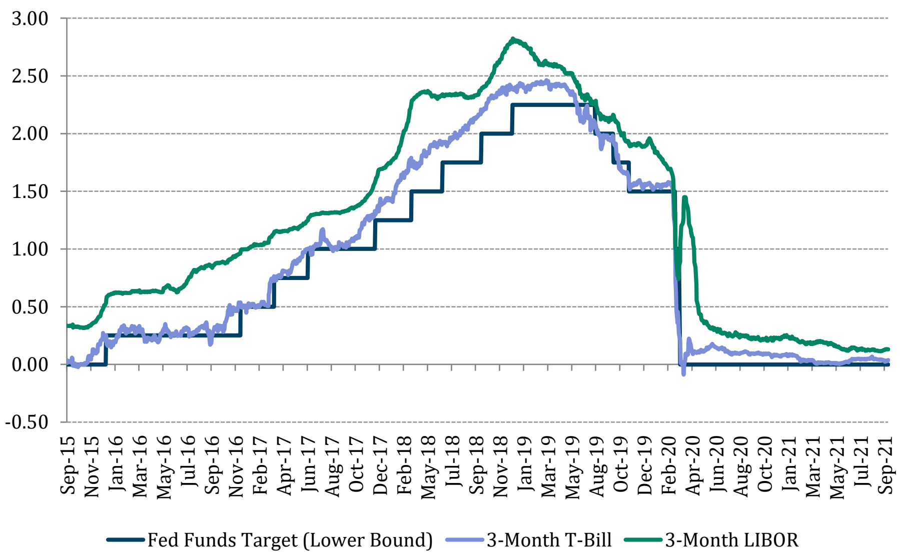
Short-Term Fixed Income Markets

September 30, 2021

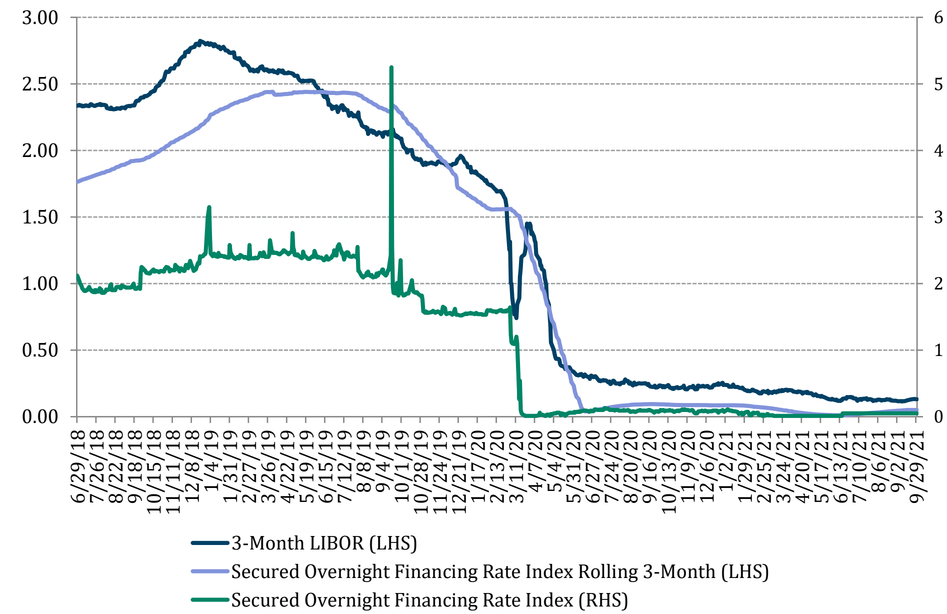
- 3-month LIBOR and Treasury yields hover around all time lows

- SOFR remained at 0.05% as the Fed held the floor for front-end rates against downward pressure from cash in the financial system.

Selected Rates 9/1/15 – 9/30/21



SOFR vs. 3-Month LIBOR



Source: Bloomberg, ICE, Federal Reserve Bank of New York.

Past performance is not indicative of future returns. The performance shown is for illustrative purposes and is not intended to represent the performance of any account or investment strategy managed by William Blair. A direct investment in an unmanaged index is not possible.

Short-Term Interest Rates

September 30, 2021

Index	9/30/2021	8/31/2021	12/31/2020	Change: September	Change: YTD
Yields (%)					
Fed Funds Target (Lower Bound)	0.00	0.00	0.00	0.00	0.00
Fed Funds Target (Upper Bound)	0.25	0.25	0.25	0.00	0.00
Fed Funds Effective Rate	0.06	0.06	0.09	0.00	-0.03
Overnight General Collateral Finance (GCF) Repo Rate	0.04	0.06	0.08	-0.02	-0.04
U.S. Overnight Bank Funding Rate	0.06	0.05	0.08	0.01	-0.02
U.S. Secured Overnight Funding Rate (SOFR)	0.05	0.05	0.07	0.00	-0.02
1 Month LIBOR USD	0.08	0.08	0.14	0.00	-0.06
3 Month LIBOR USD	0.13	0.12	0.24	0.01	-0.11
1 Month Treasury Bill	0.04	0.03	0.03	0.02	0.01
3 Month Treasury Bill	0.03	0.04	0.06	0.00	-0.03
2 Year Treasury Note	0.28	0.21	0.12	0.07	0.15
Spreads (basis points)					
2 Year Swaps	10	9	8	1	3
3 Year Swaps	14	12	8	3	7
Bloom/Barclays US Corp 0-3 Year Index OAS	38	36	42	1	-5
Bloom/Barclays U.S. ABS FRN Index OAS	50	49	58	1	-8

Source: Bloomberg, ICE, Federal Reserve.
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Credit Market Overview – Returns & Issuance

September 30, 2021

Performance

- Shorter-duration credit and lower-rated B and CCC corporates led the way as rising rates weighed on fixed income assets.

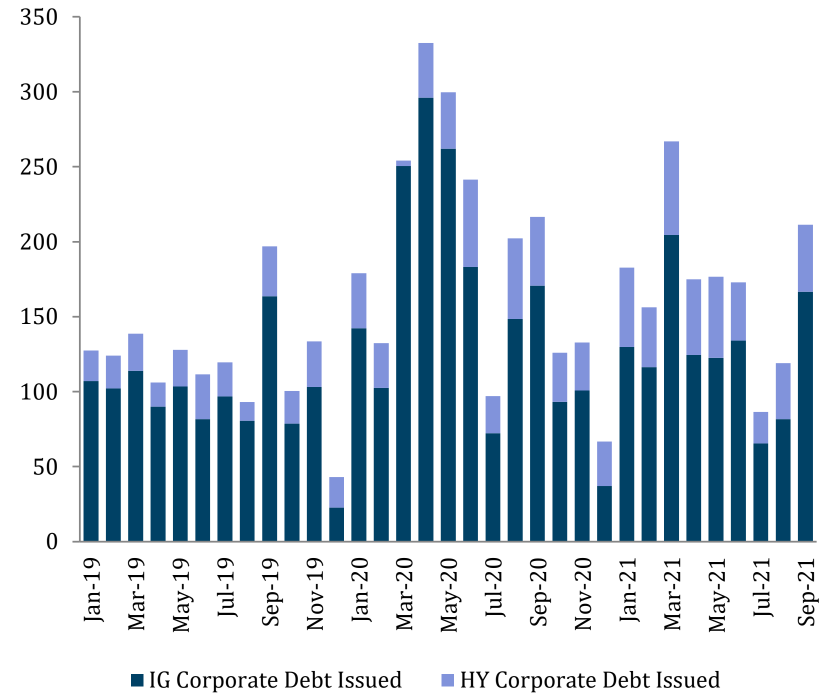
Issuance summary (net)

- Month: $89.3bn, IG $82.0bn, HY $7.3bn
- YTD: $1,560.1bn, IG $1,151.7bn, HY $408.4bn

Credit Returns by Maturity, Quality, and Sector Benchmark

	Total Returns		Excess Returns	
	September	YTD	September	YTD
U.S. Corporate IG	**-1.05**	**-1.27**	**0.26**	**1.89**
U.S. Corporate HY	-0.01	4.53	0.53	5.54
EM USD Aggregate	-1.66	-1.14	-0.54	1.32
1-5 Year Credit	-0.19	0.21	0.09	0.63
5-10 Year Credit	-0.94	-1.20	0.18	1.22
10+ Year Credit	-1.90	-2.56	0.43	3.43
AA+	-1.15	-2.04	0.33	1.40
A	-1.09	-2.06	0.18	1.05
BBB	-0.99	-0.45	0.32	2.66
BB	-0.21	3.83	0.46	5.19
B	0.11	3.98	0.51	4.61
CCC	0.52	8.00	0.84	8.50
Industrial	-1.18	-1.32	0.26	2.14
Financial	-0.77	-0.85	0.21	1.41
Utillity	-1.18	-2.45	0.46	1.80
Non-Corporate	-1.18	-1.48	-0.18	0.84
EM USD Corporate IG	-1.51	-2.07	0.03	1.42
EM USD Corporate HY	-2.41	-1.16	-1.35	1.17

Net Corporate Issuance ($bn)



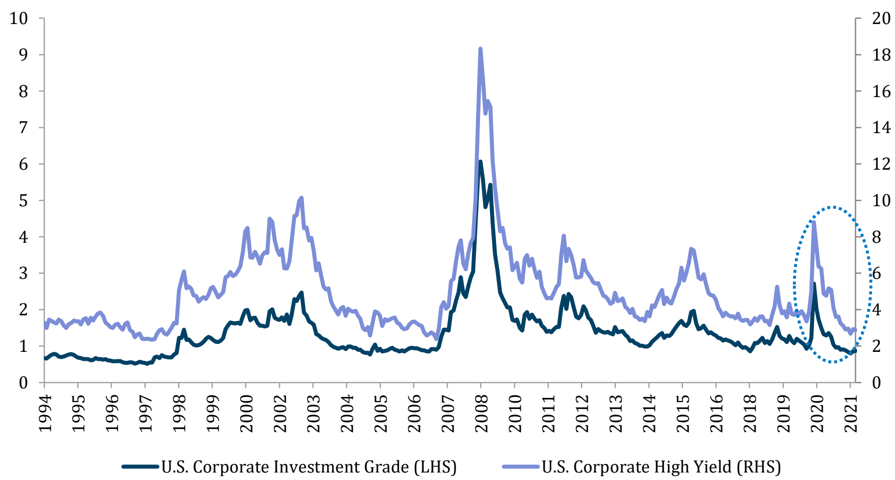
Source: SIFMA (updated the third week of the month), FRED, Bloomberg.
Past performance is not indicative of future returns. The performance shown is for illustrative purposes and is not intended to represent the performance of any account or investment strategy managed by William Blair. A direct investment in an unmanaged index is not possible. F = Forecast

Credit Market Overview: Valuations

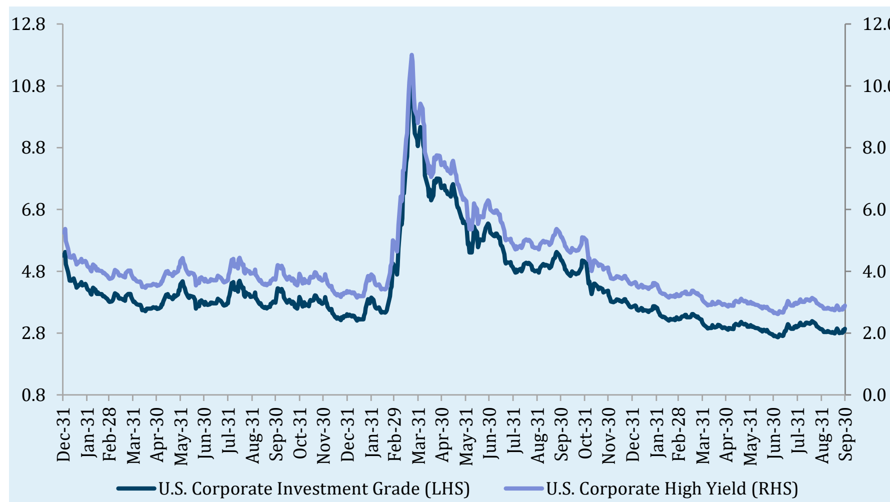
September 30, 2021

- Over the month, IG spreads tightened 3bps to 84bps, and HY spreads widened +1bp to 289bps
- YTD IG spreads tightened 12bps, and HY tightened 71bps
- IG corporate yield-to-worst ended the month at 2.13% and HY ended at 4.04%

U.S. Corporate Bond Spreads – Treasury OAS (%)
01/31/94 – 09/30/21



U.S. Corporate Bond Spreads – Treasury OAS (%)
12/31/19 – 09/30/21



Source: Bloomberg, Corporate bonds represented by the Bloomberg Barclays US Aggregate – Corporate Index for IG and Bloomberg Barclays US Corporate High Yield Index for HY.
Past performance is not indicative of future returns. The performance shown is for illustrative purposes and is not intended to represent the performance of any account or investment strategy managed by William Blair. A direct investment in an unmanaged index is not possible.

MBS Market Overview

September 30, 2021

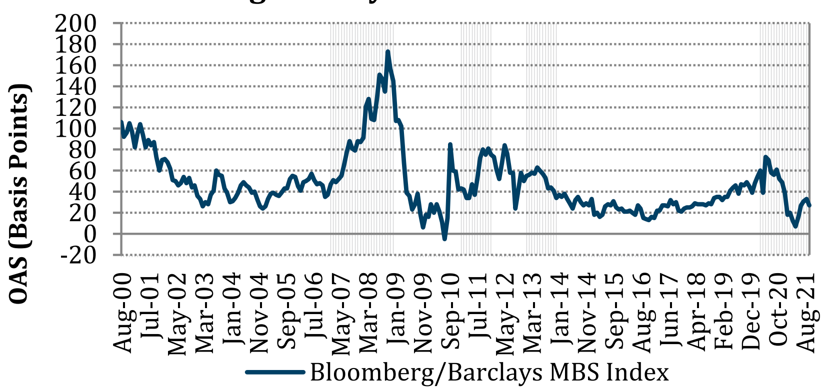
- Within 30yr MBS pools, the 3s, 4.0 & 5.0 coupon cohorts outperformed over the month .
- Year-to-date, shorter-duration MBS has fared the best as within the sector due to the lower sensitivity to interest rates rising sharply during the first quarter.
- A combination of market technicals and elevated levels of prepayment activity have resulted in 30yr production coupons having negative option adjusted spread (OAS)

Bloomberg Barclays U.S. MBS Index Total Returns %

Maturity	MTD	YTD
US MBS Fixed Rate	**-0.36**	**-0.67**
Convent. 30 Year	-0.43	-0.69
GNMA 30 Year	-0.21	-1.01
Convent. 20 Year	-0.30	-0.20
Convent. 15 Year	-0.31	-0.03
GNMA 15 Year	-0.18	0.19

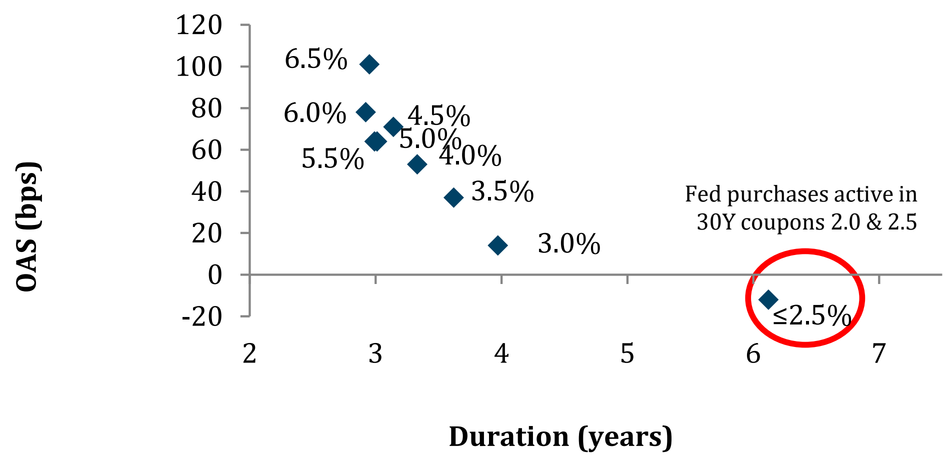
Coupon (30Y Conv)	MTD	YTD
Convent. 30 Year	**-0.43**	**-0.69**
Coupon 1.5	-0.93	-2.63
Coupon 2	-0.93	-2.12
Coupon 2.5	-0.64	-1.29
Coupon 3	0.09	0.11
Coupon 3.5	0.08	-0.16
Coupon 4	0.06	-0.17
Coupon 4.5	-0.01	-0.39
Coupon 5	0.08	-0.45
Coupon 5.5	-0.31	-0.58
Coupon 6	-0.38	0.20
Coupon 6.5	-0.34	0.22

Bloomberg Barclays U.S. MBS Index OAS



- Shading depicts the Federal Reserve's Large-Scale Asset Purchases (LSAP) of Mortgage-Backed Securities (MBS) aka Quantitative Easing (QE): QE1, QE2, QE3, and QE "unlimited" in response to the Covid-19 pandemic.

Bloomberg Barclays 30 Year MBS Index, By Coupon



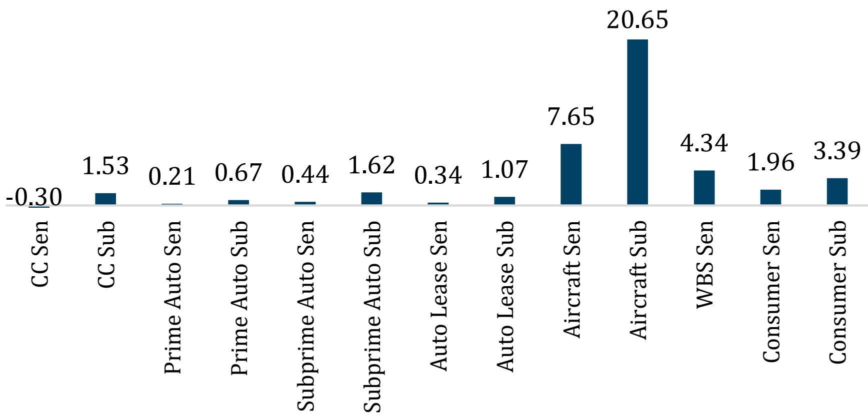
Source: Bloomberg, BlackRock Solutions, Federal Reserve.
Past performance is not indicative of future returns. The performance shown is for illustrative purposes and is not intended to represent the performance of any account or investment strategy managed by William Blair. A direct investment in an unmanaged index is not possible.

Asset-Backed Securities Market Overview

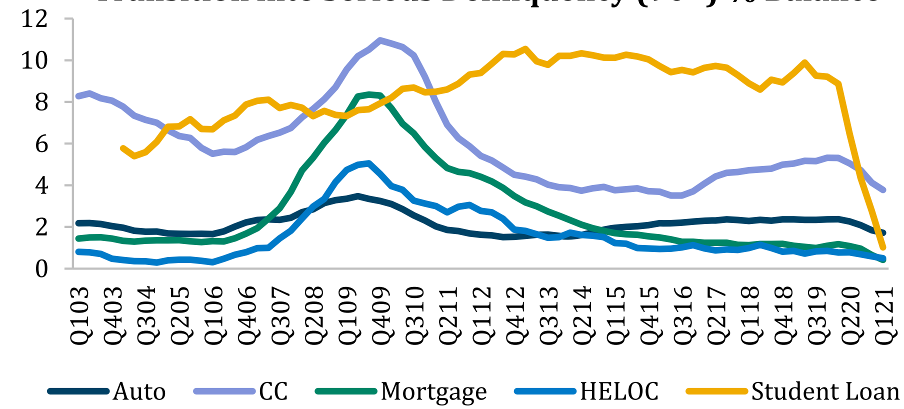
September 30, 2021

- Underlying consumer metrics are showing improvement, illustrated by lower transition into serious delinquency +90 days and a reduction in the household debt-to-GDP ratio.
- Within ABS, performance was led by subordinate tranches and sectors with greater sensitivity to a re-opening economy
- Used car values rose in September, following two months of slight declines. Values remain near all-time highs and are supportive for Auto ABS

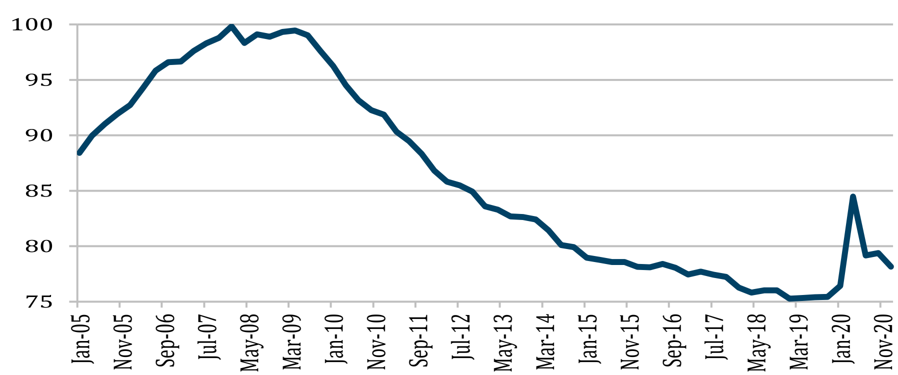
ABS Senior/Sub YTD Total Returns %



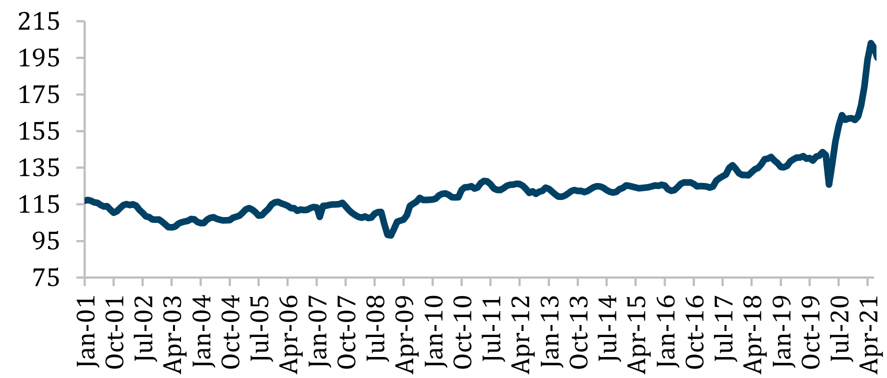
Transition into Serious Delinquency (90+) % Balance



U.S. Household Debt/GDP %



Manheim US Used Vehicle Value Index (SA)



Source: Citi Research. Sen = Senior, Sub = Subordinated. York Fed Consumer Credit Panel/Equifax, New York Federal Reserve. Note: 4 Quarter Moving Sum Student loan data are not reported prior to 2004 due to uneven reporting. International Monetary Fund, Household Debt to GDP for United States [HDTGPDUSQ163N], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/HDTGPDUSQ163N, June 7, 2021. Barclays and Bloomberg.

William Blair Bond Fund Performance

September 30, 2021

Performance %	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Bond Fund (WBFIX) Class I	-0.19	-1.28	0.13	5.49	3.35	3.78
Bond Fund (WBBNX) Class N	-0.12	-1.35	0.11	5.39	3.19	3.62
Bond Fund (BBFIX) Class R6	-0.08	-1.24	0.28	5.58	3.43	3.89
Bloomberg Barclays U.S. Aggregate Index	0.05	-1.55	-0.90	5.36	2.94	3.01
Morningstar Intermediate Core Bond Category	-0.01	-1.26	-0.27	5.29	2.92	3.05

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.

Bond Fund Expense Ratios:

	Gross	Net
Class I Shares	0.55%	0.45%
Class N Shares	0.79%	0.60%
Class R6 Shares	0.46%	0.40%

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 4/30/22.

Fund inception: 5/1/2007

The Bloomberg Barclays U.S. Aggregate Index is an unmanaged index that represents the investment bond grade market. It is composed of securities from the Bloomberg Barclays Treasury, Government-Related, Corporate and Securitized Indices. A direct investment in an index is not possible. The Morningstar Intermediate Core Bond Category represents the average annual composite performance of all mutual funds listed in the Intermediate Core Bond Category by Morningstar.

Distributed by William Blair & Company, L.L.C., member FINRA/SIPC

William Blair Bond Fund Performance Analysis

September 30, 2021

QTD Contributors

- For the quarter, the Bond Fund (Class N) performed in line with the benchmark.
- The asset allocation decision to use high yield corporate debt aided performance, as did security selection in emerging markets.
- An underweight duration position and security selection in U.S. Treasuries contributed to relative performance. Tactical usage of inflation-linked (TIPS) debt was beneficial as they outperformed in the period.

QTD Detractors

- Security selection in mortgage-backed securities, as well as in the investment grade corporate sector detracted from relative performance. Within corporates this was primarily driven by our underweight positions in the energy and transportation sectors.

YTD Contributors

- YTD the Bond Fund outperformed the benchmark as positive impacts from security selection and sector allocation offset the negative impact from interest rates as yields rose (primarily in the first quarter).
- The yield curve steepened YTD and our underweight to U.S. Treasuries was the largest contributor to relative performance.
- The asset allocation decision to use high yield corporate debt and security selection in emerging markets debt was also beneficial for performance.
- Security selection in Agency MBS contributed to absolute and relative performance, although this was weighed down by the negative impact of interest rates.

YTD Detractors

- The portfolio's emphasis of non-cyclical and long-maturity high grade bonds detracted from performance as the yield curve steepened and corporate performance favored cyclical names.
- CDX hedging (for permitted accounts) detracted from performance as credit spreads tightened.

The commentary above is based on the William Blair Bond Fund. 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.

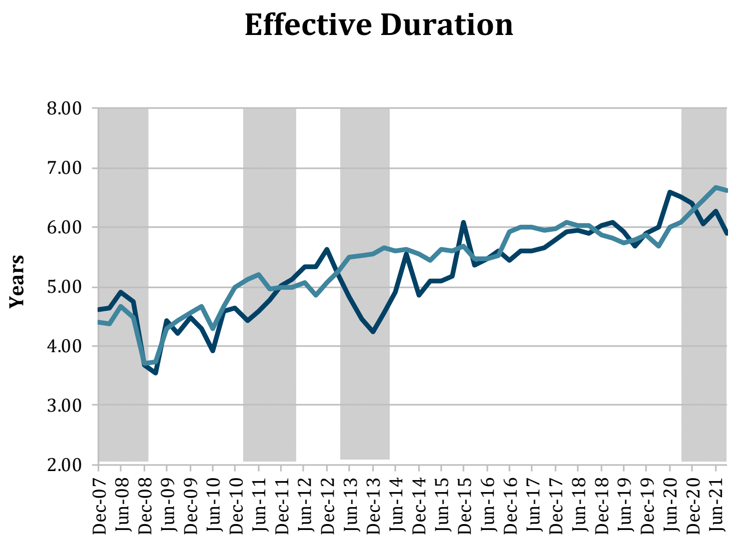
William Blair Bond Fund Strategy

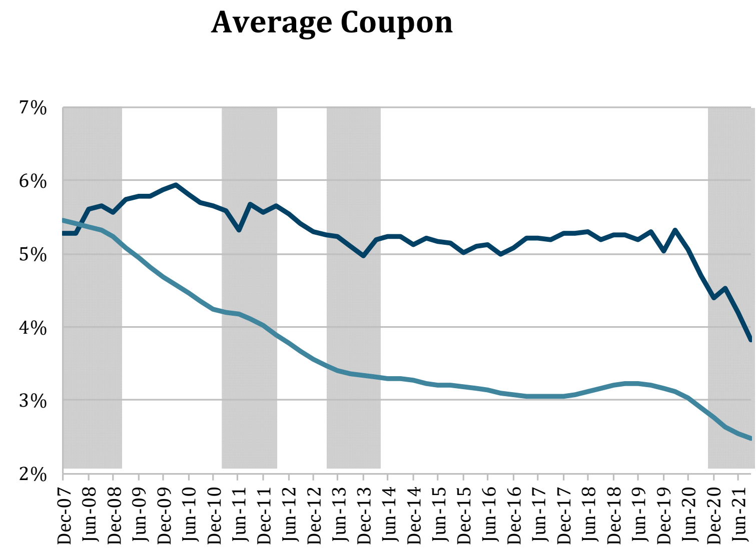
September 30, 2021

Decision Factor	Positioning	Strategy
Interest Rates & Yield Curve	Underweight	• Underweight overall duration versus the index (~-0.7), primarily via the Treasury sector, with the largest overweight in IG corporates. • Floating rate instruments, we ended the month at 8%, up from 3% at year end.
Treasuries & Agencies	Underweight	• Allocation to TIPS: We continue to monitor the effects of the pandemic on the overall economy, unlimited quantitative easing, and the Fed's "flexible form of average inflation targeting (FAIT)" and its impact on inflation. During the quarter we took partial profits on the TIPS position in the portfolio. • Underweight Treasuries: Due to valuation assessments, we have maintained an underweight to U.S. Treasuries, in favor of spread sectors. • Underweight Agencies: We view Agency MBS as a more attractive alternative.
Securitized Sectors	Neutral	• Neutral MBS: We tend to seek higher-coupon pools comprised of low loan balances as such pools can offer higher interest income within the MBS sector and potentially less cash flow volatility • We will continue to monitor Fed support programs, including the asset purchase program. We are tactically employing 30-year TBA MBS. • Modest overweight ABS: We believe certain-ABS offer attractive total return potential as household balance sheets have benefited from fiscal stimulus. • Underweight CMBS: We are underweight the sector overall, we are constructive on Agency CMBS given the fundamental support of a supply-constrained housing market and the favorable convexity profile of the cash flows in our view. Private-label CMBS remains vulnerable to Covid-related outcomes in commercial real estate.
Credit Sectors	Overweight	• Overweight investment-grade industrials and financials: We seek to employ bonds with appealing valuations that are issued by companies with positive free cash flows and strong and experienced management teams. Tight spreads and valuations are supported by strong fundamentals. • Overweight corporations domiciled in emerging markets: Within the sector, we have found value in large, multinational companies with a market leadership position and disciplined management teams. We have been selective in adding exposure in this sector. • Allocation to high yield in accounts that allow: We believe that bottom-up security selection is critical, especially in this segment of the market. While default expectations appear to have fallen, we believe valuations are rich with yields near historic lows.

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

William Blair Bond Fund Characteristics



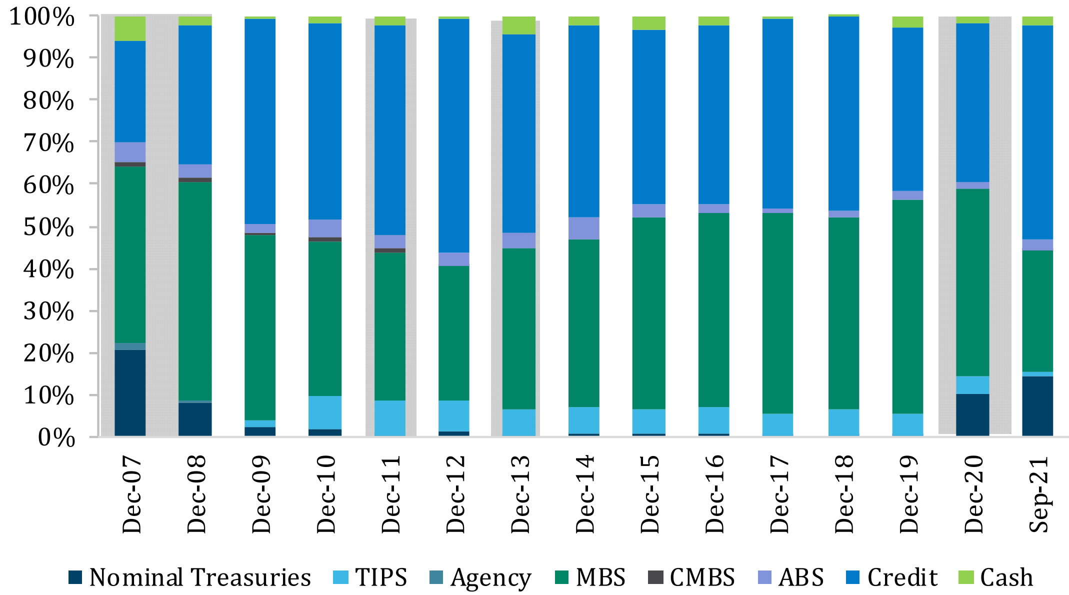


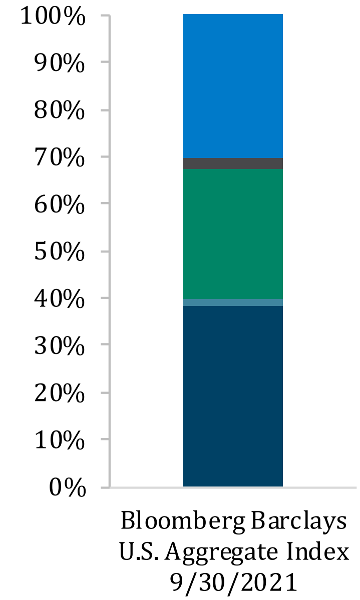
William Blair Bond Fund — Bloomberg Barclays U.S. Aggregate Index

As of September 30, 2021.
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; 2020 shading represents the Covid-19 pandemic. The Bloomberg Barclays Aggregate Bond Index is composed of securities from the Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index.

William Blair Bond Fund Characteristics

Sector Composition





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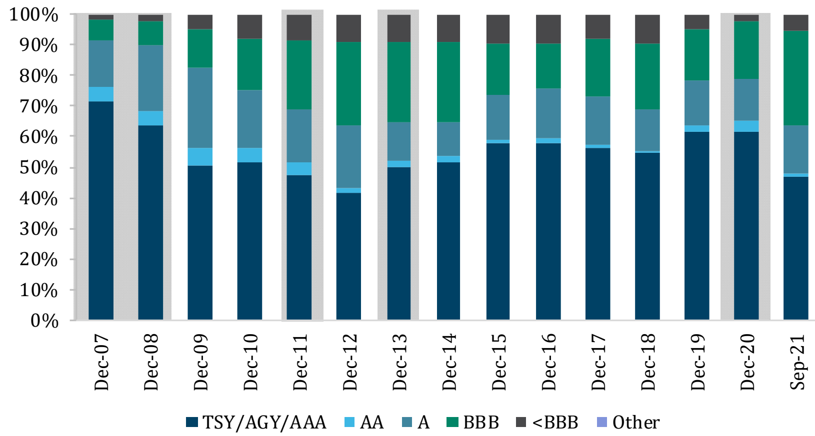
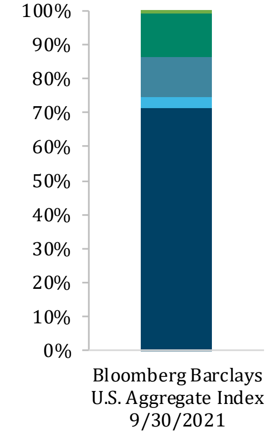
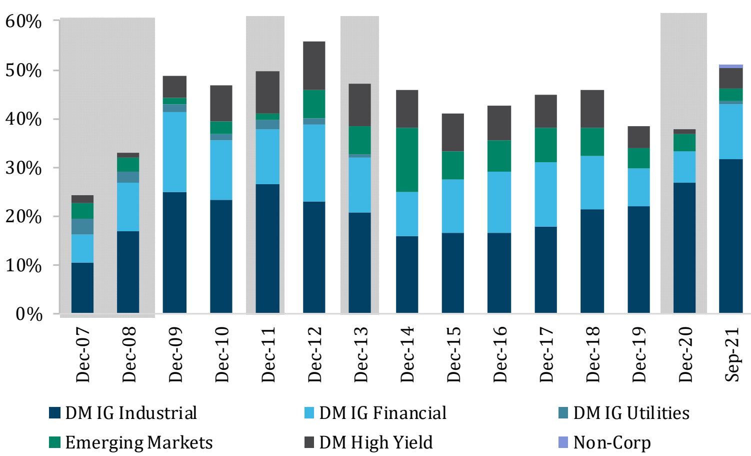
William Blair Bond Fund Characteristics

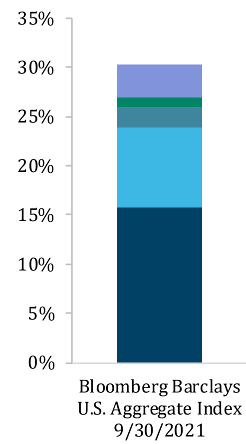
Rating Categories[1]





Credit Composition





[1]The credit quality of securities in the Bond Fund is sourced through BlackRock Solutions and derived from 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, 2021.

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; 2020 shading represents the Covid-19 pandemic. The Bloomberg Barclays Aggregate Bond Index is composed of securities from the Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index.

Capital Markets Outlook

September 30, 2021

- **Rates**: We believe, in keeping with communications from the members of the U.S. Federal Reserve's ("Fed") FOMC, they will likely announce the reduction of asset purchases by year-end. We believe that the FOMC will be patient in tightening monetary conditions and could be more accepting of above-trend and/or transitory inflation to hit their longer-term average inflation target. However, recent Committee communications have highlighted a dispersion of views from the members, which adds further uncertainty to the potential timeline.
- **Inflation**: Over the medium-term we view TIPS to be relatively attractive versus fixed-rate UST given the Fed's focus on generating sustained inflation and fiscal stimulus impact. However, uncertainty from the COVID Delta variant and strong YTD performance could limit potential from here.
- **Valuations:**
  - **Spread sectors** appear attractive versus UST (medium/longer-term), especially given Treasury supply dynamics. However, in the shorter-term, if economic data disappoints to the downside, Treasuries could outperform.
  - **MBS**: We continue to seek opportunities in the mortgage sector that exhibit the potential for attractive spreads, income generation, and desired duration profile. Fundamentally, the sector benefits from the tailwind provided by the undersupply of housing and positive trends in household balance sheets. We are focused on pre-payment speeds given greater refinancing activity driven by factors such as higher home prices, lower interest rates, and new technology. We view Agency CMBS that fund multi-family residential properties to offer a favorable convexity profile while bearing the same Agency guarantee as single-family MBS.
  - **ABS**: Household balance sheets entered the pandemic in a relatively stronger position versus history and have benefited from fiscal stimulus. Our focus has been on prime borrowers, who have fared well in terms of unemployment, wage and savings growth.
  - **Corporates**: Selection will continue to be critical as we recover from the pandemic. Nominal yields are near all-time lows but we believe tight spreads and valuations are supported by strong fundamentals. We expect that companies will continue to be opportunistic with debt issuance, extending maturities, and managing their debt profile.

Source: William Blair. Information subject to change without notice. Not intended as investment advice. UST = U.S. Treasury, TIPS = Treasury Inflation Protection Securities, MBS = Mortgage-Backed Securities, ABS = Asset-Backed Securities, Fed = U.S. Federal Reserve, FOMC = Federal Open Market Committee

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.