

William Blair SICAV – Emerging Markets Leaders Fund

Class J (USD)

William Blair

Portfolio Review

December 2017

Todd M. McClone, CFA, Partner
Jack Murphy, CFA, Partner
Jeffrey A. Urbina, CFA, Partner

Portfolio Managers

ISIN: LU0995405593

Market Commentary & Outlook

The 2017 market environment was characterised by strong and accelerating global economic growth. The broadening nature of growth was particularly noteworthy, as evidenced by strengthening industrial production volumes across the world. Corporate earnings results were bolstered by the expanding economic environment, providing a tailwind for investors. Beyond improving corporate performance, major national elections, especially in Europe, produced outcomes favourable for continued growth.

Risk assets led the markets in 2017. Emerging markets, supported by a weak U.S. dollar, performed the strongest, returning 36.8% in USD terms, as measured by the MSCI EM IMI. Developed markets also performed well, advancing 22.4% for the year (MSCI World IMI). China (+50.7%) led emerging markets performance with additional contributions from South Korea (+46.0%), India (+43.7%), Poland (+53.6%), Chile (+43.3%) and South Africa (+34.0%) illustrating the breadth of gains across the EM landscape.

From a global sector perspective, technology led by a significant margin in 2017, advancing 41.0% for the year (as measured by MSCI ACWI IMI), far outpacing the second best performer, materials, which gained 29.3%. Within technology, the software and services industry returned 42.2%, followed by semiconductors and equipment (+42.0%) and technology hardware and equipment (+37.8%). In contrast, energy (+5.2%) and telecom (+8.2%) were the two worst performing sectors for the year.

The performance of William Blair's proprietary quantitative models demonstrated that momentum, earnings trend and growth style factors outperformed during 2017, while fundamental volatility, quality and valuation factors underperformed. These style trends were more pronounced within emerging markets.

As we discussed in our recent Global Market Outlook paper¹, underpinning 2017 performance was a broadening of growth in both developed and emerging markets, which we have not seen in more than a decade. As growth broadened, it also strengthened. Year-over-year growth in industrial production volumes, a proxy for growth, ranged from 3% in the United States to 8% in Brazil.

When global growth drives expansion, it shows up in corporate earnings. In 2017, returns were driven predominantly by corporate earnings growth as opposed to price-to-earnings multiple expansion. That is not to say that multiple expansion was completely absent. Delving deeper into the sectoral composition of returns, Europe and the United States benefited from P/E expansion during the year, which we would expect in response to stronger growth performance.

The synchronised global recovery is well understood, and global growth remains firm. For us, though, it is important to understand the nature of the cycle and how far we are into it. The low-volatility regimes we have experienced in the equity and fixed-income markets carry potential risks. When change comes, it will likely be difficult, because we have been shielded from natural cyclical behaviour - from negative economic and market forces - for some time.

Sudden inflationary pressures and wage growth acceleration would likely alter investor return expectations, driving bond yields and volatility materially higher, while potentially triggering equity-leadership rotation both across and within sectors. Financials would be expected to benefit from higher rates, for example, but increased caution would be warranted for financially-leveraged companies. We want to be mindful of this.

¹ <https://www.williamblair.com/en/Research-and-Insights/Insights/Institutional-White-Paper/2017/Global-Market-Outlook-for-2018.aspx>

Reflecting on some of the pre-eminent growth themes of 2017, including technology and the rise of innovation in China, we are optimistic. Despite the growing likelihood of a cyclical slowdown within the technology sector, we believe that strong secular growth will continue.

From a geographic perspective, we believe that emerging markets continue to offer attractive investment opportunities heading into 2018. In particular, there are abundant opportunities to invest in China's growth, but we are mindful of the significant share-price gains in 2017 from the perspective of near-term momentum reversal risk.

Performance

Fourth quarter underperformance versus the MSCI Emerging Markets (net) was primarily driven by negative stock selection across most sectors. Within Telecommunication Services, Bharti Infratel Ltd and Telekomunikasi Indonesia Persero (Telekom Indo) weighed negatively on relative returns. After jumping on speculation of a buyout by private equity and sovereign wealth funds, the shares of Bharti Infratel, the Indian wireless towers operator, declined on the back of disappointing 2QFY18 operating results and the sale of a \$508 million stake by Bharti Airtel. Telekom Indo stock weakness was driven by investor concerns over increased competition and the impact of the company's mobile segment slowdown on operating performance. In addition, Emaar Properties, Real Estate, was an additional source of underperformance. The UAE based property developer and hospitality manager's share price declined after its special dividend fell short of market expectations.

Partially off-setting these negative effects were the underweights to both Telecommunication Services and Real Estate and positive stock selection in Industrials. Within Industrials, Bidvest Group contributed positively to relative results. Share price strength for the South African conglomerate was underpinned by accelerating operating trends amid strong management

execution and acquisitions that were positively received by investors.

Calendar year 2017 outperformance versus the MSCI Emerging Markets (net) was strong, driven by a combination of stock selection and allocation effects. Financials stock selection was particularly beneficial, bolstered by China-based Ping An Insurance. Driving the share price was strong premium growth in the life and property & casualty segments. Ping An's management was also optimistic on the outlook for the key Value of New Business metric—guiding for 20-30% growth in 2018. Sociedad Quimica y Minera de Chile (SQM) and Maruti Suzuki India, Materials and Consumer Discretionary respectively, were additional sources of outperformance. Chile-based lithium and agricultural chemicals producer SQM's share price was supported by rising demand and prices for lithium, which is used in rechargeable vehicle and smartphone batteries. Maruti Suzuki's share price benefited from solid financial results amid healthy demand for the company's passenger cars in India. Maruti's competitive advantages include deep-reaching distribution and a premium strategy that has driven market share gains.

Partially off-setting these positive effects were negative stock selection within Real Estate and Telecommunication Services sectors and the overweight Brazil. Within Real Estate, Emaar Properties detracted from relative returns. The UAE-based property developer and hospital manager's share price was adversely impacted by its special dividend announced in December, which fell short of investor expectations. Management cited the need to preserve liquidity in light of ongoing development of large scale projects.

	QTD	YTD	2016	2015
AC World (DM+EM)	5.7	23.9	8.4	-2.2
Developed Markets (DM)	5.5	22.4	8.2	-0.8
Japan	8.5	25.3	3.2	10.5
Europe ex UK	1.2	28.0	-0.2	0.7
UK	5.9	23.7	-1.6	-5.5
USA	6.2	20.6	12.0	0.0
Emerging Markets (EM)	7.7	36.8	9.9	-13.9
Asia	8.7	41.8	4.8	-8.5
China	7.0	50.7	0.0	-6.4
India	13.4	43.7	-1.1	-4.7
Korea	12.9	46.0	4.2	-3.9
Taiwan	5.1	30.2	16.4	-11.3
EMEA	11.4	24.1	20.7	-20.4
Russia	3.8	5.1	57.0	4.6
South Africa	20.9	34.0	20.6	-25.9
Latin America	-2.3	24.8	30.3	-31.1
Brazil	-1.9	26.4	66.1	-41.9
Mexico	-8.4	15.0	-9.3	-14.1
Frontier Markets (FM)	5.1	29.9	5.6	-13.0
Size				
Large Cap	7.4	37.7	12.5	-15.2
Small Cap	9.2	33.8	2.3	-6.8
Sectors				
Discretionary	8.8	38.6	0.3	-9.6
Staples	8.7	25.0	0.2	-7.9
Energy	7.8	21.0	35.4	-17.5
Financials	8.1	32.7	13.3	-19.5
Healthcare	20.3	35.4	-9.8	3.6
Industrials	5.3	25.7	-2.1	-15.6
IT	7.4	59.9	15.1	-6.9
Materials	9.3	33.5	29.7	-21.1
Real Estate	2.0	42.2	-1.1	-6.6
Telecom Services	3.1	16.8	1.9	-19.5
Utilities	1.8	17.5	4.9	-20.4
Style				
Quality	0.1	2.4	7.4	1.4
Valuation	-3.9	0.1	24.2	0.1
Ettrend	3.0	14.4	6.7	11.3
Momentum	7.3	18.3	-6.1	8.3
Growth	2.0	9.5	-8.5	13.1
Composite	-0.2	7.9	18.3	8.9

Source: FactSet

Past performance is not a reliable indicator of future results. Regional performance is based on IMI region/country indexes. Sector and style values are based on the MSCI EM IMI Index. Size values are based on the MSCI EM IMI Index. Style values reflect the Quintile 1 minus Quintile 5 spread of William Blair's proprietary quantitative models. Sectors are based on Global Industry Classification (GICS) sectors. Large Cap and Small Cap based on MSCI Global Investable Market Index Methodology. Data in blue reflects the top 20% (highest) values by region, country, sector, and style. Data in red reflects the bottom 20% (lowest) values by region, country, sector, and style. All index returns are net of dividends. A direct investment in an unmanaged index is not possible. Please refer to the 'Important Disclosures' section at the end of this document for further information on investment risks and returns.

<i>Periods ended 12/31/2017</i>	Quarter	YTD	1 Year	3 Year	Since Inception*
William Blair SICAV - Emerging Markets Leaders Fund (Class J)	6.57%	42.38%	42.38%	7.84%	8.68%
MSCI Emerging Markets (net)	7.44%	37.28%	37.28%	9.10%	8.15%

*Inception 07/02/2014

As of 10/1/2015, discretionary investment management of the portfolio is provided by William Blair Investment Management, LLC. Prior to such date, such discretionary investment management was provided by William Blair & Company, L.L.C., an affiliate of William Blair Investment Management, LLC.

The MSCI Emerging Markets Index (net) is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. This series approximates the minimum possible dividend reinvestment.

Periods greater than one year are annualised. All charges and fees have been included within the performance figures. For the most current month-end performance information, please visit our Web site at SICAV.williamblairfunds.com.

Please refer to the 'Important Disclosures' section at the end of this document for further information on investment risks and returns.

The table below shows the calculated sector returns and weights of the William Blair SICAV - Emerging Markets Leaders Fund vs. its benchmark

William Blair SICAV - Emerging Markets Leaders Fund vs. MSCI Emerging Markets (net)

01/10/2017 to 31/12/2017

Sector	William Blair SICAV - Emerging Markets Leaders Fund		MSCI Emerging Markets (net)	
	Average Weight	Total Return	Average Weight	Total Return
Consumer Discretionary	18.1%	7.8%	10.3%	9.0%
Consumer Staples	8.6%	5.1%	6.4%	8.2%
Energy	3.2%	-1.7%	6.8%	7.9%
Financials	25.3%	8.0%	23.2%	8.1%
Health Care	1.0%	13.5%	2.4%	16.6%
Industrials	5.9%	15.6%	5.3%	5.1%
Information Technology	28.0%	6.0%	28.3%	7.1%
Materials	4.4%	9.1%	7.2%	8.7%
Real Estate	1.0%	-18.3%	2.8%	3.3%
Telecommunication Svcs	2.9%	-13.0%	4.9%	3.0%
Utilities	0.0%	0.0%	2.5%	1.4%

Source: Opturo

Attribution is based on estimated USD returns of equities held within the categories listed. All stocks held during a measurement period, including purchases and sales, are included. Cash is not allocated among categories. Calculations are for attribution analysis only, as such, actual returns may be higher or lower. Please refer to the 'Important Disclosures' section at the end of this document for further information on investment risks and returns.

The table below shows the calculated regional returns and weights of the William Blair SICAV - Emerging Markets Leaders Fund vs. its benchmark.

William Blair SICAV - Emerging Markets Leaders Fund vs. MSCI Emerging Markets (net)				
01/10/2017 to 31/12/2017				
	William Blair SICAV - Emerging Markets Leaders Fund		MSCI Emerging Markets (net)	
Region	Average Weight	Total Return	Average Weight	Total Return
Equity				
EM Asia	66.1%	7.7%	73.4%	8.4%
EMEA	13.9%	17.3%	14.4%	11.7%
Latin America	18.3%	-3.9%	12.2%	-2.3%

Source: Opturo

Attribution is based on estimated USD returns of equities held within the categories listed. All stocks held during a measurement period, including purchases and sales, are included. Cash is not allocated among categories. Calculations are for attribution analysis only, as such, actual returns may be higher or lower. Please refer to the 'Important Disclosures' section at the end of this document for further information on investment risks and returns.

Top Holdings by Weight

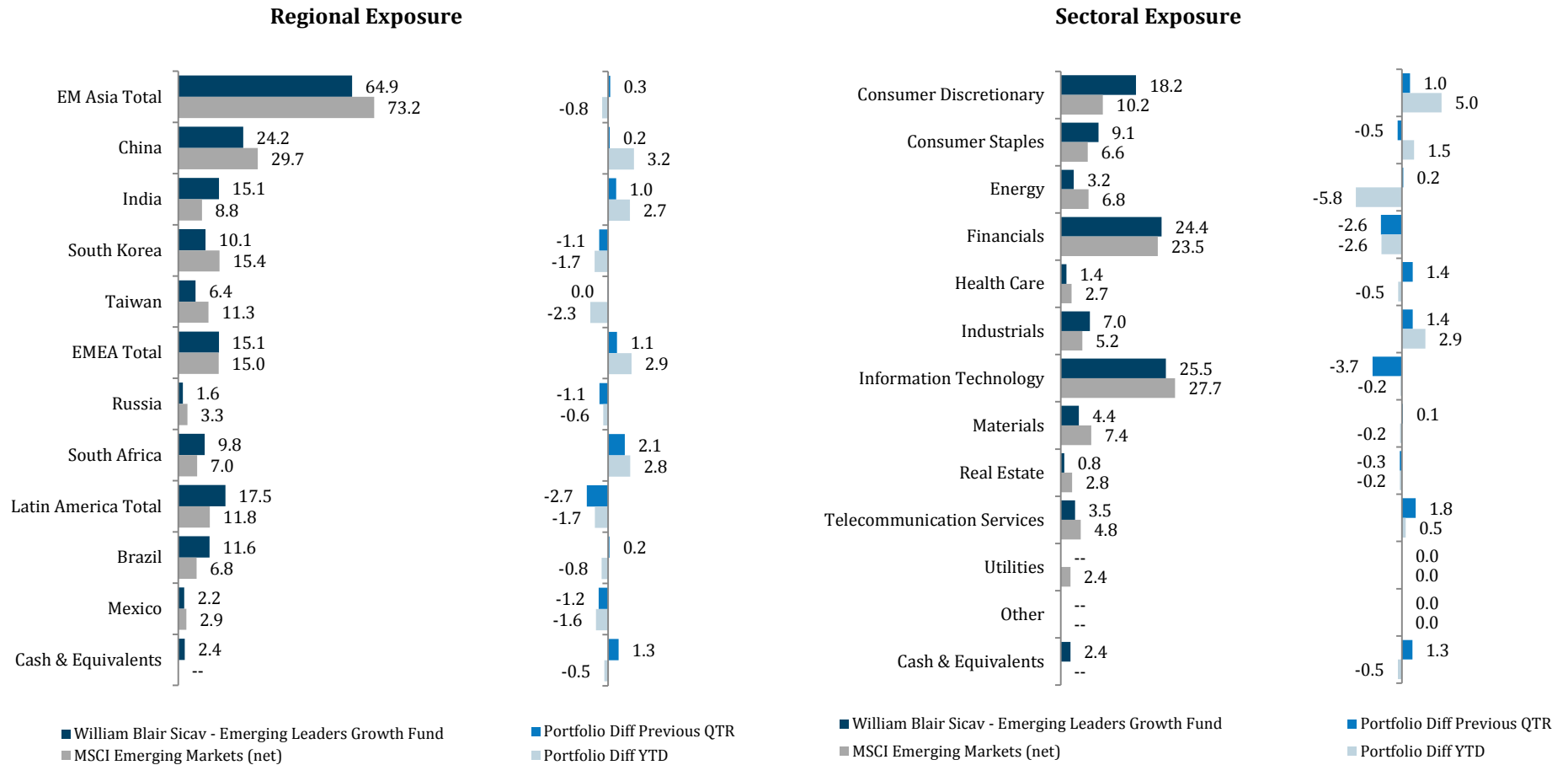
December 2017

The table below shows the William Blair SICAV - Emerging Markets Leaders Fund 's largest holdings as of 31/12/2017 by market cap. The stocks are listed by country and by the economic sector that defines each one's role in the portfolio.

	Country	Economic Sector	% of Total Net Assets
Large Cap			
Samsung Electronics Co Ltd	South Korea	Information Technology	5.8%
Tencent Holdings Ltd	China	Information Technology	5.6%
Taiwan Semiconductor-Sp Adr	Taiwan	Information Technology	5.3%
Alibaba Group Holding-Sp Adr	China	Information Technology	4.6%
Ping An Insurance Group Co-H	China	Financials	3.5%
Mid Cap			
Airports Of Thailand Pcl-For	Thailand	Industrials	2.1%
Cp All Pcl-Foreign	Thailand	Consumer Staples	2.1%
Bidvest Group Ltd	South Africa	Industrials	2.1%
Yum China Holdings Inc	China	Consumer Discretionary	2.0%
Raia Drogasil Sa	Brazil	Consumer Staples	1.8%
Small Cap			
Mrf Ltd	India	Consumer Discretionary	1.7%
Bharti Infratel Ltd	India	Telecommunication Services	1.4%
Hankook Tire Co Ltd	South Korea	Consumer Discretionary	1.1%
Southern Copper Corp	Peru	Materials	1.1%
Atacadao Distribuicao Comerc	Brazil	Consumer Staples	0.9%
Total:			41.0%

Individual securities listed in this report are for informational purposes only, and are not intended to be a recommendation or solicitation for the purchase or sale of securities. Market cap calculations are based on the free float adjusted market cap. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the securities listed. 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. . Please refer to the 'Important Disclosures' section at the end of this document for further information on investment risks and returns.

The chart below shows the region and sector positioning of the William Blair SICAV - Emerging Markets Leaders Fund vs. its benchmark.



Source: William Blair.
 As of Date: 31/12/2017
 Cash & Equivalents includes: cash and dividend accruals.

Characteristics of market capitalization, growth, profitability and valuation are shown below in the table below.

	William Blair SICAV - Emerging Markets Leaders Fund	MSCI Emerging Markets (net)
Market Capitalization		
Large [>\$15b]	50.3%	45.6%
Medium [\$4-15b]	40.7%	33.8%
Small [<\$4b]	6.6%	20.6%
Fundamental Characteristics		
Growth		
EPS, 3 year historic	19.8%	14.1%
DPS, 3 year historic	21.0%	16.5%
Reinvestment rate	14.3%	11.1%
Profitability		
ROE	20.5%	16.7%
Operating Margin	21.5%	19.2%
Valuation		
PE [Estimated EPS]	16.9 X	12.6 X
Price-to-Book Value	3.9 X	2.5 X
EV/EBITDA	12.1 X	9.0 X

Sources: Factset, Eagle.

As of Date: 31/12/2017

Market cap calculations are based on the free float adjusted market cap. Growth and profitability characteristics shown are weighted averages, and valuation characteristics shown are weighted harmonic averages. Please refer to the 'Important Disclosures' section at the end of this document for further information on investment risks and returns.

	Portfolio Weight		Portfolio Weight		Portfolio Weight
EM Asia	64.93	EM Asia (Continued)		Latin America	17.54
China	24.20	South Korea	10.12	Brazil	11.64
Tencent Holdings Ltd	5.60	Samsung Electronics Co Ltd	5.82	Petrobras - Petroleo Bras-Pr	2.41
Alibaba Group Holding-Sp Adr	4.55	Lg Chem Ltd	1.14	Raia Drogasil SA	1.79
Ping An Insurance Group Co-H	3.51	Hankook Tire Co Ltd	1.14	Ambev Sa-Adr	1.76
Yum China Holdings Inc	2.02	Shinhan Financial Group Ltd	1.02	Itau Unibanco Holding S-Pref	1.72
Netease Inc-Adr	1.45	Coway Co Ltd	1.00	B3 Sa-Brasil Bolsa Balcao	1.16
Cspc Pharmaceutical Group Lt	1.37	Taiwan	6.41	Lojas Renner S.A.	0.93
Ctrip.Com International-Adr	1.37	Taiwan Semiconductor-Sp Adr	5.27	Atacadao Distribuicao Comerc	0.85
Tal Education Group- Adr	1.21	Largan Precision Co Ltd	1.13	Ultrapar Participacoes SA	0.78
Shenzhen International Group	1.20	Thailand	4.19	Banco Do Brasil S.A.	0.24
Brilliance China Automotive	1.20	Airports Of Thailand Pcl-For	2.11	Chile	1.02
China Lodging Group-Spon Ads	0.74	Cp All Pcl-Foreign	2.08	Quimica Y Minera Chil-Sp Adr	1.02
India	15.13	EMEA	15.14	Mexico	2.18
Housing Development Finance	2.60	Hungary	1.51	Grupo Financiero Banorte-O	1.78
Maruti Suzuki India Ltd	2.41	Otp Bank PLC	1.51	Grupo Aeroport Del Pacific-B	0.40
Hdfc Bank Limited	2.22	Russia	1.64	Peru	2.70
Mrf Ltd	1.72	Yandex Nv-A	1.64	Credicorp Ltd	1.62
Bharti Infratel Ltd	1.37	South Africa	9.80	Southern Copper Corp	1.07
Indusind Bank Ltd	1.30	Naspers Ltd-N Shs	3.31	Cash	2.39
Bajaj Finance Ltd	1.20	Bidvest Group Ltd	2.07	Total	100.00
Asian Paints Ltd	1.18	Bid Corp Ltd	1.51		
Eicher Motors Ltd	1.12	Firststrand Ltd	1.46		
Indonesia	4.88	Capitec Bank Holdings Ltd	1.45		
Telekomunikasi Indonesia Per	2.08	Turkey	1.34		
Bank Rakyat Indonesia Perser	1.64	Koc Holding As	1.34		
Unilever Indonesia Tbk Pt	1.16	United Arab Emirates	0.85		
		Emaar Properties Pjsc	0.85		

As of Date: 31/12/2017

Information about the Fund's holdings should not be considered investment advice. There is no guarantee that the Fund will continue to hold any one particular security or stay invested in any one particular sector. Holdings are subject to change at any time. Please refer to the 'Important Disclosures' section at the end of this document for further information on investment risks and returns.

Important Disclosures

The Fund, the Management Company and the Investment Manager

This document has been prepared and issued by FUNDROCK MANAGEMENT COMPANY S.A., a "société anonyme", incorporated under the laws of the Grand Duchy of Luxembourg having its registered office at 33, rue de Gasperich, L-5826 Hesperange and registered in the R.C.S. Luxembourg under n° 104196 (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 á 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, the asset management business of WILLIAM BLAIR & COMPANY, LLC., having its registered office at 222 West Adams Street Chicago, IL 60606, USA ("William Blair Group") as the investment manager for the Fund (the "Investment Manager").

Fund Distribution

The Fund is currently registered for public offering only in the following countries: Austria, Denmark, Finland, France, Germany, Ireland, Luxembourg, Norway, Sweden, Switzerland and the UK. Therefore the Fund may not be registered to be marketed in your jurisdiction or may only be marketed to certain categories of investors in your jurisdiction.

Marketing Materials

William Blair Group makes no representations that these marketing materials are appropriate or available for use in any jurisdiction. This document 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 recipient. This document shall constitute a marketing communication only in the countries in which the Fund has been registered for public offering. In any other countries, laws and regulations may restrict the access to the present website. The access to the present website is not to be considered as marketing communication or as the marketing of the shares of the Fund if such access to such information and documentation through a website would be unlawful.

Fund Documents

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

The present document is not intended to be directed to those categories of investors to which the communication of this document would be unlawful in any country according to any applicable law or regulation. This document is intended for the use of the persons to whom it is addressed, being persons who are Professional Investors as defined in the Markets in Financial Instruments Directive (2004/39/EC), understood as financial advisers, insurance companies, asset managers,

Important Disclosures

discretionary wealth managers, banks and other authorised intermediaries. Therefore, its content should not be used by retail clients. These materials are not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is therefore not intended for private individuals or those who would be classified as retail clients. William Blair Group does not accept responsibility for retail clients accessing information intended exclusively for Professional Investors.

No Investment Advice

This document has been produced for information purposes only and is not to be construed as investment advice or a solicitation or an offer to purchase or sell investments or related financial instruments to any recipients. The investments in the Fund may not be suitable for all recipients. This document does not contain personalized recommendations or advice and is not intended to substitute any professional advice on investment in financial products. 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

Risks - 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. Past performance is not necessarily a guide to future performance and no assurance can be made that the profits will be achieved or that substantial losses will not be incurred. 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. 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. For the most current month-end performance information, please visit our web site at sicav.williamblair.com

William Blair's Opinion

This document contains the opinions of William Blair, as at the date of issue based on sources believed to be reliable. However, William Blair does not guarantee the timeliness, accuracy, or completeness of the information contained in this document. All information and opinions may change without notice.

Property of William Blair

This document is the property of William Blair and is not intended for distribution or dissemination, directly or indirectly, to any other persons than those to which it has been addressed exclusively for their personal use. It is being supplied to you solely for your information and may not be reproduced, modified, forwarded to any other person or published, in whole or in part, for any purpose without the prior written consent of William Blair.

Liability

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.