

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

## Market Overview

Performance of U.S. equity indices was broadly positive for the year-to-date period ended September 30, 2021. First quarter market performance was supported by improvement in corporate earnings growth, positive economic data, robust job growth and massive stimulus distributed to U.S. households and businesses. Manufacturing activity, gross domestic product (GDP), and job growth continued to increase into the second quarter and corporations reported healthy earnings.

While U.S. equity market performance and economic data were both strong through the first half of 2021, U.S. economic data was mixed in the third quarter, in part due to supply chain disruptions and rising COVID-19 cases. As the Delta variant became the prominent strain across the country, new cases of COVID-19, along with hospitalizations and deaths, increased and peaked in the third quarter. Despite these headwinds, corporate earnings reports continued to exhibit strength.

The U.S. Congress avoided a government shutdown by passing a short-term continuing resolution to suspend the debt limit. The Federal Open Market Committee (FOMC) reiterated its commitment to maintain a low target federal funds rate as the economy recovers from COVID-19 disruption. However, coincident with inflationary concerns and the Fed's announcement that it will begin to slow the pace of its asset purchases in the near term, U.S. Treasury yields rose in late September. Against this backdrop and despite healthy corporate earnings, U.S. equity index returns were mixed in the third quarter, with less differentiation between growth and value style indices in the quarter than was observed earlier in the year.

## Fund Performance

Third quarter outperformance by the the William Blair SICAV US Small-Mid Cap Core Fund was driven by a combination of strong stock selection and style tailwinds. Among top contributors to performance were Builders FirstSource (Industrials), Cameco (Energy), Horizon Therapeutics (Health Care) and Pure Storage (Information Technology). Residential building materials company Builders FirstSource benefited from strong volumes, faster growth of higher margin manufactured products and synergies from a recent merger. Stock selection in Financials also added value, in part due to our position in Western Alliance Bancorp, as the company delivered robust loan and deposit growth. From a style perspective, our emphasis on businesses with higher returns on invested capital, as well as our underweight to the most expensive stocks in the benchmark, were tailwinds. Top detractors from performance

## Top 10 Holdings as of 9/30/2021

<i>Company Name</i>	<i>% of Fund</i>
Western Alliance Bancorporation	2.8
Builders FirstSource, Inc.	2.4
Denbury Inc.	2.4
East West Bancorp, Inc.	2.1
Cameco Corporation	2.0
Merit Medical Systems, Inc.	1.9
Owens & Minor, Inc.	1.9
PacWest Bancorp	1.7
Skyline Champion Corporation	1.6
Owens Corning	1.6
<b>Total Top 10</b>	<b>20.4</b>

were Owens & Minor (Health Care), Stem Inc (Industrials), New Fortress Energy (Energy), Brink's Company (Industrials) and Denbury (Energy). Owens & Minor, a manufacturer and distributor of disposable healthcare supplies, and Stem Inc., an AI-driven energy storage solutions provider, both underperformed after reporting solid fundamental results against high investor expectations.

## Outlook

Looking forward, a continued sense of optimism around U.S. economic potential remains. As the Delta variant wave recedes, consumer confidence and spending are expected to increase, in part due to pent up savings from government stimulus, and job growth and earnings growth are likely to benefit. However, some uncertainty remains as continued vaccine hesitancy among portions of the population may pose a challenge to the U.S. achieving herd immunity. Potential corporate tax increases, elevated input prices and accelerating wage gains may put pressure on corporate profits. Amid tensions between political parties, the U.S. Congress must come to a resolution to raise the debt ceiling in order to avoid the risk of a federal default. While inflationary and supply chain pressures are likely to persist into 2022, labor shortages may ease as government unemployment stimulus abates and the spread of COVID-19 variants moderates.

Our investment philosophy leads us to companies with durable businesses, whose stock prices are not reflective of our long-term fundamental expectations, that we believe can outperform over a market cycle. As we continue to monitor economic developments and navigate through the business model implications of COVID-19 disruption, our focus remains on identifying companies with superior management, high barriers to entry and differentiated products or services that are underappreciated by the market. We believe our longstanding focus on bottom-up identification of durable business franchises, whose stocks present attractive risk/reward opportunities, will serve us well in a variety of economic environments.



## IMPORTANT DISCLOSURES

**This is a marketing communication. Please carefully consider the investment objectives, risks, charges, and expenses of the Company. This and other important information is contained in the Company's Prospectus and KIIDs, which you may obtain by visiting [sicav.williamblair.com](http://sicav.williamblair.com). Read these documents carefully before investing.**

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Specific securities identified and described to 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.

### Risks

The value of shares can increase or decrease and an investor may not get back the amount originally invested. Where investments are made in currencies other than an investor's base currency, the value of those investments will be affected (favourably or unfavourably) by movements in exchange rates. The Fund focuses its investments in the United States and will have greater exposure to the market, political and economic risks of that country than if it was more diversified across a number of countries. Smaller companies may be more adversely affected by poor economic or market conditions, and may be traded in low volumes, which may increase volatility and liquidity risks.

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 Fund is a sub-fund 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 Luxembourg Supervisory Authority of the Financial Sector (the "CSSF") as an undertaking for collective investment in transferable securities ("UCITS") in accordance with the EU directive 2009/65/EC, as amended (the "Company"). Authorization of the Company by the CSSF is not an endorsement or guarantee nor is the CSSF responsible for the contents of any marketing material or the Company's Prospectus or applicable Key Investor Information Document ("KIID"). Authorization by the CSSF shall not constitute a warranty as to the performance of the Company, and the CSSF shall not be liable for the performance of the Company.

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The Articles of Incorporation, the Prospectus, the KIID, the Annual and Half-yearly Reports of the Fund and the Subscription Form are available free of charge in English and German from the website [sicav.williamblair.com](http://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. Paying agent in Switzerland is NPB New Private Bank Ltd, Limmatquai 1, CH-8024 Zurich.