Growth Index may change with the market conditions. The Index in unmanaged, does not incur fees or expenses, and cannot be invested in directly.

	Portfolio Weight	Benchmark Weight
COMMUNICATION SERVICES	**10.06**	**10.48**
Alphabet Inc-Cl A	6.56	2.08
Activision Blizzard Inc	1.81	0.14
Live Nation Entertainment In	0.92	0.05
Take-Two Interactive Softwre	0.78	0.11
CONSUMER DISCRETIONARY	**16.31**	**16.54**
Amazon.Com Inc	7.80	7.02
Rush Street Interactive Inc	1.26	0.00
Advance Auto Parts Inc	1.19	0.00
Ulta Beauty Inc	1.08	0.07
Bright Horizons Family Solut	0.96	0.04
Burlington Stores Inc	0.93	0.08
Revolve Group Inc	0.90	0.00
Grand Canyon Education Inc	0.89	0.00
Etsy Inc	0.67	0.11
Skyline Champion Corp	0.63	0.01
CONSUMER STAPLES	**4.74**	**4.45**
Coca-Cola Co/The	2.17	0.63
Estee Lauder Companies-Cl A	1.38	0.27
Bj's Wholesale Club Holdings	1.19	0.03
ENERGY	**1.15**	**0.08**
Cameco Corp	1.15	0.00
FINANCIALS	**2.38**	**2.02**
Aon Plc-Class A	1.36	0.24
Ares Management Corp - A	1.02	0.02
HEALTH CARE	**14.71**	**14.94**
Unitedhealth Group Inc	3.03	1.40
Stryker Corp	2.17	0.14
HEALTH CARE (continued)		
Horizon Therapeutics PLC	1.74	0.07
Agilent Technologies Inc	1.56	0.02
Abbott Laboratories	1.35	0.37
Zoetis Inc	1.15	0.36
Steris PLC	0.98	0.00
Certara Inc	0.85	0.00
Penumbra Inc	0.84	0.03
Ligand Pharmaceuticals	0.56	0.01
Veracyte Inc	0.47	0.01
INDUSTRIALS	**8.36**	**5.14**
Copart Inc	1.93	0.13
Brink's Co/The	1.52	0.02
Bwx Technologies Inc	1.50	0.02
Costar Group Inc	1.49	0.18
Fortive Corp	1.29	0.00
Trex Company Inc	0.64	0.05
INFORMATION TECHNOLOGY	**39.39**	**43.57**
Microsoft Corp	9.27	8.47
Mastercard Inc - A	3.99	1.60
Paypal Holdings Inc	3.80	1.40
Adobe Inc	2.81	1.22
Advanced Micro Devices	2.44	0.52
Texas Instruments Inc	2.28	0.38
Fidelity National Info Serv	2.16	0.00
Arista Networks Inc	1.88	0.07
Pure Storage Inc - Class A	1.48	0.02
Nice Ltd - Spon Adr	1.45	0.00
INFORMATION TECHNOLOGY (continued)		
Workday Inc-Class A	1.44	0.21
National Instruments Corp	1.32	0.00
Godaddy Inc - Class A	1.26	0.07
Mongodb Inc	0.95	0.09
Verra Mobility Corp	0.81	0.01
Grid Dynamics Holdings Inc	0.80	0.00
Brooks Automation Inc	0.72	0.02
Alarm.Com Holdings Inc	0.51	0.02
MATERIALS	**1.48**	**0.91**
Ball Corp	1.48	0.14
REAL ESTATE	**1.06**	**1.74**
Sba Communications Corp	1.06	0.02
Cash	**0.36**	**0.00**
Total	**100.00**	**100.00**

As of 12/31/2020.

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 3000 Growth.

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.