

William Blair SICAV US Small-Mid Cap Growth Fund Summary and Outlook

Market Overview

While COVID-19 was the dominant force affecting the economy and equities year-to-date, the tenor of the market was dramatically different in the first and second quarters of the year.

During the first quarter, equities declined rapidly as market participants digested the magnitude of the economic impact of COVID-19. Stay-at-home directives effectively shut down many segments of the economy. First quarter GDP declined 5% and the unemployment rate spiked to almost 15%. This was the most dramatic decline in GDP and the sharpest rise in unemployment in the post-World War II period.

After bottoming in mid-March, equity returns were robust during the second quarter. This was predominately the result of massive amounts of fiscal and monetary stimulus, coupled with improving COVID-19 trends, optimism regarding vaccine development and progress toward re-opening the economy. The Federal Reserve (Fed) responded quickly and dramatically in an attempt to limit economic damage. With the federal funds rate near zero and purchases of both government and corporate bonds, the Fed balance sheet has expanded by over \$3 trillion since the pandemic began. The Fed's actions, paired with unprecedented levels of fiscal stimulus, supported strong demand for equities and a decline in fixed income spreads.

The strength of the recovery brought several market indices into positive territory for the first half of the year. The S&P 500 was down close to 20% in the first quarter and regained nearly all of the lost ground, returning over 20% during the second quarter – its highest quarterly gain since 1998.

Fund Performance

With the Russell 2500 Growth benchmark up over 32% during the second quarter, the William Blair SICAV U.S Small-Mid Cap Growth Fund did not keep pace due to a combination of style headwinds and stock specific dynamics. From a style perspective, the companies within the lowest quintile of return on invested capital along with the most volatile, highest beta equities outperformed, creating an unfavorable style environment for the portfolio given our high-quality investment philosophy. From a stock specific standpoint, our top detractors were Encompass Health (Health Care), Brink's Company (Industrials), Live Nation Entertainment (Communication Services) and Martin Marietta (Materials). Shares of Encompass Health lagged in the second quarter after outperforming earlier in the year. While home health providers are likely to benefit longer term from recent regulatory changes that reduce friction for getting patients in-home care, shorter-term delays impacted the stock in the quarter.

Top 10 Holdings as of 6/30/20

<i>Company Name</i>	<i>% of Fund</i>
Horizon Therapeutics PLC	3.3%
BWX Technologies Inc.	3.2%
Grand Canyon Education Inc.	3.0%
NICE Ltd.	2.3%
Martin Marietta Materials, Inc.	2.3%
Trex Company, Inc.	2.1%
Encompass Health Corporation	2.1%
ETSY Inc.	2.0%
Zynga Inc.	2.0%
Pure Storage Inc.	2.0%
Total Top 10	24.3%

COVID-19 related closures weighed on cash management services provider Brink's Company, most notably as it relates to revenues derived from retail locations that were either temporarily closed or operating on a limited basis. Within Information Technology, our position in j2 Global and our underweight to the most expensive stocks in the sector (e.g., Software), which materially outperformed, detracted from relative returns. Conversely, top contributors included Horizon Therapeutics (Health Care), Etsy (Consumer Discretionary), Portola Pharmaceuticals (Health Care), Trex Co (Industrials) and SolarEdge Technologies (Information Technology). Horizon Therapeutics benefitted from robust growth of the company's newly launched drug Tepezza, as well as broad based strength across the rest of the business. E-commerce marketplace Etsy added new buyers to its platform amid COVID-19 retail disruption, which we believe could sustainably increase longer-term sales potential for the company.

Outlook

Despite the recovery of the equity market, significant uncertainty remains as we emerge from an economic shutdown amidst an ongoing global health pandemic. The economic trajectory of the U.S. is unclear as some states begin to re-open while others retrench in response to rising COVID-19 infections. Early signs of economic improvement could prove fleeting as unemployment benefits expire and potential structural changes could leave some workers permanently out of work. Possible offsets to these challenges include the development of a vaccine and the lagged impact of monetary and fiscal stimulus. These factors, together with social unrest and a contentious forthcoming U.S. presidential election, leave corporate management teams with limited visibility.

As long-term investors, we are reminded more than ever that companies with superior management, high barriers to entry, differentiated products or services, and the financial flexibility to invest through uncertainty should ultimately prevail. We continually seek to identify companies that we believe will come out the other side of this unprecedented period stronger, with increased market share and profitability, regardless of the shape and duration of the broader recovery. While non-fundamental factors can create short-term volatility, the foundational belief upon which our portfolio is built is that earnings and cash flows are the determinants of long-term value creation and stock performance.



IMPORTANT DISCLOSURES

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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. The most current month-end performance information is available on 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.

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