

William Blair SICAV – Emerging Markets Leaders Fund

Class J (USD)

William Blair

Portfolio Review

March 2018

Todd M. McClone, CFA, Partner
Jack Murphy, CFA, Partner
Portfolio Managers

ISIN: LU0995405593

FOR INVESTMENT PROFESSIONAL USE ONLY

Market Review

The benign environment of low equity market volatility and uninterrupted monthly gains came to an abrupt halt in late January. Worries about the extended bull market and narrow leadership culminated in heavy selling pressure following reports that a handful of niche equity volatility-linked ETF products had suffered significant losses, stoking fears of broader risk contagion. The MSCI ACWI IMI fell nearly 9% in USD terms from its peak on January 26th to February 8th and traded within a +/- 5% range through the end of March.

As the quarter progressed, volatility was increasingly driven by worries that the Trump administration's pursuit of protectionist measures would ignite a trade war with China and potentially negate the positive effects of fiscal stimulus on U.S. economic growth. On the heels of the Russian election meddling inquiry, Facebook endured a growing backlash following revelations that user data had been exploited by UK data analytics company Cambridge Analytica. Amid the fallout and intensifying regulatory scrutiny of data privacy standards, investors were left reassessing implications for not only prospective margins and valuation multiples of the social media platform companies, but equity market leadership more broadly.

The MSCI ACWI IMI declined 0.97% during the quarter in USD terms. Emerging markets (EM) equities outperformed their developed market counterparts, gaining 1.11% as measured by the MSCI EM IMI. U.S. equities fared better than non-U.S. developed markets equities overall, but there was significant variation in relative results across different countries. Currency effects also had a significant impact on total USD returns for the quarter. For example, Japanese equities declined 5.28% in local currency terms, but gained 0.33% in USD terms as the yen strengthened. Although negative for the quarter, Continental Europe and UK equity returns

were also bolstered by favourable currency effects, as the euro and pound sterling appreciated versus the dollar.

Within EM, Brazil (+11.61%) and Russia (+9.42%) were the top performing MSCI index constituent countries, bolstered by a rally in Energy stocks. In contrast, India (-8.02%) lagged as financials stocks were hit by negative sentiment following revelations of fraud at state-run Punjab National Bank, the country's fourth-largest lender.

Performance

First quarter underperformance versus the MSCI Emerging Markets IMI (net) was primarily driven by an overweight allocation in the Consumer Discretionary and Telecommunication Services sectors, and an underweight allocation in the Health Care sector. Stock selection within the Energy sector also weighed on relative performance, which was driven by share price weakness at Petronet LNG and United Tractors. Petronet is the dominant importer of liquefied natural gas in India. The shares pulled back along with other commodities amid declining oil prices and broad Energy sector weakness. United Tractors engages in the sales and rental of heavy equipment and the provision of related after-sales services, coal mining, and mining contracting services. Despite reporting in-line 4Q17 results, the share price softened alongside other coal-related stocks in Indonesia after the government ordered miners to lower prices of fuel sold to domestic electricity producers.

Partially offsetting these effects was positive stock selection within the Health Care and Information Technology sectors. Within Health Care, CSPC Pharmaceutical Group's share price strengthened after the company reported strong FY17 results, with sales topping expectations. CSPC has evolved from manufacturing low margin bulk products to a high quality pharma company with focus on branded generics. Within Information Technology, the chip resistor manufacturer, Yageo, added to performance after the company announced plans to expand its handset, automotive, and industrial-related chip capacities by 10-15% in FY18.

Consumer Discretionary exposure was reduced during the quarter through the liquidations of Motherson Sumi Systems, TAL Education Group, and Minth Group. This was offset by an increase in Financials exposure through the new purchases of Public Bank Berhad and China Merchants Bank. Exposure to Real Estate also increased as a result of the purchases of China Vanke, Vingroup, and CIFI Holdings Group. From a geographic perspective, the allocation to India was reduced in favor of more compelling opportunities elsewhere. In addition to valuation and near-term growth considerations, we became more cautious on India amid deteriorating investor sentiment following revelations of fraud at state-run Punjab National Bank. This was moderately offset by increasing exposures to South Africa and Brazil.

Outlook

Underlying the recent volatility is the cyclical transition out of recovery into expansion. Global growth remains broad based and robust, but it is no longer accelerating. Global manufacturing PMIs began to roll over from unsustainably elevated levels in February and March. Current, still elevated, readings suggest that we may have another month or two of further deceleration ahead. Anytime the economic growth trajectory changes, the markets rightly question the duration and direction of near-term economic fundamentals. That is one reason why markets are more volatile during expansion periods versus recovery ones.

In times of economic expansion such as the current one, we expect companies to post robust earnings growth. In the U.S., where economic expansion is thought to be more advanced, market leadership has been quite narrow and returns, though high, have been of poor quality. Over the past five years, greater than 50% of U.S. EPS growth came from share buybacks, while 68% of total return was explained by P/E multiple expansion and only 16% by earnings growth. Earnings growth has been relatively muted, apart from select technology companies.

Looking ahead, we expect strong, broadly distributed earnings growth to underpin equities performance across both developed and emerging markets. Multiples may come under pressure in select areas, as growth today is “as good as it gets” – in other words, no longer accelerating. While there may not be an obvious, market leading sector, we believe companies from across the full spectrum of industries are likely to generate good returns in the months ahead.

While the underlying economic fundamentals argue for broader based (if more volatile) markets, current U.S.-China trade tensions are likely to amplify market swings in the current quarter. Specifically, the U.S. administration’s stated objective of reducing the bilateral trade deficit with China by \$100 billion implies a 30%+ reduction. The cost to the U.S. economy of implementing something this large in an election year suggests that this is another tactic to gain leverage in negotiations.

Even if no new substantial tariffs are introduced and existing supply chains and trade patterns remain largely intact, the news flow associated with the need to position negotiations for the domestic audience suggests uncertainty and market volatility in the months ahead. In the longer term, this style of negotiating highlights that U.S.-China relations have transitioned to a more confrontational path, which cannot be positive for developing closer economic ties or trade flows.

	QTD	2017	2016	2015
AC World (DM+EM)	-1.0	23.9	8.4	-2.2
Developed Markets (DM)	-1.3	22.4	8.2	-0.8
Japan	0.3	25.3	3.2	10.5
Europe ex UK	-1.1	28.0	-0.2	0.7
UK	-3.5	23.7	-1.6	-5.5
USA	-0.7	20.6	12.0	0.0
Emerging Markets (EM)	1.1	36.8	9.9	-13.9
Asia	0.4	41.8	4.8	-8.5
China	1.9	50.7	0.0	-6.4
India	-8.0	43.7	-1.1	-4.7
Korea	-0.3	46.0	4.2	-3.9
Taiwan	4.3	30.2	16.4	-11.3
EMEA	-0.7	24.1	20.7	-20.4
Russia	9.4	5.1	57.0	4.6
South Africa	-3.5	34.0	20.6	-25.9
Latin America	7.6	24.8	30.3	-31.1
Brazil	11.6	26.4	66.1	-41.9
Mexico	1.5	15.0	-9.3	-14.1
Frontier Markets (FM)	3.7	29.9	5.6	-13.0
Size				
Large Cap	1.3	37.7	12.5	-15.2
Small Cap	0.0	33.8	2.3	-6.8
Sectors				
Discretionary	-4.8	38.6	0.3	-9.6
Staples	-0.9	25.0	0.2	-7.9
Energy	7.2	21.0	35.4	-17.5
Financials	3.7	32.7	13.3	-19.5
Healthcare	6.8	35.4	-9.8	3.6
Industrials	-1.0	25.7	-2.1	-15.6
IT	1.6	59.9	15.1	-6.9
Materials	0.1	33.5	29.7	-21.1
Real Estate	0.2	42.2	-1.1	-6.6
Telecom Services	-3.9	16.8	1.9	-19.5
Utilities	1.4	17.5	4.9	-20.4
Style				
Quality	4.7	2.4	7.4	1.4
Valuation	7.7	0.1	24.2	0.1
Etrend	5.5	14.4	6.7	11.3
Momentum	0.9	18.3	-6.1	8.3
Growth	1.5	9.5	-8.5	13.1
Composite	10.7	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 31/03/2018</i>	Quarter	YTD	1 Year	3 Year	Since Inception*
William Blair SICAV - Emerging Markets Leaders Fund (Class J)	0.57%	0.57%	28.00%	7.20%	8.29%
MSCI Emerging Markets (net)	1.42%	1.42%	24.93%	8.81%	8.01%

*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)

01/01/2018 to 31/03/2018

Sector	William Blair SICAV - Emerging Markets Leaders Fund		MSCI Emerging Markets (net)	
	Average Weight	Total Return	Average Weight	Total Return
Consumer Discretionary	17.5%	-3.0%	9.9%	-6.1%
Consumer Staples	7.9%	-0.1%	6.3%	-0.8%
Energy	3.5%	21.9%	7.0%	7.5%
Financials	26.2%	3.1%	24.1%	4.2%
Health Care	1.5%	31.6%	2.7%	7.0%
Industrials	6.3%	-2.7%	5.2%	-0.8%
Information Technology	27.3%	2.7%	27.7%	2.1%
Materials	4.8%	-1.1%	7.4%	0.7%
Real Estate	0.8%	-11.3%	2.8%	-2.1%
Telecommunication Svcs	2.2%	-20.6%	4.6%	-3.7%
Utilities	0.0%	0.0%	2.3%	3.0%

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)				
01/01/2018 to 31/03/2018				
	William Blair SICAV - Emerging Markets Leaders Fund		MSCI Emerging Markets (net)	
Region	Average Weight	Total Return	Average Weight	Total Return
Equity				
EM Asia	64.9%	0.0%	72.8%	0.8%
EMEA	15.4%	-2.4%	14.9%	-0.9%
Latin America	17.7%	8.5%	12.2%	8.0%

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.

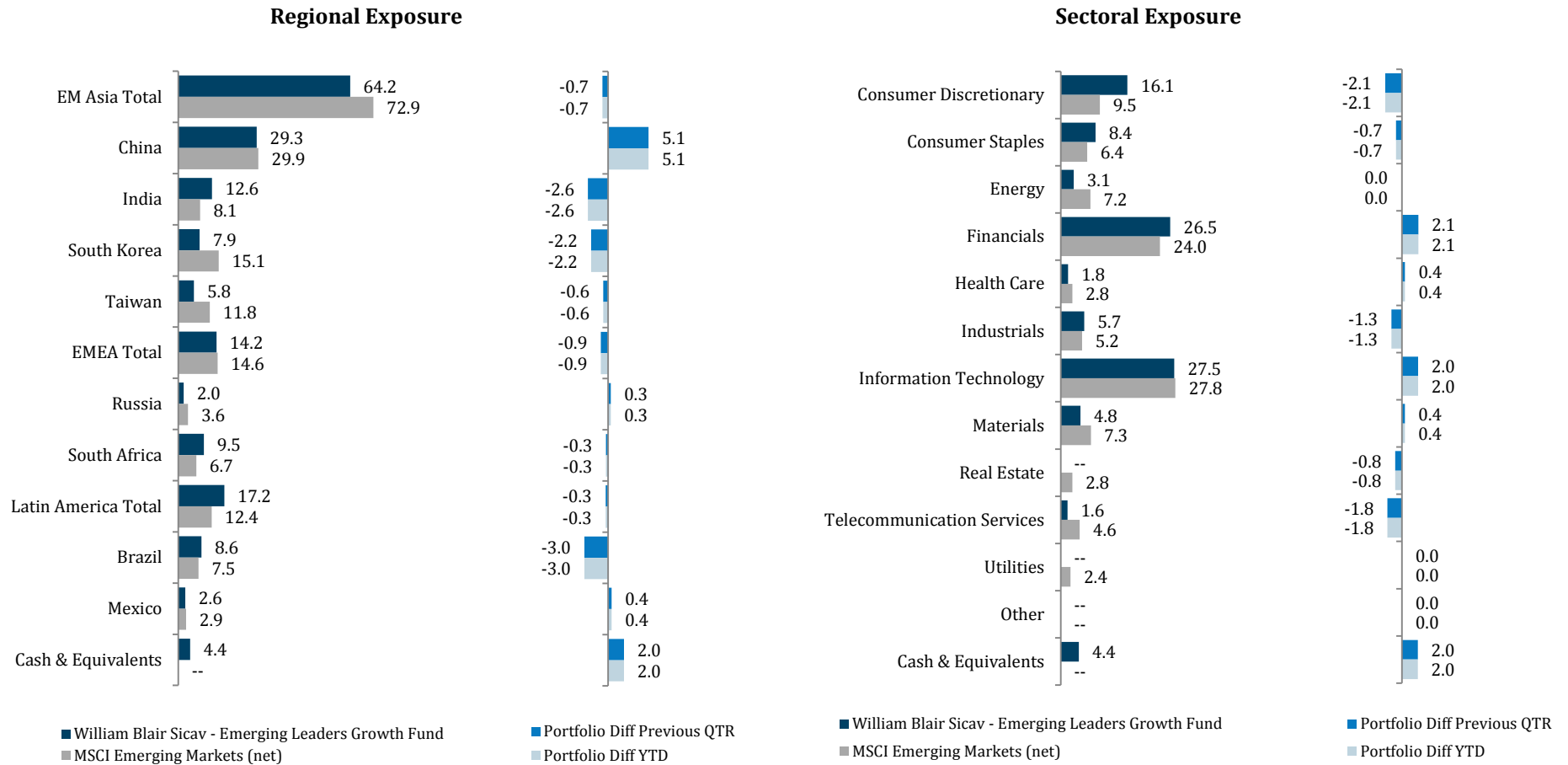
The table below shows the William Blair SICAV - Emerging Markets Leaders Fund 's largest holdings as of 31/03/2018 by market cap. The stocks are listed by country and by the economic sector that defines each one's role in the portfolio.

	Country	Economic Sector	% of Total Net Assets
Large Cap			
Tencent Holdings Ltd	China	Information Technology	6.3%
Taiwan Semiconductor-Sp Adr	Taiwan	Information Technology	5.8%
Samsung Electronics Co Ltd	South Korea	Information Technology	5.6%
Alibaba Group Holding-Sp Adr	China	Information Technology	4.8%
Ping An Insurance Group Co-H	China	Financials	3.3%
Mid Cap			
Cp All Pcl-Foreign	Thailand	Consumer Staples	2.5%
Bidvest Group Ltd	South Africa	Industrials	2.2%
Yandex Nv-A	Russia	Information Technology	2.0%
Southern Copper Corp	Peru	Materials	1.8%
Bank Rakyat Indonesia Perser	Indonesia	Financials	1.8%
Small Cap			
Mrf Ltd	India	Consumer Discretionary	1.8%
Tingyi (Cayman Isln) Hldg Co	China	Consumer Staples	1.1%
Ypf S.A.-Sponsored Adr	Argentina	Energy	0.9%
Grupo Aeroport Del Pacific-B	Mexico	Industrials	0.7%

Total: 40.4%

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: 31/03/2018
 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]	54.0%	48.0%
Medium [\$4-15b]	37.2%	32.4%
Small [<\$4b]	4.4%	19.6%
Fundamental Characteristics		
Growth		
EPS, 3 year historic	20.0%	16.6%
DPS, 3 year historic	22.2%	16.5%
Reinvestment rate	15.0%	12.3%
Profitability		
ROE	20.2%	16.8%
Operating Margin	21.7%	19.7%
Valuation		
PE [Estimated EPS]	16.1 X	12.0 X
Price-to-Book Value	3.5 X	2.4 X
EV/EBITDA	11.1 X	9.1 X

Sources: Factset, Eagle.

As of Date: 31/03/2018

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	64.19	EM Asia (continued)		Latin America	17.20
China	29.30	Indonesia	4.41	Argentina	1.56
Tencent Holdings Ltd	6.27	Bank Rakyat Indonesia Perser	1.80	Ypf S.A.-Sponsored Adr	0.86
Alibaba Group Holding-Sp Adr	4.80	Telekomunikasi Indonesia Per	1.62	Grupo Financiero Galicia-Adr	0.71
Ping An Insurance Group Co-H	3.34	Unilever Indonesia Tbk Pt	0.99	Brazil	8.64
Yum China Holdings Inc	2.07	South Korea	7.95	Petrobras - Petroleo Bras-Pr	2.28
Cspc Pharmaceutical Group Lt	1.76	Samsung Electronics Co Ltd	5.59	Itau Unibanco Holding S-Pref	2.06
China Merchants Bank-H	1.72	Lg Chem Ltd	1.42	B3 Sa-Brasil Bolsa Balcao	1.35
Netease Inc-Adr	1.44	Shinhan Financial Group Ltd	0.94	Raia Drogasil SA	1.22
Haier Electronics Group Co	1.31	Taiwan	5.77	Lojas Renner S.A.	0.89
Shenzhou International Group	1.30	Taiwan Semiconductor-Sp Adr	5.77	Ambev Sa-Adr	0.82
Tal Education Group- Adr	1.16	Thailand	4.20	Chile	0.84
Brilliance China Automotive	1.12	Cp All Pcl-Foreign	2.46	Quimica Y Minera Chil-Sp Adr	0.84
Tingyi (Cayman Isln) Hldg Co	1.10	Airports Of Thailand Pcl-For	1.75	Mexico	2.60
Ctrip.Com International-Adr	1.02	EMEA	14.22	Grupo Financiero Banorte-O	1.93
China Lodging Group-Spon Adr	0.89	Hungary	1.60	Grupo Aeroport Del Pacific-B	0.67
India	12.56	Otp Bank PLC	1.60	Peru	3.56
Housing Development Finance	1.93	Russia	1.96	Southern Copper Corp	1.80
Mrf Ltd	1.79	Yandex Nv-A	1.96	Credicorp Ltd	1.76
Maruti Suzuki India Ltd	1.76	South Africa	9.53	Cash	4.39
Infosys Ltd	1.67	Naspers Ltd-N Shs	2.83	Total	100.00
Hdfc Bank Limited	1.48	Bidvest Group Ltd	2.17		
Bajaj Finance Ltd	1.15	Firstrand Ltd	1.76		
Indusind Bank Ltd	0.77	Capitec Bank Holdings Ltd	1.45		
Hdfc Standard Life Insurance	0.77	Bid Corp Ltd	1.32		
Asian Paints Ltd	0.74	Turkey	1.13		
Britannia Industries Ltd	0.51	Koc Holding As	1.13		

As of Date: 31/03/2018

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.

Copyright © 2018 William Blair. "William Blair" refers to William Blair & Company, L.L.C., William Blair Investment Management, LLC, and affiliates. William Blair is a registered trademark of William Blair & Company, L.L.C."