

## Fund Manager Commentary

### William Blair SICAV US Small-Mid Cap Growth Fund

#### Market Summary

U.S. equities had a strong start to the year as most major benchmarks posted their best quarterly return in nearly ten years. After the pronounced sell-off to end 2018, comments from Federal Reserve Chairman Powell and progress in trade negotiations with China spurred optimism causing stocks to rally. Comments from the Federal Open Market Committee (FOMC) indicated that they would be patient and flexible with monetary policy normalization and ongoing discussions between high-level officials from the U.S. and China put fears of an escalating trade war on hold for the time being. Despite robust equity market returns, U.S. economic data in the quarter was somewhat mixed. Low unemployment and mild inflation remain positive indicators for the health of the economy. However, gauges for consumer spending and manufacturing activity were lower than many expected but still well above recessionary levels. Additionally, gross domestic product (GDP) growth for 2018 was revised down slightly to 2.9%. Pertaining to corporate performance, companies in the S&P 500 reported earnings growth of approximately 15% for the fourth quarter. While a step down from the levels experienced in the preceding quarters, U.S. companies continued to perform well against a backdrop of solid domestic economic activity and corporate tax cuts.

#### Fund Review & Outlook

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

Amidst a first quarter when the Russell 2500 Growth Index returned 18.99%, our Fund lagged the robust return of the benchmark. Both a style headwind and stock-specific issues contributed to the underperformance in the quarter. From a style perspective, our emphasis on companies with less volatile fundamentals was a headwind which is typical of a quarter with a very strong absolute return. Specific to stocks, portable oxygen

#### Top 10 Holdings as of 31.03.2019

<b>Company Name</b>	<b>% of Fund</b>
Copart, Inc.	3.3%
CoStar Group, Inc.	3.2%
Euronet Worldwide, Inc.	2.9%
Booz Allen Hamilton Holding Corporation	2.7%
BWX Technologies, Inc.	2.6%
Ball Corporation	2.5%
Burlington Stores, Inc.	2.4%
Pure Storage, Inc.	2.3%
Veeva Systems Inc.	2.2%
Rogers Corporation	2.2%
<b>Total of Top 10</b>	<b>26.3%</b>

concentrator manufacturer Inogen was the top detractor in the portfolio. Despite strong quarterly results, the company reported a slowing of orders with one large national provider in the Business-to-Business channel which put pressure on the stock. Stock selection in Consumer Discretionary also negatively impacted relative performance, including our position in global postsecondary education company Adtalem Global Education. Adtalem reported moderating growth for the fourth quarter in its Registered Nurse to Bachelors of Science Nurse (RN-to-BSN). Other top detractors were Health Care Services Group (Industrials), Cboe Global Markets (Financials) and Encompass Health Corp (Health Care). Contributors to performance included advanced materials company Rogers Corporation which was the top contributor after reporting increased shipments of 5G enabled products in the fourth quarter. Additionally, company management noted that it appears as if China's deployment of 5G is imminent and that the amount of content Rogers will have on 5G products is higher than expected. Stock selection in Industrials was also a contributor to performance, including our position in CoStar Group. CoStar, which provides information, marketing and analytic services to the real estate industry, advanced after the company reported quarterly results, issued

2019 guidance, and provided longer-term business targets that were received favorably. Its core commercial real estate business benefited from an ongoing conversion of customers to higher priced, higher value-added products. In multi-family housing, the company continues to take share from weaker competitors. Other top contributors were Euronet Worldwide (Information Technology), Portola Pharmaceuticals (Health Care) and Veeva Systems (Health Care).

The U.S. economy remains healthy with many believing the current expansion will persist and become the longest in U.S. history later this year. While GDP and earnings growth are likely to slow in the first half of 2019 from levels seen last year, expectations are that growth will improve in the latter half of the year. Company management teams generally remain upbeat as they have not seen a major decrease in business or consumer economic activity. The pause in interest rate increases should provide some relief in the short term for investors worried about companies needing to refinance debt that was taken out at ultra-low interest levels in the years following the Great Recession. However, over the intermediate to long term, the large amount of debt issued since 2009 may need to be refinanced at higher rates. In addition, business and consumer focus on servicing that debt may subdue investment and depress growth. Other prominent risks to corporate profitability in 2019 include an acceleration in wage growth and higher input costs. Globally, economic activity in China has improved with stimulus measures put in place by the government in the last year. A reversal in this improvement, a material slowdown in Europe caused by Brexit, or a rise in geopolitical tensions in the Middle East or Asia could all have negative implications for the U.S. economy.

We continue to focus on bottom-up, fundamental analysis to identify quality growth companies whose stocks we believe can outperform over time. Despite sharp moves in the prices of many U.S. stocks over the past two quarters, we believe concentrating our research efforts on long term business fundamentals is the best way to identify truly durable companies. By building a portfolio of inefficiently priced, quality

growth companies, we believe our Fund will hold up well in a variety of economic environments.

#### GENERAL INFORMATION

Recipients of this document should be aware of the risks detailed in this paragraph. Please be advised that any return estimates or indications of past performance on this document are for information purposes only. Both past performance and yield may not be a reliable guide to future performance. The value of investments and income from them may fall as well as rise and investors may not get back the full amount invested. The value of shares and any income from them can increase or decrease. An investor may not get back the amount originally invested. Where investment is made in currencies other than the investor's base currency, the value of those investments, and any income from them, will be affected by movements in exchange rates. This effect could be unfavourable as well as favourable. Levels and bases for taxation may change.

Specific securities identified and described do not represent all of the securities purchased or sold and you should not assume that investments in the securities identified and discussed were or will be profitable. 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 investment advice, offer or a recommendation to buy or sell any particular security or product.

Any discussion of particular topics is not meant to be complete, accurate, comprehensive or up-to-date and may be subject to change. Factual information has been taken from sources we believe to be reliable, but its accuracy, completeness or interpretation cannot be guaranteed. Information and opinions expressed are those of the author and may not reflect the opinions of other investment teams within William Blair. Information is current as of the date appearing in this material only and subject to change without notice.

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. The most current month-end performance information is available on [sicav.williamblair.com](http://sicav.williamblair.com).

#### FUND INFORMATION

The SICAV has appointed FUNDROCK MANAGEMENT COMPANY S.A., a "société anonyme" incorporated under the laws of the Grand Duchy of Luxembourg and having its registered office at 33, rue de Gasperich, L-5826 Hesperange as its management company (the "Management Company"). The Management Company is authorised and regulated by the Luxembourg Supervisory Authority of the Financial Sector (the "CSSF") as the management company of UCITS (defined below) under the EU directive 2009/65/EC, as amended.

The Management Company has been appointed as the management company of WILLIAM BLAIR SICAV, a "société d'investissement à capital variable", incorporated under the laws of the Grand Duchy of Luxembourg having its registered office at 31, Z.A.I. Bourmicht, Bertrange, registered in the R.C.S.

Luxembourg under n° 98806 and approved by the CSSF as an undertaking for collective investment in transferable securities (UCITS) in accordance with the EU directive 2009/65/EC, as amended (the "Fund").

The Management Company has appointed WILLIAM BLAIR INVESTMENT MANAGEMENT, LLC, having its registered office at 150 North Riverside Plaza Chicago, IL 60606-1598, USA ("William Blair Group") as the investment manager for the Fund (the "Investment Manager").

The Articles of Incorporation, the Prospectus, the Key Investor Information Documents (KIID), the Annual and Half-yearly Reports of the Fund and the Subscription Form are available free of charge in English and German from our website SICAV.williamblair.com or at the registered office of the Management Company (33, rue de Gasperich, L-5826 Hesperange, Grand Duchy of Luxembourg), at the registered office of the Fund (William Blair SICAV, 31, Z.A. Bourmicht, L-8070 Bertrange, Grand Duchy of Luxembourg) or from the Swiss representative, First Independent Fund Services Limited, Klausstrasse 33, CH-8008 Zurich, and in German language at Marcard, Stein & Co., Ballindamm 36, 20095 Hamburg, Germany, and at Bank of Austria Creditanstalt AG, Am Hof 2, 1010 Vienna, Austria.

Recipients of this document should make their own investment decisions based upon the Fund Documents listed above (which can be obtained free of charge) and in accordance with their own financial objectives and financial resources and, if in any doubt, should seek advice from independent professional advice as to risks and consequences of any investment

William Blair makes no representations that this website or any contents contained on it are appropriate or available for use in any jurisdiction. This information is not intended to be published or made available to any person in any jurisdiction where doing so would result in contravention of any laws or regulations applicable to the user. The SICAV Fund is currently registered for marketing in: Austria, Denmark, Finland, France, Germany, Ireland, Luxembourg, Norway, Singapore, Spain, Sweden, Switzerland and the UK. Therefore the SICAV Fund is either not registered to be marketed in your jurisdiction or may only be marketed or offered to professional investors in your jurisdiction. To the extent permitted by applicable law, William Blair will accept no liability for any direct or consequential loss, damages, costs or prejudices whatsoever arising from the use of this document or its contents.

Copyright © 2019 William Blair. "William Blair" refers to William Blair & Company, L.L.C., William Blair Investment Management, LLC, and affiliates. No part of this material may be reproduced in any form, or referred to in any other publication, without express written consent.