

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

Market Overview

U.S. equity indices were broadly positive during the fourth quarter. Together with negative returns in the three prior quarters, U.S. equities still ended the year in substantially negative territory as 2022 marked the worst year since 2008 for the S&P 500 Index.

During the first half of the year, the market was largely dominated by elevated inflation and monetary tightening by the Federal Open Market Committee (FOMC) which broadly pressured equity valuations. Valuation compression associated with higher rates was fairly indiscriminate and, on a relative basis, benefited the least expensive, and in some cases lower quality, equities most. In March, the FOMC implemented the first increase of the target federal funds rate in this cycle. With record-high gasoline prices, elevated mortgage rates, lower asset prices and higher food costs, consumer sentiment weakened, as did other economic data points. At the same time, the labor market and corporate earnings remained resilient.

Mid-year, a brief equity market rally was fueled by optimism that inflation would moderate, requiring fewer rate increases by the Fed. This sentiment faded, along with stock prices, after the Fed reiterated its priority was to tame inflation, potentially at the expense of economic growth.

U.S. equity indices recovered somewhat in the fourth quarter as investors responded positively to moderating inflation. The FOMC continued to act aggressively in the quarter and raised the target federal funds rate by 125 basis points, for a total of 425 basis points in 2022. After rising throughout the year, 10-year Treasury bond yields peaked in late October, offering a reprieve to pressured valuations. U.S. corporate earnings remained resilient, though forward estimates softened, and management commentary generally reflected considerable uncertainty looking ahead.

Fund Performance

The William Blair SICAV U.S. Small-Mid Cap Growth Fund outperformed its benchmark, the Russell 2500 Growth index, during the fourth quarter. Outperformance was driven by a combination of style factors and stock-specific dynamics. From a style perspective, our typical underweight to companies without earnings was a tailwind. From a sector perspective, Health Care, including our positions in ABIOMED and Horizon Therapeutics, and Consumer, including our position in Burlington Stores, were positive relative contributors. ABIOMED and Horizon Therapeutics both announced that they had agreed to be acquired for significant premiums in the quarter. Axon, a leading provider of law enforcement technology, reported robust revenue results, driven by strong demand and growth across business segments. Other individual contributors included Axon Enterprise (Industrials) and TechnipFMC (Energy). Our top individual detractors included Chart Industries (Industrials), Advanced Drainage Systems (Industrials), Wolfsped (Information Technology), Cameco (Energy) and Alarm.com (Information Technology). Chart Industries is a leading global manufacturer of highly engineered cryogenic equipment for liquified natural gas and other industrial gases. Shares were pressured by concern regarding the company's post-deal leverage position related to a forthcoming acquisition. Advanced Drainage Systems, North America's largest producer of high-density polyethylene (HDPE) pipe, reported lower-than-expected earnings during the quarter and lowered revenue guidance.

Top 10 Holdings as of 12/31/2022

<i>Company Name</i>	<i>% of Fund</i>
BWX Technologies, Inc.	2.9
Axon Enterprise, Inc.	2.5
Builders FirstSource, Inc.	2.4
Chemed Corporation	2.3
Performance Food Group Co.	2.2
Penumbra, Inc.	2.1
Encompass Health Corp.	2.1
National Vision Holdings, Inc.	2.0
Crown Holdings, Inc.	2.0
Euronet Worldwide, Inc.	1.9
Total Top 10	22.4

Outlook

As we look forward to 2023, there are indications that higher quality investments should fare better in the coming year. Investors expect interest rates to continue to rise, albeit at a slower pace than in 2022, assuming inflation continues to moderate. We believe the majority of multiple compression from rising interest rates should already be embedded in stocks. In contrast to 2022, market performance in 2023 will likely be tied more closely to fundamentals than valuation differences.

Given the lagged impact, the effects of interest rate increases will likely have a more meaningful impact on the U.S. economy in 2023. A slowing economy and generally weaker demand relative to this past year may necessitate costs come into equilibrium with slower revenue growth. This implies risk to corporate earnings. Moreover, as an era of near-zero rates ends, capital sources for more speculative equities are likely to diminish, focusing more on near-term fundamentals.

Quality companies, which have the financial independence to continue to invest in their operations and the business model flexibility to adjust quickly in a dynamic environment, have become increasingly attractive investment opportunities against this backdrop. Pricing flexibility, for example, will be critical if inflationary pressures from labor and materials persist and overall demand weakens. This scenario would likely cause pressure on margins and earnings disappointments for the average company. Companies with strong management teams, superior business models and solid financials would be in a better position to navigate such headwinds. In addition, higher quality investments did not materially outperform during the sell-off in 2022, resulting in compelling valuations for these businesses as we look ahead.



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. 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.

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 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.