Fund Manager Commentary
William Blair SICAV US Small-Mid Cap Growth Fund

Market Summary

Strong market performance in January was partially offset by subsequent declines which caused the growth style indices to finish with only modest positive returns for the first quarter. Volatility spiked and most major equity benchmarks began their retreat from the strong start to the year when inflationary fears arose in late January and early February. The future ramifications of a tight labor market caused concern about a rise in inflation as unemployment remained low and average hourly earnings data, a widely used gauge for wage inflation, was higher than expected. While companies generally reported strong financial results for the prior quarter and economic data was mostly positive, inflationary fears weighed heavily on returns in February. In March, economic data and corporate performance continued to be positive, but were partially overshadowed by fears of a trade war after President Trump announced tariffs on steel and aluminum imports and proposed additional tariffs specifically targeted at China. Also weighing on March returns was commentary from the Federal Open Market Committee (FOMC) that signaled it could raise short-term interest rates quicker than previously expected.

Top 10 Holdings as of 31.03.2018

Company Name	*% of Fund*
Copart, Inc.	3.7%
CoStar Group, Inc.	3.1%
BWX Technologies, Inc.	2.9%
Domino's Pizza, Inc.	2.7%
WEX Inc.	2.1%
Six Flags Entertainment Corporation	2.1%
Ball Corporation	2.0%
Adtalem Global Education Inc.	2.0%
Booz Allen Hamilton Holding Corporation	2.0%
TransUnion	2.0%
Total Top 10	**24.6%**

Fund Review & Outlook

The William Blair SICAV Small-Mid Cap Growth Fund outperformed its benchmark, the Russell 2500 Growth Index, during the first quarter.

Outperformance in the first quarter was driven by a combination of style tailwinds and positive stock selection. As investors digested the inflation-related cost pressures on businesses, our focus on investing in companies with more sustainable growth, which leads us to companies with value-added products and services and flexible pricing, provided a tailwind. Additionally, our larger market cap bias was a modest tailwind. On a stock specific basis, positive selection was broad-based as ten of eleven sectors contributed to relative returns. Standout contributors from a sector perspective were Industrials, including positions in CoStar Group and Copart, and Health Care, including our position in ABIOMED. Shares of medical technology company ABIOMED outperformed as the company reported strong revenue growth and raised guidance, bolstered by record use of its Impella heart pump which is increasingly becoming the standard of care in high risk PCI and cardiogenic shock settings. Other top performers in the quarter included Virtu Financial (Financials) and Domino's Pizza (Consumer Discretionary). Shares of electronic market maker and liquidity provider Virtu advanced significantly following the release of fourth quarter results that were well ahead of expectations, driven by strong trading income and expense synergies from a recent acquisition.

Conversely, stock selection in Information Technology detracted from performance including our holdings in Rogers Corporation and Coherent. Advanced materials company Rogers Corporation declined on disappointing fourth quarter results and near term forward looking guidance, as operational challenges, strong product demand against limited manufacturing capacity and rising raw material costs dampened margins. While these results were

disappointing, we continue to believe Rogers Corporation is well positioned with respect to attractive secular demand trends such as growing 5G infrastructure spend and increased electrification of vehicles. Other notable underperformers in the quarter were Michaels Companies (Consumer Discretionary), Healthcare Services Group (Industrials) and Exact Sciences (Health Care). Arts and craft specialty retailer Michaels Companies underperformed after issuing forward-looking guidance that was below expectations, pressured by accelerated investment in technology and infrastructure.

While positively trending economic data and optimism from both management teams and consumers appears to be prevalent, inflationary concerns in the first quarter called into question whether the improvement in U.S. economy is sustainable. One source of optimism for the economy is that companies have more cash to deploy in the near term due to corporate tax reform. Management teams will have to determine the best use of this cash, whether it be returning it to shareholders in the form of dividends or share buybacks, raising employee compensation, reinvesting in growth initiatives and/or making acquisitions. Additionally, the current administration has been aggressive in reducing regulation on businesses which could be a continued tailwind for companies. Further, acceleration in wage growth and moderate inflation could be positives for the U.S. economy. However, more than moderate inflation could cause the FOMC to raise rates more quickly than many expect and be a headwind to economic growth. A trade war with China or other countries is also a risk that could have major implications depending on the size and breadth of any tariffs that would be implemented. The U.S. imports more goods and services than it exports and higher prices due to tariffs for U.S. consumers may add to the inflationary pressures already present. Investors will likely keep a close eye on consumer prices and trade policy throughout 2018 as one or both of these risks could offset the benefits of fiscal stimulus. Globally, monetary tightening in Europe or a geopolitical conflict in the Korean Peninsula or Middle East are other risks that could have implications in the U.S.

While we keep abreast of economic developments and, in particular, how they affect companies in our investment universe, we continue to focus on identifying quality growth businesses at attractive valuations. The recovery following the Global Financial Crisis began almost nine years ago and we are entering a period of unprecedented late-cycle fiscal stimulus. While the effect of this stimulus remains to be seen, we believe it is in our clients' best interest for us to concentrate on bottom-up, fundamental analysis. We believe purchasing companies with durable growth drivers that are underappreciated by other investors will allow us to outperform in a variety of economic scenarios and over the long term.

The Fund, the Management Company and the Investment Manager

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