William Blair

2Q 2017

Fund Manager Commentary
William Blair SICAV US All Cap Growth Fund

Market Summary

U.S. equities rose meaningfully in the first half of 2017, with particular strength among growth style indices. Robust first quarter returns were driven by improving economic data, solid corporate earnings growth and a continuation of late 2016 optimism for the pro-U.S. growth initiatives of the new administration. The tenor of the market shifted in the latter part of the first quarter, in part due to the President and Republican Party's failure to quickly overhaul the U.S. health system, as investors became more cautious regarding the likely success of the administration's pro-growth initiatives.

Despite that shift, U.S. growth equity indices continued their upward trajectories during the second quarter. Underpinning the market's second quarter advance was strong corporate earnings growth. As a barometer, corporations in the S&P 500 Index reported first quarter earnings growth of 14% as compared to the same period in the prior year, the fastest pace of growth since 2011. However, as expectations for an acceleration in U.S. economic growth tempered, 10 year U.S. Treasury yields declined. Despite muted inflation and wage growth, the Federal Reserve enacted its second rate increase of the year in June, compelled by tight labor markets as unemployment levels fell to 4.3% in May. In the final week of the quarter, a sense of caution crept into the market as the European Central Bank (ECB) signaled a forthcoming reduction in monetary stimulus. As investors digested the potential shift in global central banks' monetary policies, the market retreated, paring back some of the strong gains achieved in the quarter overall.

Top 10 Holdings as of 30.06.2017

Company Name	***% of Fund***
Alphabet Inc.	6.7%
Microsoft Corporation	6.2%
Mastercard Incorporated	4.4%
Amazon.com, Inc.	4.3%
Starbucks Corporation	3.9%
Facebook, Inc.	3.6%
Unitedhealth Group Incorporated	3.5%
Intercontinental Exchange, Inc.	3.3%
Red Hat, Inc.	3.0%
Lowe's Companies, Inc.	3.0%
Total of Top 10	**41.9%**

Fund Review and Outlook

The William Blair SICAV US All Cap Growth Fund underperformed its benchmark, the Russell 3000 Growth Index, during the second quarter. The Fund outperformed its benchmark in April and May, but finished the quarter below the benchmark as underperformance in June offset gains from the prior two months. Grocery retailer Kroger was the largest detractor in the Fund. In mid-June, shares of Kroger declined after the company reported first quarter results that were slightly better than expectations, but reduced full year guidance by 10% just one quarter into the year. The following day, Amazon.com announced its intent to acquire Whole Foods Market, which put pressure on stocks linked to the U.S. grocery market. Industrial distributor Fastenal was also a top detractor after it reported gross margins below consensus expectations for the first quarter. We believe the gross margin pressure to be temporary. Other top detractors were Lowe's (Consumer Discretionary), Michaels Companies (Consumer Discretionary) and Schlumberger (Energy). Conversely, animal health care company Zoetis was the top contributor to performance. Zoetis reported solid revenue and earnings growth for the first quarter with particular strength in the company's new companion animal products. Stock selection in Information Technology was also positive for the quarter. Within the sector, CoStar Group, which provides information, marketing and analytic services to the real estate industry, outperformed after the company announced sales and earnings that exceeded consensus expectations for the first quarter and raised 2017 guidance. Other top contributors were Alphabet and Red Hat, both within Information Technology, and Health Care company Edwards Lifesciences. From a style perspective, our higher growth bias, and resulting lower dividend yield exposure, was a tailwind in the quarter.

Looking forward, we acknowledge the diverging fiscal and monetary forces in the U.S. As the current administration works to implement business-friendly legislation such as tax reform and infrastructure spending, the Federal Reserve has embarked on a path toward policy normalization after an extended period of easing. With better global economic stability, other central banks, namely the ECB and People's Bank of China (PBOC), have also signaled a shift toward less stimulative monetary policy. The pace at which these various groups enact policy change should inform the trajectory of the U.S. economy as well as the U.S. equity market. Further, as a result of being in the latter stages of the economic cycle and a prolonged low interest rate environment, there are likely excesses (e.g. high and growing corporate debt issuance) building in the economy that will eventually need to unwind.

We are mindful of these issues and as bottom-up, fundamental stock pickers, we consider them on a stock by stock basis. Our focus remains on identifying businesses with idiosyncratic growth drivers that should power through a variety of economic or market scenarios, whose stocks present attractive risk/reward opportunities. We believe that if we can identify and invest in high quality companies with more durable growth opportunities than the market expects, the stocks of those companies should be rewarded.

The Fund, the Management Company and the Investment Manager
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The Management Company has appointed WILLIAM BLAIR INVESTMENT MANAGEMENT, LLC, the asset management business of WILLIAM BLAIR & COMPANY, LLC., having its registered office at 150 North Riverside Plaza Chicago, IL 60606, USA ("William Blair Group") as the investment manager for the Fund (the "Investment Manager").

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Further specific risks may arise in relation to specific investments and you should review the risk factors very carefully before investing. Intended risk profile of the Fund may change overtime. The Fund is designed for long-term investors. For the most current month-end performance information, please visit our web site at SICAV.williamblair.com.

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