William Blair

Fourth Quarter 2022

William Blair SICAV US Equity Sustainability 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 Equity Sustainability Fund underperformed its benchmark, the S&P 500 index during the fourth quarter. Compared to the S&P 500 Index, relative performance was driven by style factors and stock specific dynamics. Our higher valuation exposure given our bias toward longer duration growth companies was a headwind. From a stock-specific standpoint, our top detractors included Generac Holdings (Industrials), Alphabet (Communication Services), Wolfspeed (Information Technology) and PayPal Holdings (Information Technology). Generac reported weaker-than-expected earnings results as channel inventory is taking longer to digest in the current environment than previously anticipated. The portfolio's Energy exposure, including our position in Cameco and our underweight to companies whose revenues are significantly tied to fossil fuels, also detracted from relative returns. Cameco announced its intent to acquire Westinghouse Electric Company, and despite reporting a strong quarterly-earnings beat, shares were pressured on the deal news. In terms of contributors, not owning Tesla (Consumer Discretionary) and Apple (Information Technology) were among the largest sources of relative contribution for the period. As it relates to Tesla, while we share the market's view that electric vehicle penetration is likely to accelerate from here, resulting in better forward industry growth rates than was previously expected, we believe the stock is embedding unrealistic expectations as to Tesla's ultimate market share and margin profile. In the case of Apple, we believe the valuation does not reflect earnings risk related to macro challenges. Sales of the company's premium priced products are likely to be pressured by the expected slowdown in economic growth. Given the maturity of the high-end smart phone, tablet and PC markets, and the slowing, though solid growth of Apple's services business, we believe the long-term growth and return prospects for our other Information Technology holdings are more attractive. Within the portfolio, our top contributors included Horizon Therapeutics (Health Care), TJX Companies (Consumer Discretionary), Mastercard (Information Technology), Coca-Cola (Consumer Staples) and Johnson Controls (Industrials). Horizon Therapeutics reported strong earnings results and Amgen Inc. announced plans to acquire the company. TJX Companies also reported strong earnings results, driven by better-than-expected merchandise margins and disciplined expense management.

Top 10 Holdings as of 12/31/2022

Company Name	*% of Fund*
Microsoft Corp.	7.8
The Coca-Cola Co.	7.0
UnitedHealth Group Inc.	6.9
Alphabet Inc.	5.3
Mastercard Inc.	4.3
Abbott Laboratories	4.0
Tjx Companies Inc	3.7
Copart, Inc.	3.4
Cameco Corp.	3.3
Intercontinental Exchange, Inc.	3.0
Total Top 10	**48.7**

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. Equity securities may decrease in value in response to the activities of an individual company or in response to general market, business, and economic conditions. 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.

The application of sustainability and ESG criteria may cause the Fund to forego certain investments that would otherwise meet its objective and strategy, and these criteria may not align with the views of any particular investor.

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 n⁰ 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 Management Company has been appointed as the management company of the Company and has appointed WILLIAM BLAIR INVESTMENT MANAGEMENT, LLC, the asset management business of WILLIAM BLAIR & COMPANY, LLC., having its registered office at 150 North Riverside Plaza Chicago, IL 60606, USA as the investment manager for the Fund. WILLIAM BLAIR & COMPANY, L.L.C. is authorized as the global distributor of the Company and to facilitate the distribution of Shares in certain jurisdictions through financial intermediaries.

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.