

# City of Fort Pierce Retirement and Benefit System

## International Growth

Cliff Kalish  
Senior Client Service Associate

May 15, 2014

*William Blair*

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# Overview

*Photos courtesy of George Greig.*



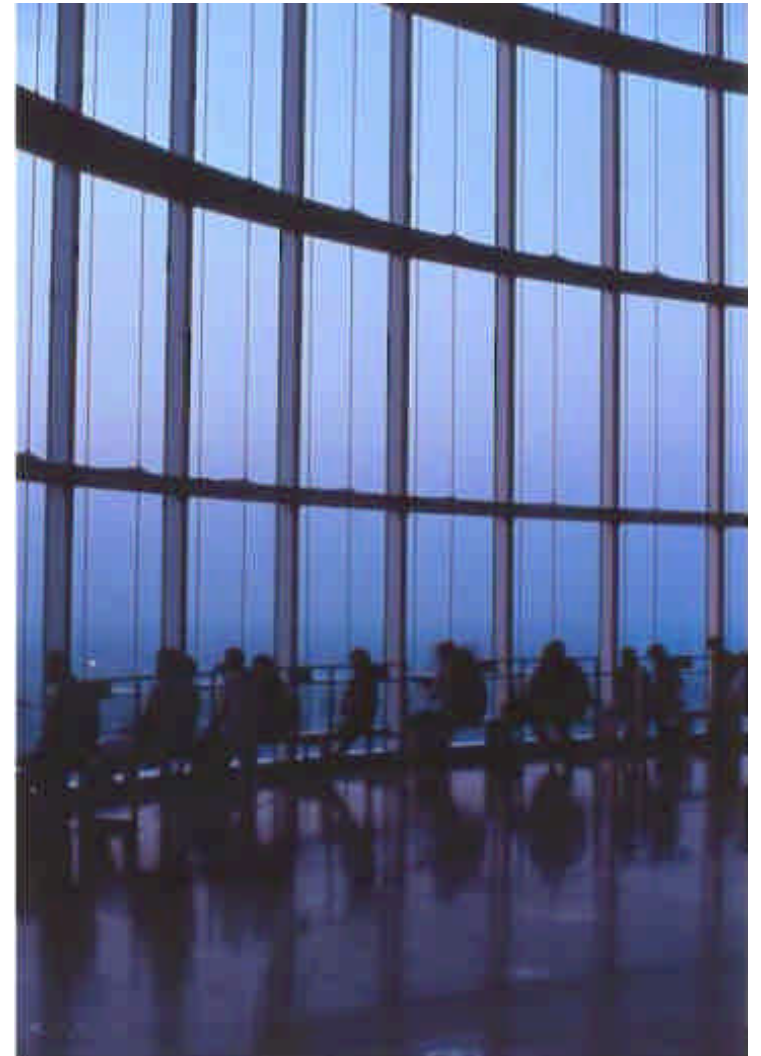
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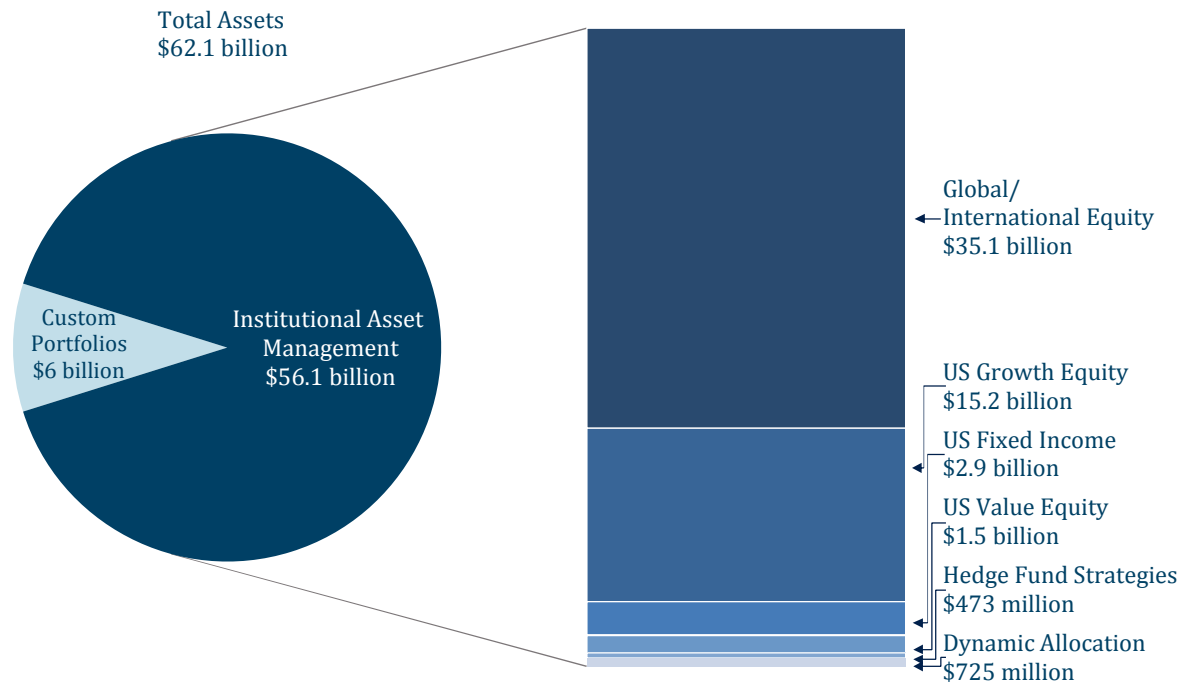


*Tokyo*

# Overview – Asset Management Capabilities

William Blair & Company has been active in investment management for institutional and individual clients since its founding.

A number of clients who invested with us in our early years remain with us decades later. Our asset base has grown substantially in recent years.



As of March 31, 2014.

# International and Global Portfolio Strategies

The non-US and global strategy suite reflects the changing global opportunity set and our philosophy of constantly expanding our horizons to capitalize on new opportunities.

- The Focused Leaders strategies comprise high quality leaders across the corporate life cycle in terms of products, services, and execution.
- The All Cap strategies reflect broad exposure to high quality companies across the market capitalization spectrum.
- The Small Capitalization strategies are designed to capture a broader array of small and micro-cap opportunities with more limited liquidity.
- Developed Plus represents our version of EAFE plus with limited emerging markets exposure, while China A reflects targeted China domestic market exposure.

	International	Emerging Markets	Global
<b>Focused Leaders</b>	International Leaders \$3.6 billion	Emerging Markets Leaders \$773 million	Global Leaders \$2.8 billion
<b>All Cap</b>	International Growth (Closed 6/12) \$16.9 billion	Emerging Markets Growth (Closed 6/11) \$5.1 billion	
<b>Small Cap</b>	International Small Cap Growth (Closed 3/11) \$3.2 billion	Emerging Markets Small Cap Growth (Closed 10/13) \$1.1 billion	Global Small Cap Growth \$28 million
<b>Targeted Opportunities</b>	International Developed Plus \$1.4 billion	China A Shares \$100 million	

Assets as of March 31, 2014. International Developed Plus includes ADR strategy assets.

# International Investment Team

Portfolio Management					Strategy Analysis/ Communications
International Growth	International Leaders	International Developed Plus	International Small Cap	Emerging Markets Strategies	
<p><b>Simon Fennell, Partner</b> MA, University of Edinburgh MBA, Cornell University • 3 yrs at William Blair • 21 yrs in industry</p> <p><b>Jeffrey Urbina, CFA, Partner</b> BS, Northwestern MM, Kellogg School of Mgmt • 17 yrs at William Blair • 28 yrs in industry</p>	<p><b>Ken McAtamney, Partner</b> BA, Michigan State MBA, Indiana University • 9 yrs at William Blair • 24 yrs in industry</p> <p><b>Simon Fennell, Partner</b> MA, University of Edinburgh MBA, Cornell University • 3 yrs at William Blair • 21 yrs in industry</p>	<p><b>David Merjan, CFA, Partner</b> BA, Dickinson College MIM, Thunderbird School • 15 yrs at William Blair • 26 yrs in industry</p> <p><b>Jack Murphy, CFA, Partner</b> BA, Villanova University • 9 yrs at William Blair • 17 yrs in industry</p>	<p><b>Jeffrey Urbina, CFA, Partner</b> BS, Northwestern MM, Kellogg School of Management • 17 yrs at William Blair • 28 yrs in industry</p> <p><b>Stephanie Braming, CFA, Partner</b> BA, DePauw University MBA, University of Chicago • 9 yrs at William Blair • 22 yrs in industry</p> <p><b>Andy Flynn, CFA, Partner</b> BA, University of Kansas MBA, UNC – Chapel Hill • 8 yrs at William Blair • 23 yrs in industry</p>	<p><b>Todd McClone, CFA, Partner</b> BA, BBA, U. of Wisconsin – Madison • 13 yrs at William Blair • 21 yrs in industry</p> <p><b>Jeffrey Urbina, CFA, Partner</b> BS, Northwestern MM, Kellogg School of Mgmt • 17 yrs at William Blair • 28 yrs in industry</p>	<p><b>Stephanie Braming, CFA, Partner</b> BA, DePauw University MBA, University of Chicago • 9 yrs at William Blair • 22 yrs in industry</p> <p><b>Romina Graiver</b> B.S.c., Masters in Economy of Industry and Services, Pantheon Sorbonne • 1 yr at William Blair • 14 yrs in industry</p> <p><b>Blake Pontius, CFA</b> BA, Michigan State MBA, DePaul • 8 yrs at William Blair • 16 yrs in industry</p>

Fundamental Research Team <sup>1</sup>				
Strategy Research	Sector Research			Systematic Research
	Consumer	Financials	Healthcare	
<p><b>Olga Bitel</b> BS, University of Chicago MSc, London School of Economics</p> <p><b>Melissa McGrane, CFA</b> BS, Coe College MBA, University of Chicago</p>	<p><b>Jack Murphy, CFA, Partner</b> BA, Villanova University</p> <p><b>Andrew Siepker, CFA</b> BS, University of Nebraska</p> <p><b>Dan Su, CFA</b> BA, Beijing Foreign Studies University MBA, University of Chicago</p>	<p><b>Joel Gomberg, CFA, Partner<sup>2</sup></b> BS, University of Illinois MBA, University of Chicago</p> <p><b>Alaina Anderson, CFA, Partner</b> BS, University of Pennsylvania MBA, University of Chicago</p> <p><b>D.J. Neiman, CFA, Partner</b> BS, Miami University MBA, University of Michigan</p>	<p><b>Thomas Sternberg, CFA</b> BS, Duke University MBA, University of Chicago</p>	<p><b>Spiro Voulgaris, Partner</b> BA, University of Chicago MBA, University of Chicago</p> <p><b>Steve Englehardt</b> BA, Boston College</p> <p><b>Andrew Kominik, CFA</b> BA, Brandeis University MBA, University of Chicago</p>
	Industrials	Information Technology	Resources	
	<p><b>Casey Preyss, CFA, Partner</b> BS, BA, Ohio State University MBA, University of Chicago</p> <p><b>Taylor Cope, CFA</b> MA, U. of St. Andrews</p>	<p><b>William Benton, CFA, CPA, Partner</b> BS, University of Illinois MBA, Tuck School</p> <p><b>Drew Buckley, CFA, CPA</b> BS, University of Colorado</p>	<p><b>William De Allaume, CFA</b> BS, Montclair State University MBA, University of Chicago</p>	
	Emerging Markets Small Cap Generalist			
	<p><b>Travis Cope</b> MA, U. of St. Andrews</p>			

Implementation/Trading Team <sup>3</sup>				
Asia/Pacific	Europe	Americas	Fx and Portfolio Implementation	Trade Order Management
<p><b>Nicola Hynds</b></p> <p><b>Patrick Norwood</b> BS, University of Dayton</p> <p><b>Malik Nicholson</b> Southern Maine University</p>	<p><b>Terry O'Bryan, Partner, Head of Intl Trading</b> BS, University of Vermont</p> <p><b>Simon Johnstone</b></p>	<p><b>Daniel Iannessa</b> BS, University of Dayton</p>	<p><b>Kristin Gaffud</b> BS, University of Notre Dame</p>	<p><b>Tim Randick</b> BS, Western Illinois University</p> <p><b>Monika Budyn</b> BS, University of Illinois Chicago</p>

As of May 2014. 1. Fundamental Research Team average 8 years at William Blair and 13 years in the industry. 2. Joel Gomberg also serves as Co-Director of Research. 3. Traders, excluding Trade Order Management, average 5 years at William Blair and 13 years in the industry.

# Portfolio Characteristics

December 31, 2013

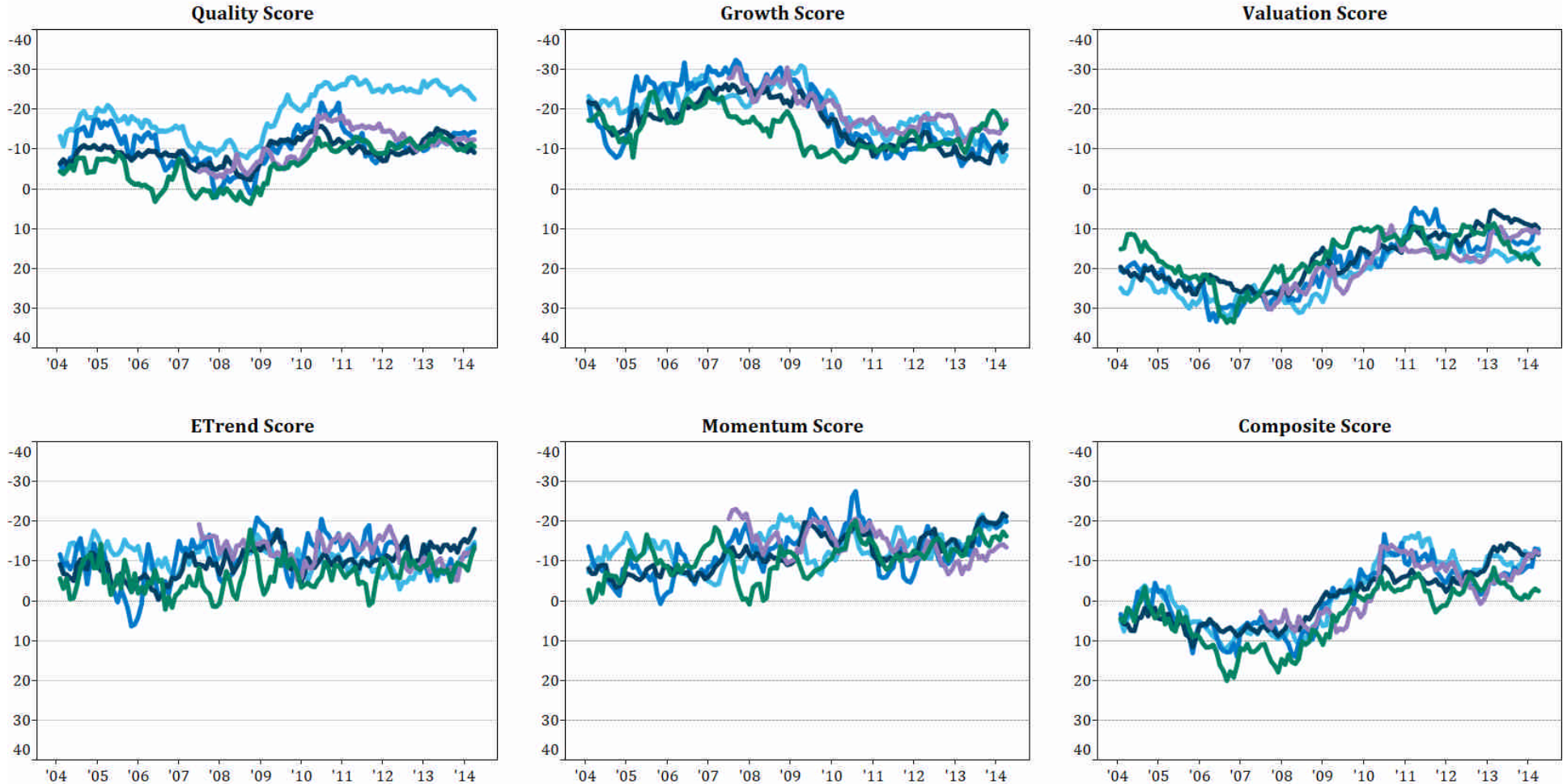
	Global Leaders	MSCI AC World IMI Index	International Leaders	International Growth	MSCI AC World ex-US IMI Index
<b>Quality</b>					
Cash Flow ROIC	19.6%	15.7%	17.7%	18.0%	13.2%
Return on Equity (5 yr. average)	19.2%	14.3%	16.9%	17.2%	13.7%
Reinvestment Rate	17.5%	10.6%	12.7%	15.6%	8.7%
<b>Growth</b>					
Historical Trend Growth (6 yr.)	13.4%	9.5%	13.3%	12.9%	9.1%
<b>Valuation</b>					
P/E (12-month projected)	15.9x	14.5x	15.8x	14.5x	13.4x

	Emerging Markets Growth	MSCI Emerging Markets IMI	Emerging Markets Leaders	MSCI Emerging Markets	International Small Cap Growth	MSCI AC World ex-US Small Cap
<b>Quality</b>						
Cash Flow ROIC	22.3%	15.7%	21.6%	16.4%	18.6%	11.4%
Return on Equity (5 yr. average)	23.1%	17.4%	22.4%	18.1%	18.6%	9.6%
Reinvestment Rate	17.1%	11.1%	17.8%	11.4%	14.7%	8.4%
<b>Growth</b>						
Historical Trend Growth (6 yr.)	18.5%	13.3%	18.6%	13.2%	13.3%	10.8%
<b>Valuation</b>						
P/E (12-month projected)	14.0x	11.0x	12.9x	11.0x	17.4x	14.8x

The MSCI ACWI IMI Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The MSCI ACWI ex-US IMI Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the U.S. The MSCI Emerging Markets Index and Emerging Markets IMI Index are free float-adjusted market capitalization indices that are designed to measure equity market performance in the global emerging markets. The MSCI AC World ex-US Small Cap Index is a free float-adjusted market capitalization index designed to measure global developed and emerging market small capitalization equity performance, excluding the US. These indices are comparable benchmarks for their respective strategies; however the indices contain significantly more securities than the William Blair portfolios. The data shown above is taken from representative accounts. Calculated in FactSet.

# Historical Relative Characteristics

March 31, 2014



- Emerging Markets Growth vs. MSCI Emerging Mkts IMI
- Global Leaders vs. MSCI ACWI IMI
- International Growth vs. MSCI AC World ex US IMI
- International Leaders vs. MSCI AC World ex US IMI
- International Small Cap Growth vs. MSCI ACWI ex-US Small Cap

Aggregate scores shown above based on William Blair & Company proprietary quantitative model. For individual and composite ranks, 1 is best and 100 is worst.

# Performance as of March 31, 2014

Performance (%)	Annualized						Team Inception 9/30/1996	Strategy Inception	Strategy Inception Date
	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	10 Yr			
<b>International Growth Composite</b>	<b>14.63</b>	<b>9.09</b>	<b>19.97</b>	<b>3.46</b>	<b>8.71</b>	<b>11.11</b>	<b>11.62</b>	11/30/1992	
MSCI AC World ex-US IMI Index	12.80	4.32	16.16	1.93	7.40	5.57	6.99		
Difference	1.83	4.77	3.81	1.53	1.31	5.54	4.64		
<b>Emerging Markets Growth Composite</b>	<b>2.65</b>	<b>2.88</b>	<b>19.10</b>	<b>3.91</b>	<b>13.52</b>	--	<b>12.45</b>	9/30/1996	
MSCI Emerging Markets IMI Index	-1.20	-2.69	15.11	3.66	10.32	--	5.20		
Difference	3.84	5.57	3.99	0.25	3.20	--	7.25		
<b>Emerging Markets Leaders Composite</b>	<b>-0.03</b>	<b>1.47</b>	<b>17.64</b>	--	--	--	<b>1.80</b>	3/31/2008	
MSCI Emerging Markets Index	-1.43	-2.86	14.48	--	--	--	0.67		
Difference	1.39	4.34	3.16	--	--	--	1.13		
<b>International Small Cap Growth Composite</b>	<b>20.45</b>	<b>11.36</b>	<b>25.19</b>	<b>6.29</b>	<b>12.96</b>	--	<b>13.94</b>	12/31/2003	
MSCI AC World ex-US Small Cap Index	16.28	5.52	21.18	3.30	9.31	--	10.20		
Difference	4.17	5.85	4.01	2.99	3.66	--	3.74		
<b>International Leaders Composite</b>	<b>13.64</b>	<b>9.49</b>	<b>20.55</b>	<b>2.55</b>	<b>8.01</b>	--	<b>11.10</b>	1/31/2003	
MSCI AC World ex-US IMI Index	12.80	4.32	16.16	1.93	7.40	--	10.91		
Difference	0.84	5.17	4.40	0.62	0.61	--	0.18		
<b>Global Leaders Composite</b>	<b>17.62</b>	<b>11.58</b>	<b>21.19</b>	--	--	--	<b>5.87</b>	6/30/2007	
MSCI AC World IMI Index	17.11	8.69	18.53	--	--	--	2.96		
Difference	0.51	2.89	2.66	--	--	--	2.91		

Inception of the current William Blair team is 9/30/1996, when we began managing the International Growth Strategy in house. Prior to 9/30/1996 the strategy was sub-advised by Framlington International. Composite inception 11/30/1992.

Investment performance assumes reinvestment of dividends and capital gains and is gross of investment management fees and net of transaction costs. Performance results will be reduced by the fees incurred in the management of the account. For example, on an account with a 1% fee, and gross performance of 20% over one year, the annual total return on a net of fee basis will result in performance of 18.85%. A \$1,000,000 initial investment would grow to approximately \$1,440,000 gross of fees, versus \$1,412,532 net of fees, over a two year period, assuming an annual return of 20%. Investment management fees are described in William Blair & Company's Form ADV Part 2A. Past performance is not indicative of future returns. Returns for periods greater than one year are annualized. International investing involves special risk considerations, including currency fluctuations, lower liquidity, economic and political risk. The benchmark that best reflects the International Growth and International Leaders composites' investment strategy is the MSCI AC World ex-US Investable Market Index (IMI) Net, which is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US. Returns for the MSCI ACWI ex-US IMI (Net) Index have only been calculated back to 1994 and the inception date of the International Growth All Cap composite is 11/1/1992. The benchmark that best reflects the Emerging Markets Growth composite's investment strategy is the MSCI Emerging Markets Investable Market Index (IMI) Net, which is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The benchmark that best reflects the Emerging Markets Leaders composite's investment strategy is the MSCI Emerging Markets Index (Net), which is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The benchmark that best reflects the International Small Cap Growth composite's investment style is the MSCI AC World ex-US Small Cap Index (Net), which is a free float-adjusted market capitalization index designed to measure global developed and emerging market small capitalization equity performance, excluding the US. The benchmark that best reflects the Global Leaders composite's investment strategy is the MSCI AC World Investable Market Index (IMI) Net, which is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. Composites consist of considerably fewer securities than their benchmarks.

# Performance as of March 31, 2014

Performance (%)	1Q 14	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996 <sup>(1)</sup>
<b>International Growth Composite</b>	<b>-0.50</b>	<b>21.14</b>	<b>23.94</b>	<b>-13.05</b>	<b>21.19</b>	<b>46.32</b>	<b>-52.27</b>	<b>19.73</b>	<b>25.04</b>	<b>23.07</b>	<b>20.12</b>	<b>44.10</b>	<b>-13.79</b>	<b>-12.99</b>	<b>-6.23</b>	<b>100.28</b>	<b>12.92</b>	<b>9.97</b>	<b>2.94</b>
MSCI AC World ex-US IMI Index	0.87	15.82	17.04	-14.31	12.73	43.60	-45.99	16.13	26.51	17.68	21.93	42.34	-12.94	-19.83	-19.44	37.72	11.97	-3.30	0.16
Difference	-1.37	5.32	6.90	1.26	8.46	2.72	-6.28	3.61	-1.46	5.39	-1.81	1.76	-0.85	6.84	13.21	62.56	0.96	13.27	2.78
<b>Emerging Markets Growth Composite</b>	<b>1.05</b>	<b>3.83</b>	<b>22.17</b>	<b>-15.89</b>	<b>24.73</b>	<b>79.09</b>	<b>-60.54</b>	<b>40.26</b>	<b>39.27</b>	<b>49.10</b>	<b>37.93</b>	<b>58.66</b>	<b>-2.70</b>	<b>13.75</b>	<b>-29.81</b>	<b>90.73</b>	<b>-18.90</b>	<b>5.91</b>	<b>1.07</b>
MSCI Emerging Markets IMI Index	0.06	-2.20	18.68	-19.49	19.90	82.36	-53.78	39.83	31.70	33.47	26.62	53.97	-6.49	-2.02	-35.31	62.63	-29.67	-19.74	-1.45
Difference	0.99	6.03	3.49	3.60	4.83	-3.27	-6.76	0.44	7.57	15.63	11.31	4.69	3.78	15.77	5.50	28.11	10.77	25.65	2.52
<b>Emerging Markets Leaders Composite</b>	<b>0.31</b>	<b>1.42</b>	<b>16.19</b>	<b>-17.12</b>	<b>28.55</b>	<b>62.61</b>	<b>-33.57</b>												
MSCI Emerging Markets Index	-0.43	-2.60	13.03	-17.82	22.61	58.93	-27.52												
Difference	0.74	4.02	3.16	0.70	5.93	3.68	-6.05												
<b>International Small Cap Growth Composite</b>	<b>1.61</b>	<b>28.85</b>	<b>21.69</b>	<b>-10.43</b>	<b>27.60</b>	<b>61.65</b>	<b>-51.61</b>	<b>15.23</b>	<b>22.82</b>	<b>38.95</b>	<b>35.99</b>								
MSCI AC World ex-US Small Cap Index	3.47	19.73	18.52	-18.50	25.21	62.91	-50.23	10.76	26.86	22.64	29.30								
Difference	-1.86	9.12	3.17	8.07	2.40	-1.26	-1.37	4.47	-4.04	16.31	6.69								
<b>International Leaders Composite</b>	<b>-1.25</b>	<b>19.21</b>	<b>20.60</b>	<b>-7.81</b>	<b>24.63</b>	<b>42.80</b>	<b>-53.74</b>	<b>15.99</b>	<b>21.46</b>	<b>23.30</b>	<b>21.83</b>	<b>41.97</b>							
MSCI AC World ex-US IMI Index	0.87	15.82	17.04	-14.31	12.73	43.60	-45.99	16.13	26.51	17.68	21.93	47.19							
Difference	-2.12	3.40	3.56	6.50	11.90	-0.79	-7.75	-0.13	-5.05	5.62	-0.10	-5.22							
<b>Global Leaders Composite</b>	<b>0.74</b>	<b>23.27</b>	<b>18.54</b>	<b>-2.47</b>	<b>22.11</b>	<b>43.10</b>	<b>-49.50</b>	<b>16.00</b>											
MSCI AC World IMI	1.33	23.55	16.38	-7.89	14.35	36.41	-42.34	0.90											
Difference	-0.58	-0.28	2.15	5.42	7.77	6.68	-7.15	15.10											

1. 10/1/96 – 12/31/96; 2. 3/31/08 – 12/31/08; 3. 1/31/03 – 12/31/03; 4. 6/30/07 – 12/31/07

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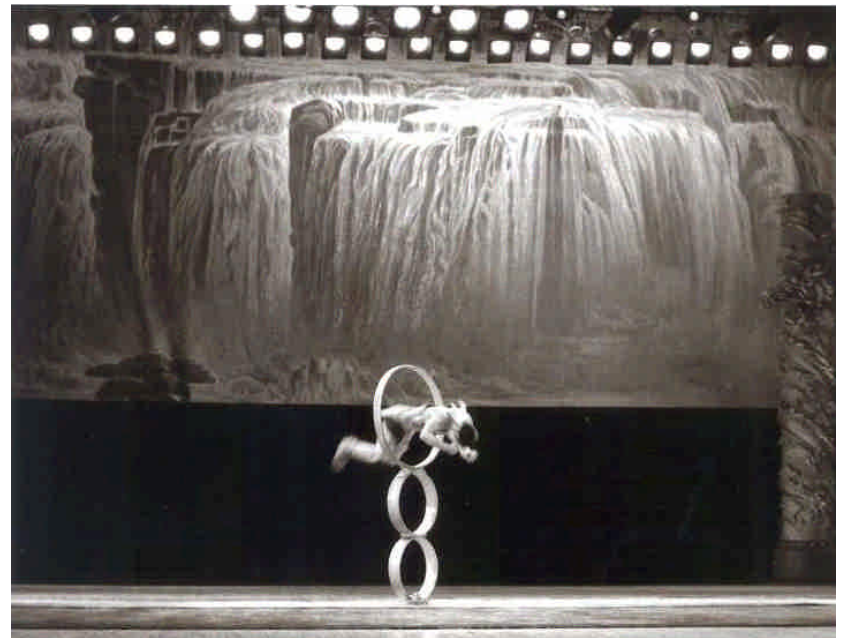
Investment performance assumes reinvestment of dividends and capital gains and is gross of investment management fees and net of transaction costs. Performance results will be reduced by the fees incurred in the management of the account. For example, on an account with a 1% fee, and gross performance of 20% over one year, the annual total return on a net of fee basis will result in performance of 18.85%. A \$1,000,000 initial investment would grow to approximately \$1,440,000 gross of fees, versus \$1,412,532 net of fees, over a two year period, assuming an annual return of 20%. Investment management fees are described in William Blair & Company's Form ADV Part 2A. Past performance is not indicative of future returns. Returns for periods greater than one year are annualized. International investing involves special risk considerations, including currency fluctuations, lower liquidity, economic and political risk. The benchmark that best reflects the International Growth and International Leaders composites' investment strategy is the MSCI AC World ex-US Investable Market Index (IMI) Net, which is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US. Returns for the MSCI ACWI ex-US IMI (Net) Index have only been calculated back to 1994 and the inception date of the International Growth All Cap composite is 11/1/1992. The benchmark that best reflects the Emerging Markets Growth composite's investment strategy is the MSCI Emerging Markets Investable Market Index (IMI) Net, which is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The benchmark that best reflects the Emerging Markets Leaders composite's investment strategy is the MSCI Emerging Markets Index (Net), which is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The benchmark that best reflects the International Small Cap Growth composite's investment style is the MSCI AC World ex-US Small Cap Index (Net), which is a free float-adjusted market capitalization index designed to measure global developed and emerging market small capitalization equity performance, excluding the US. The benchmark that best reflects the Global Leaders composite's investment strategy is the MSCI AC World Investable Market Index (IMI) Net, which is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. Composites consist of considerably fewer securities than their benchmarks.

# Philosophy and Process

*Photos courtesy of George Greig.*



*Paris*



*Beijing*

# Investment Philosophy

- We believe that strong corporate performance is the foundation of superior long-term investment returns
- The essence of corporate success lies in building intrinsic strengths in the management of human capital, financial resources, and stakeholder relationships, and delivering quality, innovation, service, and value to customers
- Companies that lead in these critical areas have produced better returns on capital, over a longer time horizon, with greater consistency and less risk

*Past performance is not indicative of future returns.*

# Investment Philosophy: Organic Value Creation

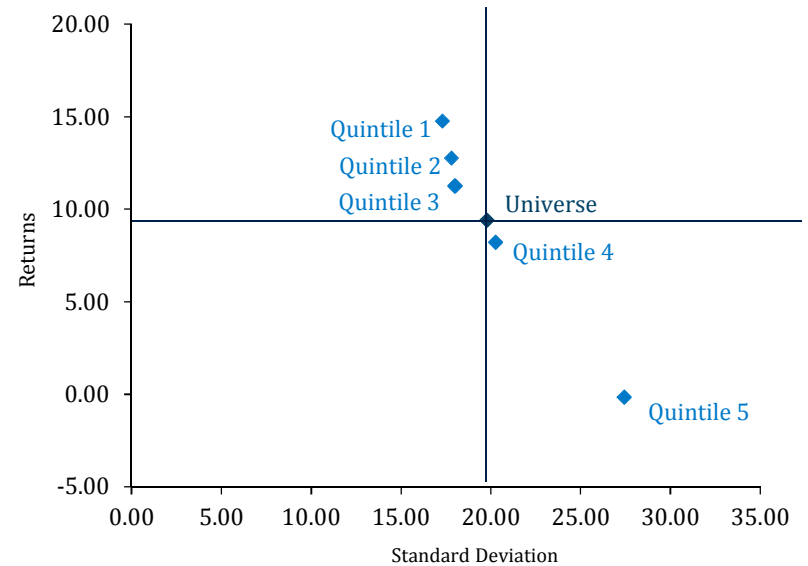
## We seek:

- Organic value creation
- Peer group leadership
- Consistent earnings growth
- High return on capital and assets
- Positive earnings trends over time
- Low leverage

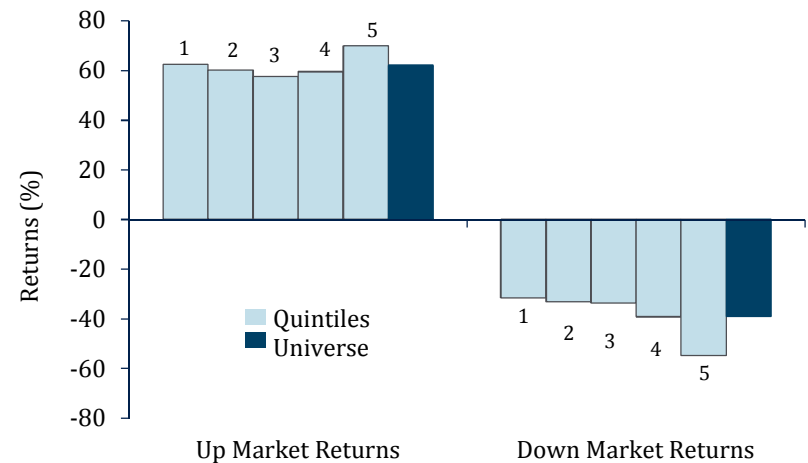
## Companies with high quality and sustainable growth characteristics tend to:

- Perform well in up markets
- Protect in down markets
- Produce attractive, risk-adjusted returns

Global Universe by Quality Quintiles



Global Quality Universe Up/Down Market Performance



July 31, 1997–March 31, 2014. Data source: William Blair Global Universe. Quality is defined as those companies with good balance sheet metrics, efficiency, and higher returns. Up/down market returns based on MSCI ACWI Index, monthly annualized returns. Past performance is not indicative of future returns.

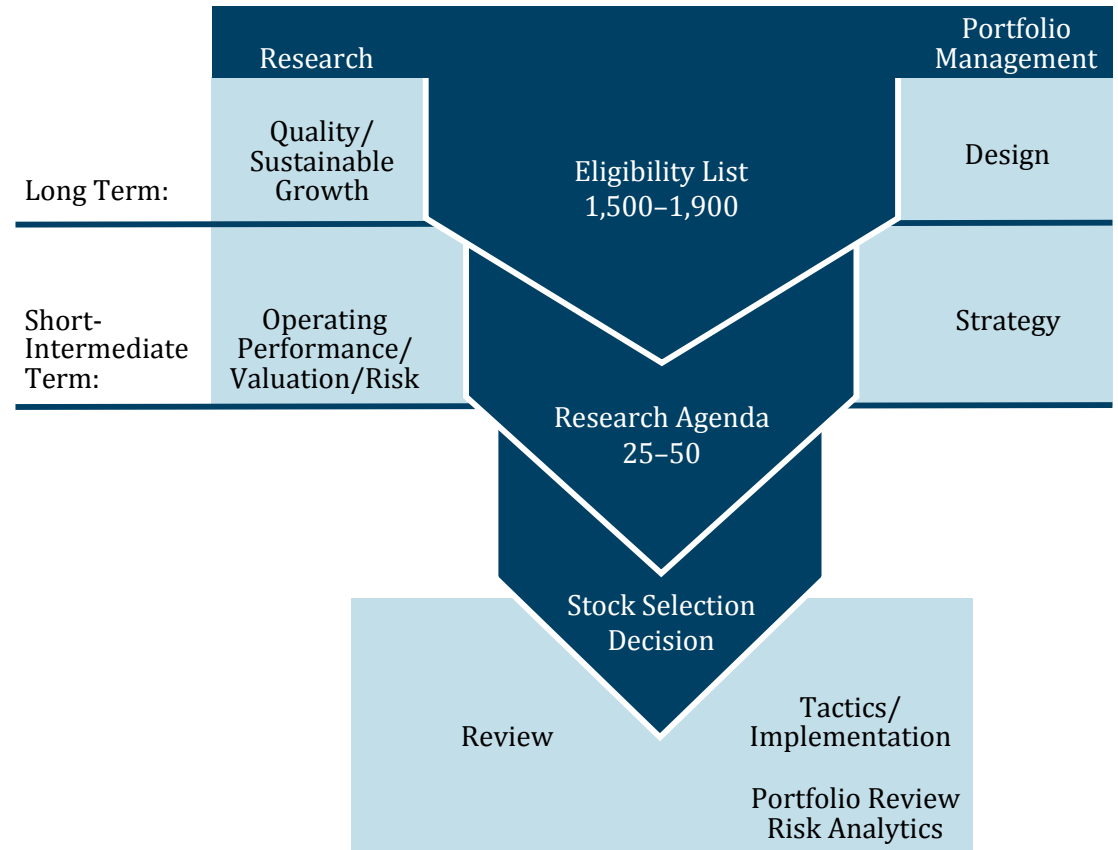
# Investment Process: Integrated and Inclusive

## Integrated

Each element of the process is directed toward portfolio characteristics and performance objectives

## Inclusive

Members of the investment team work in concert toward research conclusions and portfolio decisions



# Stock Selection: Decision Process

- Presentation and review of new recommendations from research agenda
- Focus issues
- Long-term fundamental performance prospects and risks
- Expectations variables – earnings trends, stock performance, valuation
- Baseline analysis of how company scores on internal quantitative metrics
- 3 Rs – risk, reward, relevance

Qualitative Criteria	Systematic Factor Analysis
Quality	
Management/business model	Consistency, high returns on assets and capital, financial strength: absolute and industry relative
Competitive positioning	
Governance/transparency	
Growth	
Growth drivers/outlook	Current, historical, prospective
Valuation	
Relative & absolute valuation	Historical and current
Operating Performance	
Peer analysis	Current fundamental performance
Current fundamental performance	
Strategic Considerations	
Thematic issues/risks	Aggregated sector, industry, regional data
	Macroeconomic data

# Portfolio Design: International Growth Structure Guidelines

## Benchmark:

MSCI ACWI ex-US IMI

## Position Size:

Dependent on market cap, float, trading volume, price volatility, and fundamental risk/reward

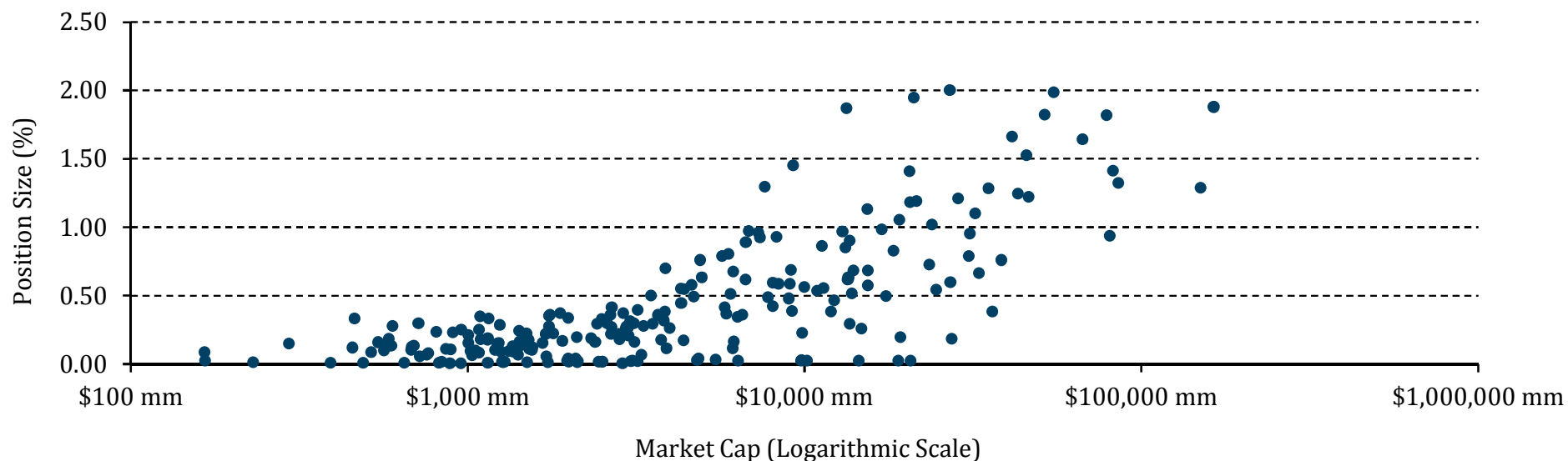
## Range:

0.15–4.00% at initial purchase

## Number of holdings:

180–240

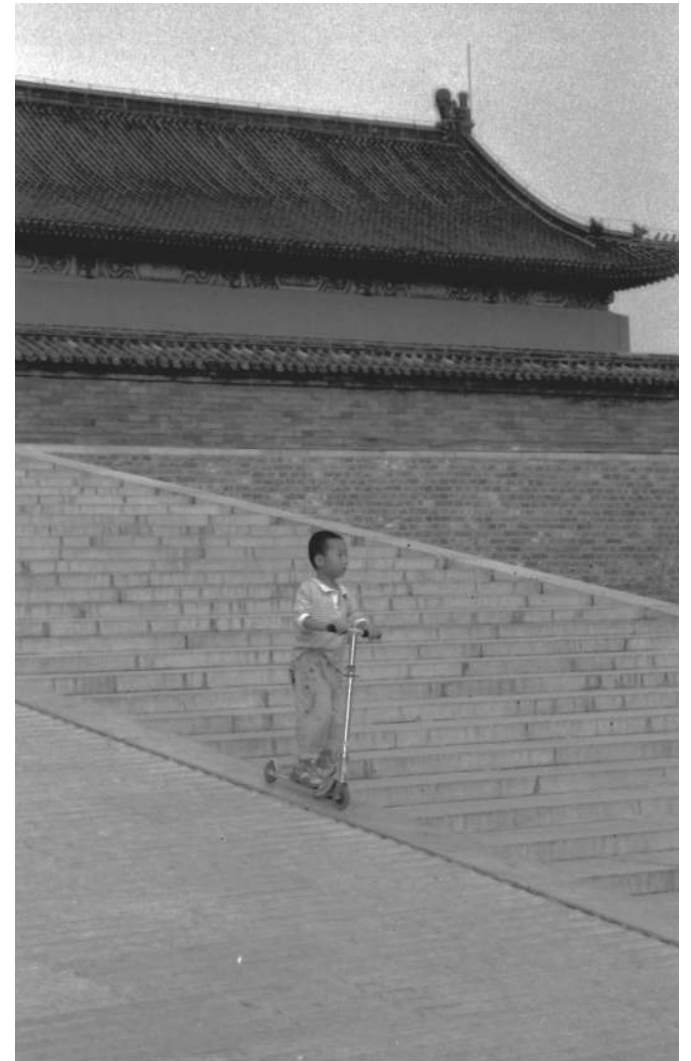
Geographic Exposure		Sector Exposure		Capitalization	
Region	Range	Sector	Range	Market Cap	Range
Pacific ex-Japan	0–15%	Discretionary	5–25%	Large Cap	20–50%
Japan	5–25%	Staples	0–20%	Mid Cap	25–55%
Europe + ME ex-UK	20–50%	Energy	5–20%	Small Cap	15–35%
United Kingdom	10–30%	Financials	5–35%		
Canada	0–15%	Healthcare	5–15%		
Emerging Asia	0–15%	Industrials	5–25%		
EMEA	0–10%	IT	0–20%		
Latin America	0–15%	Materials	0–15%		
Note: Total		Telecom Svcs.	0–10%		
Emerging Markets	10–35%	Utilities	0–10%		



As of March 31, 2014. Policy ranges subject to change at any time.

# Portfolio Analytics and Performance

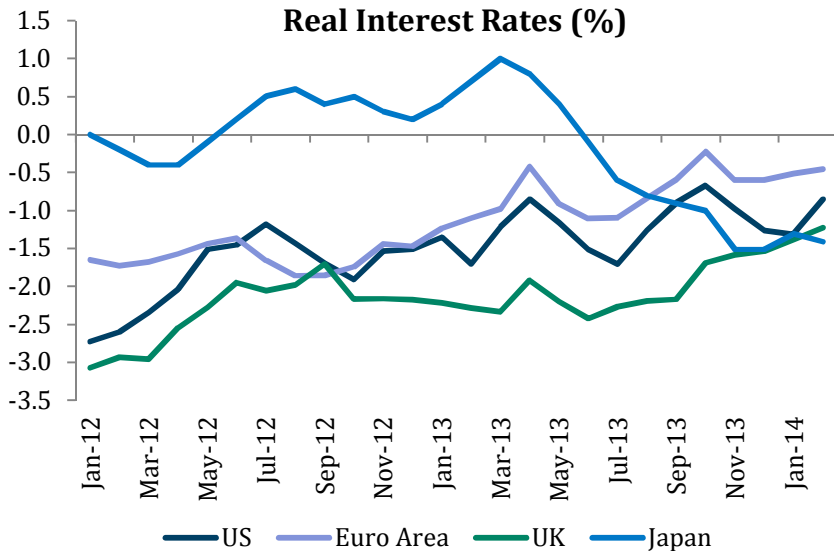
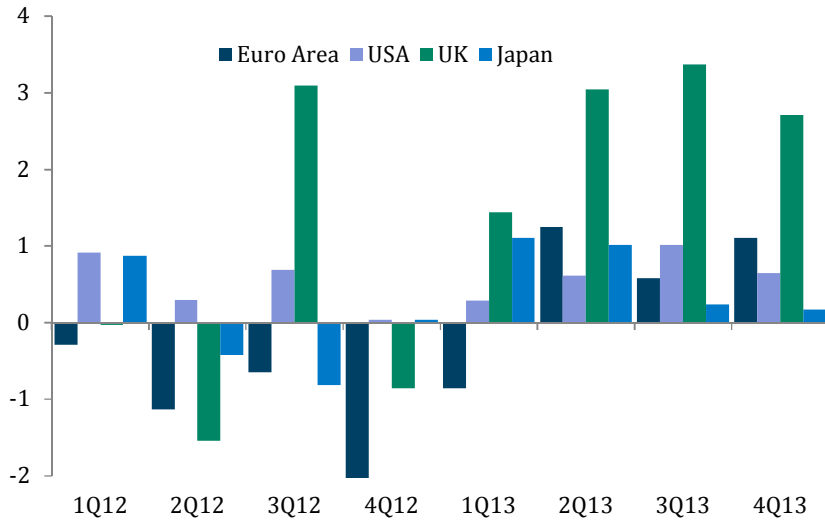
*Photos courtesy of George Greig.*



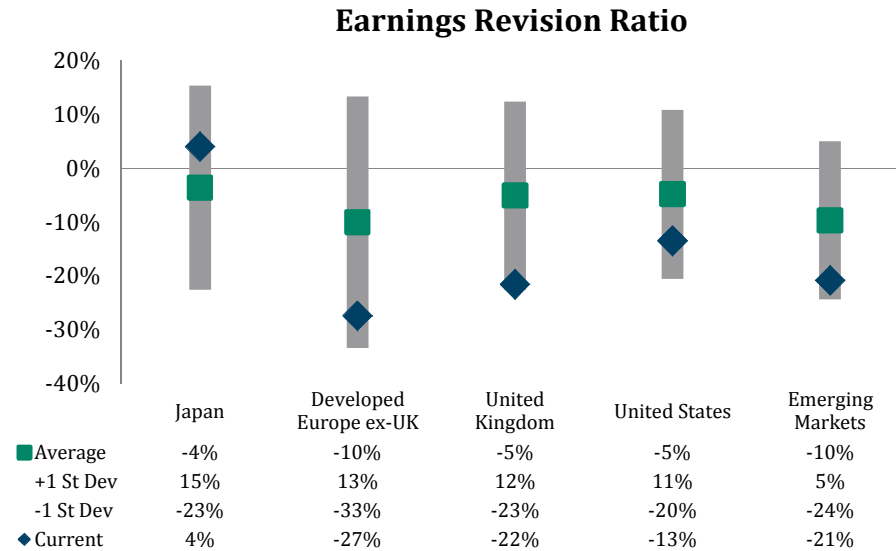
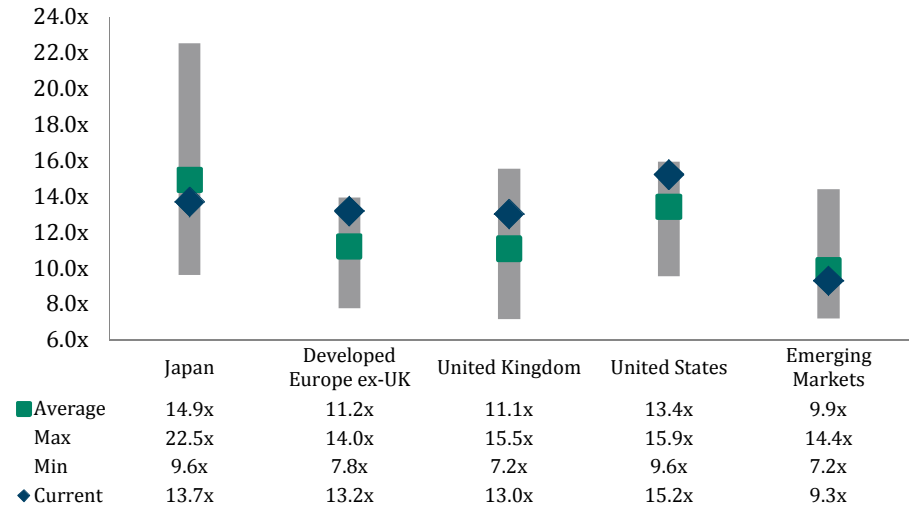
*Beijing*

# Economy and Markets 1Q14

**Regional Economic Growth and Interest Rates**  
GDP, QoQ % Change, AR

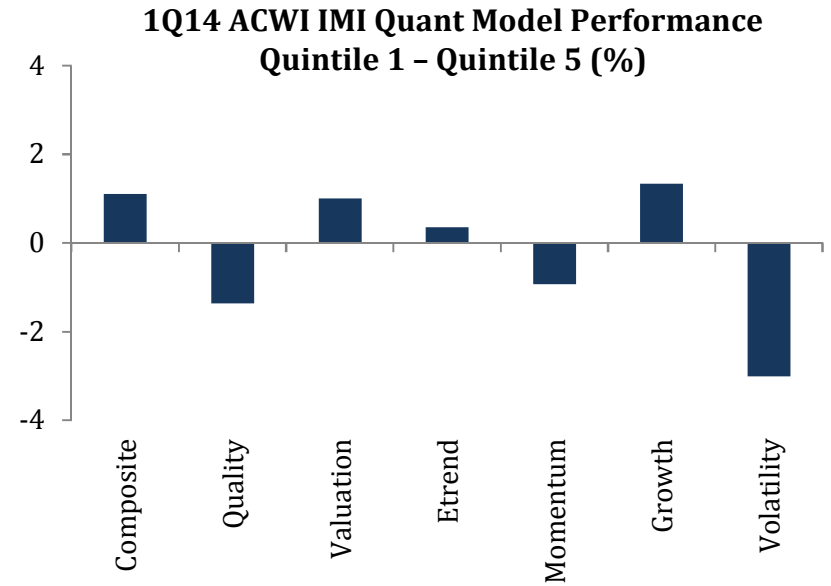


**Regional Valuations and Earnings Revisions**  
3/31/14 vs. 10 Year History  
FY2 P/E

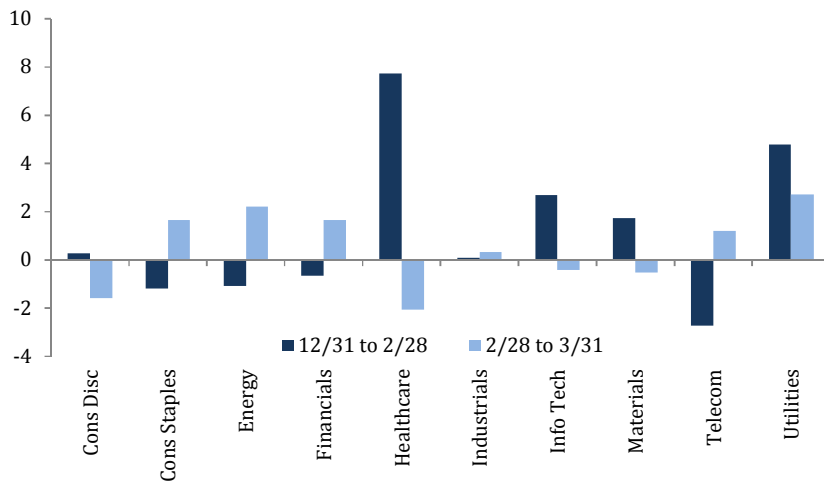


Sources: Datastream, FactSet.

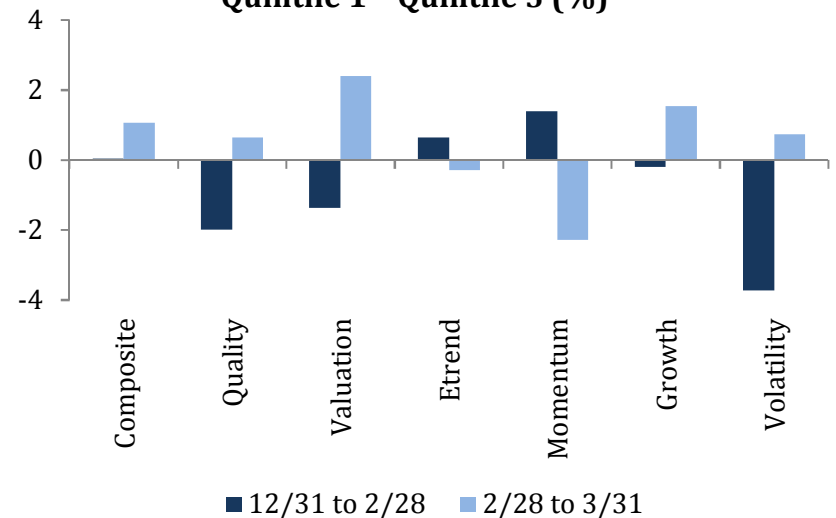
# 1Q14 Global Equity Market Countertrends – A Tale of Two Markets



### MSCI Sector Returns (%) - 1Q14



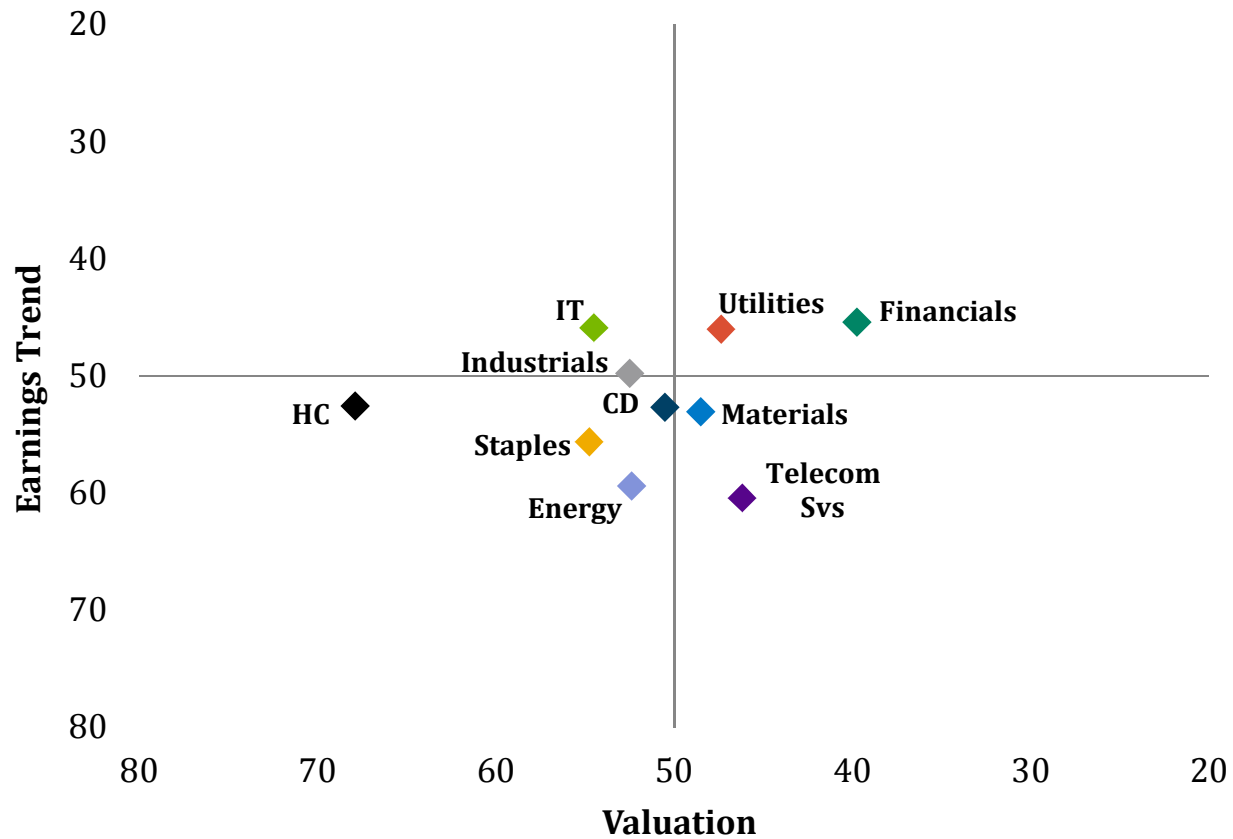
### 1Q14 Sub-Period ACWI IMI Quant Model Performance Quintile 1 - Quintile 5 (%)



Sources: William Blair Quantitative Models, Datastream, FactSet, MSCI. Past performance does not guarantee future results.

# Markets 1Q14

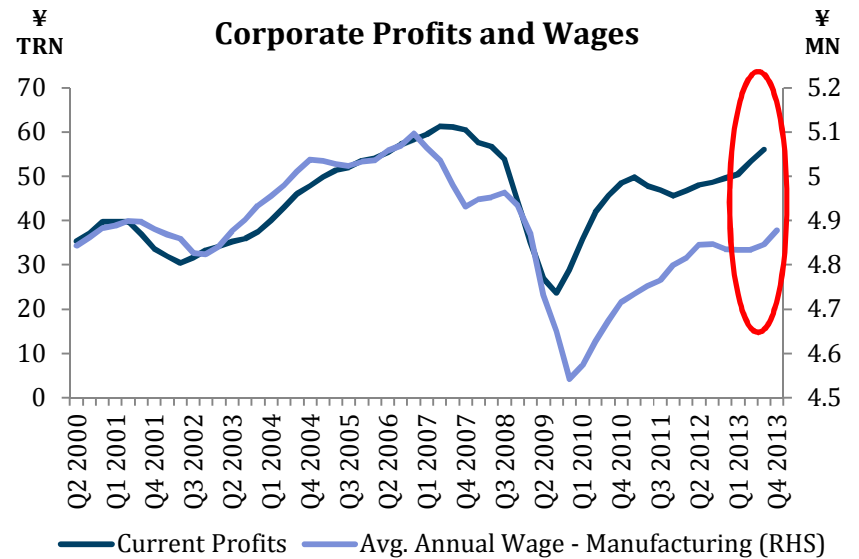
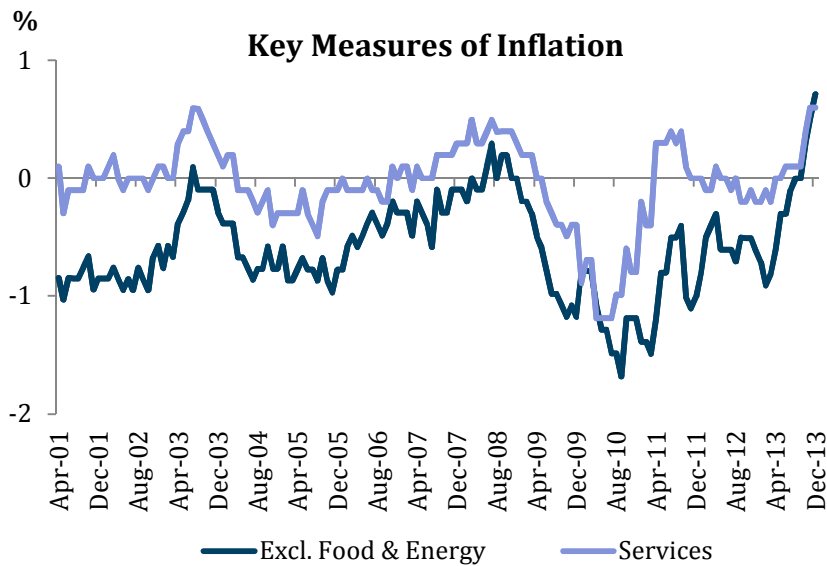
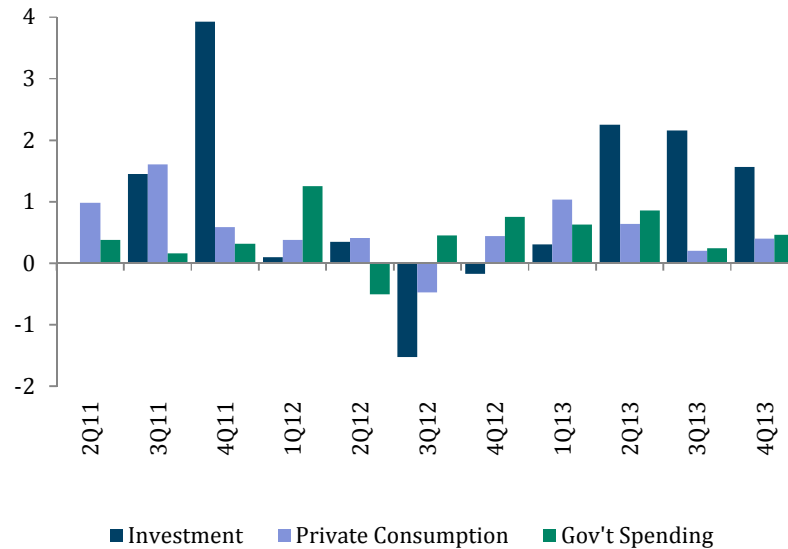
## Earnings Trend and Valuation by Global Sector as of 3/31/14



Source: Summit. William Blair Quantitative Models. 1 is Best, 100 is Worst. Earnings trend based on MSCI ACWI IMI data. A direct investment in an unmanaged index is not possible. Sectors based on Global Industry Classification Sectors (GICS).

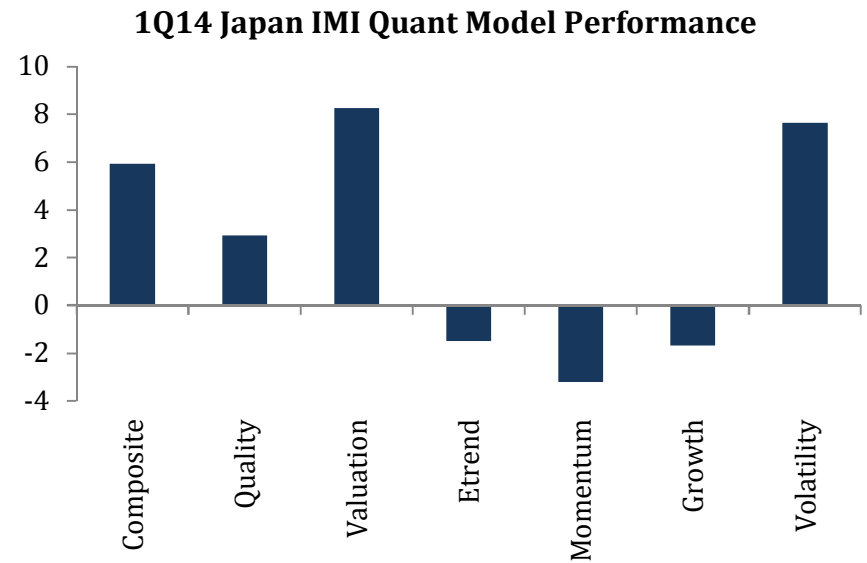
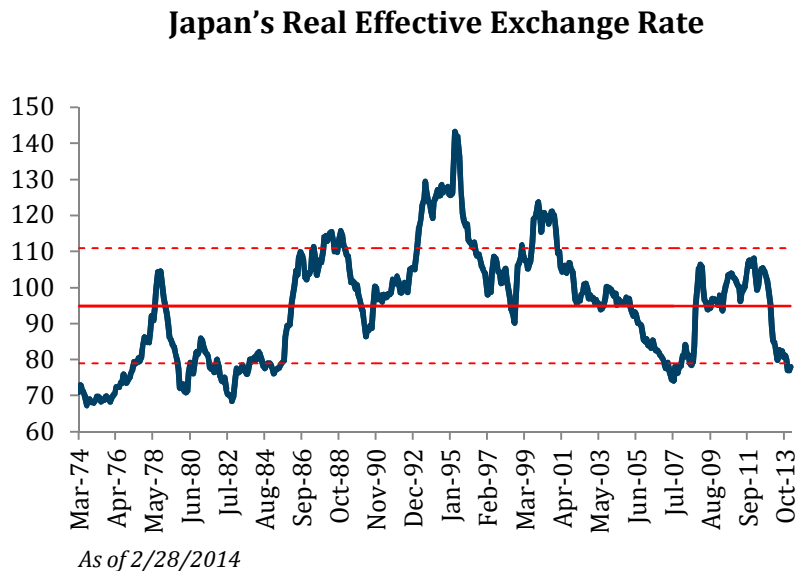
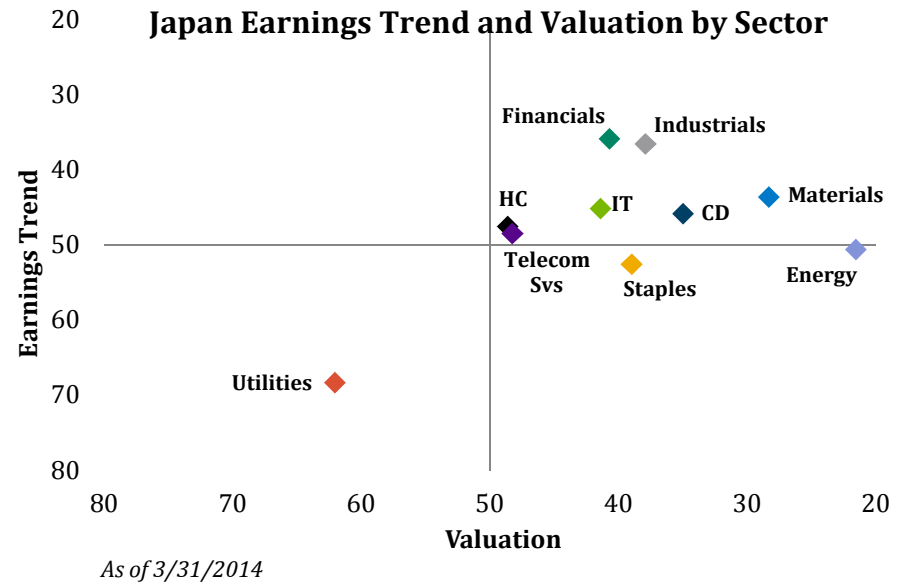
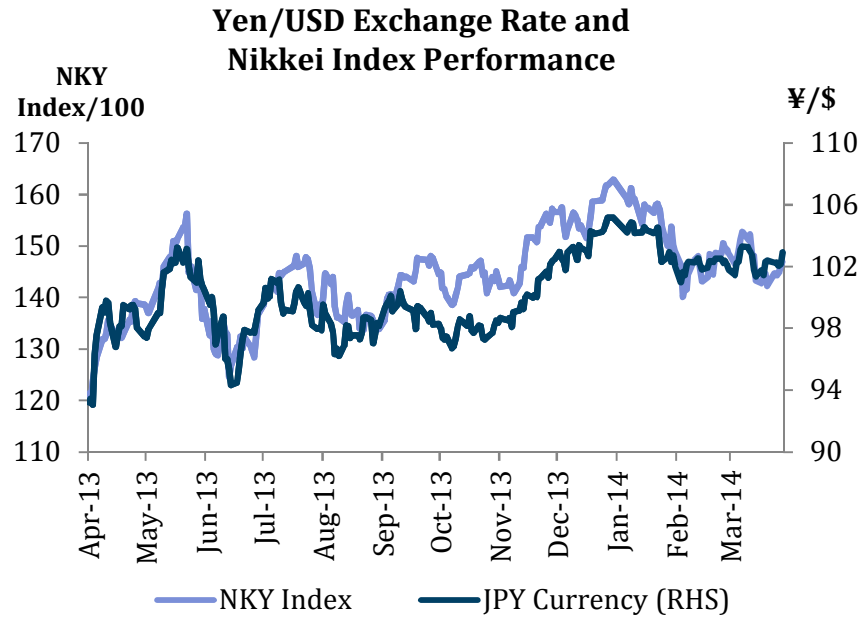
# Japan Economy

**Japan Domestic Demand**  
QoQ% Change, AR



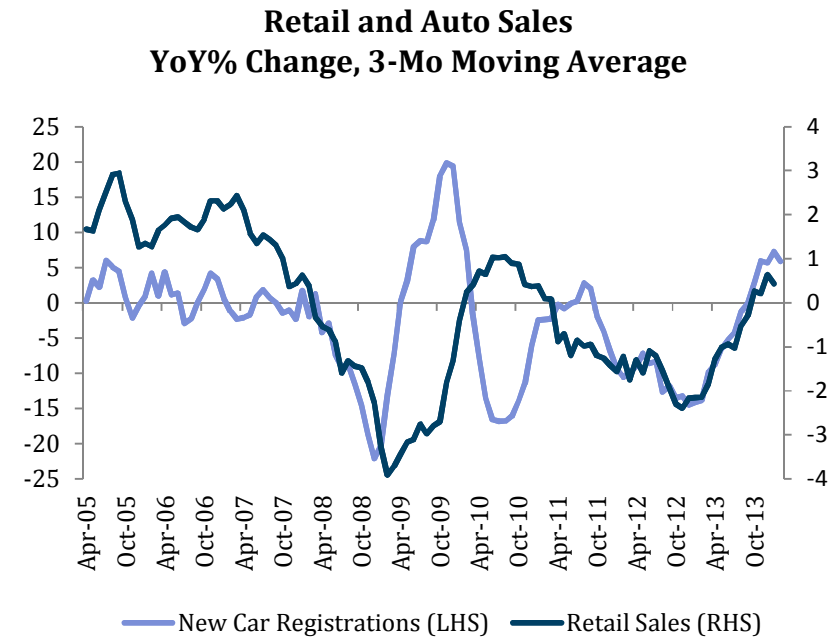
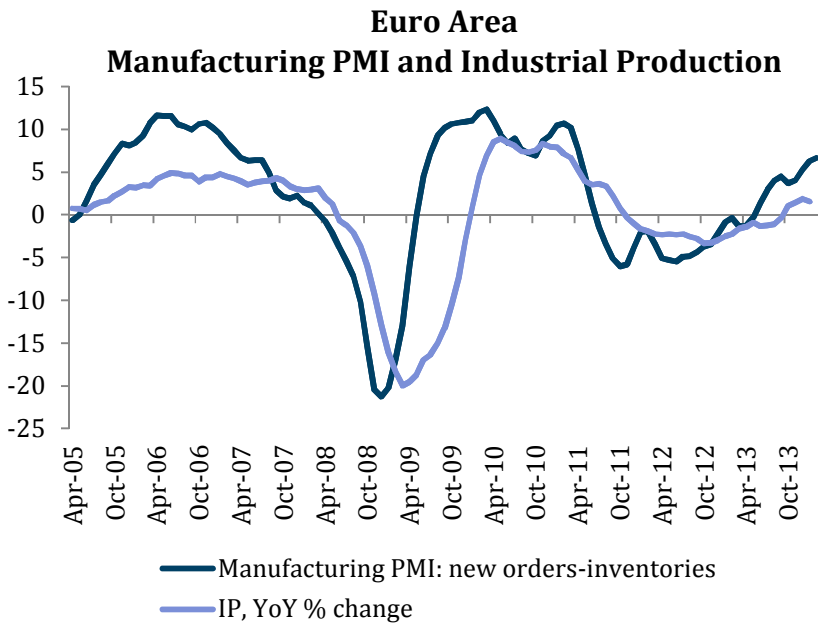
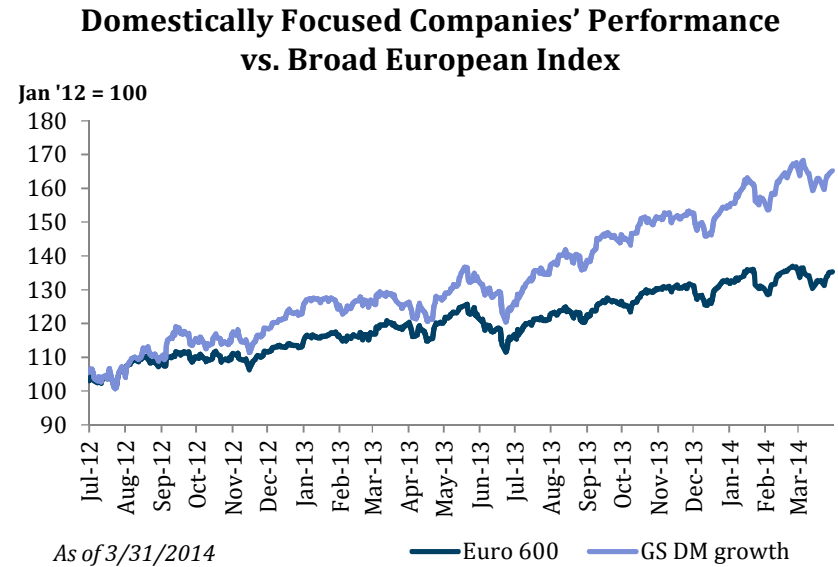
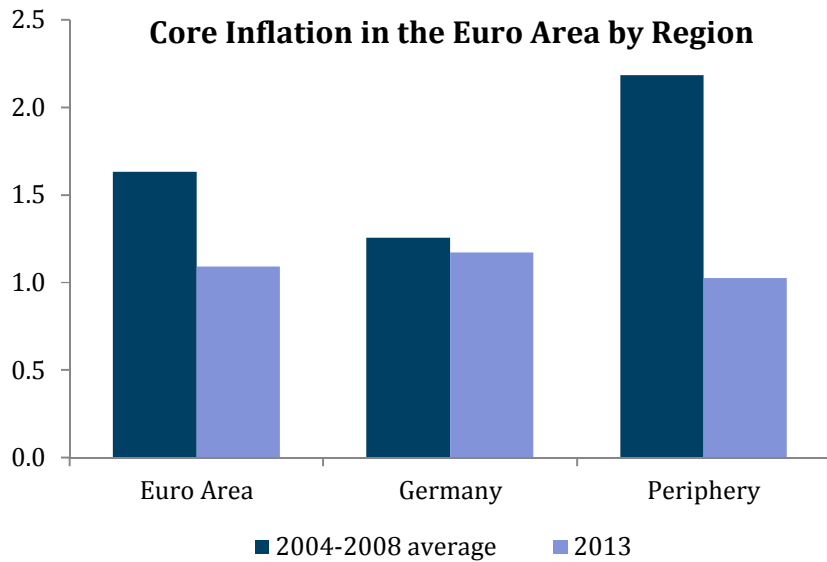
Source: Datastream.

# Japan Markets and Corporate Fundamentals



Sources: FactSet, Bloomberg, BOJ, Japan Ministry of Finance, BAML, Summit, William Blair Quantitative Models. 1 is Best, 100 is Worst. Japan earnings trend based on MSCI Japan IMI Index. A direct investment in an unmanaged index is not possible. Sectors based on Global Industry Classification Sectors (GICS).

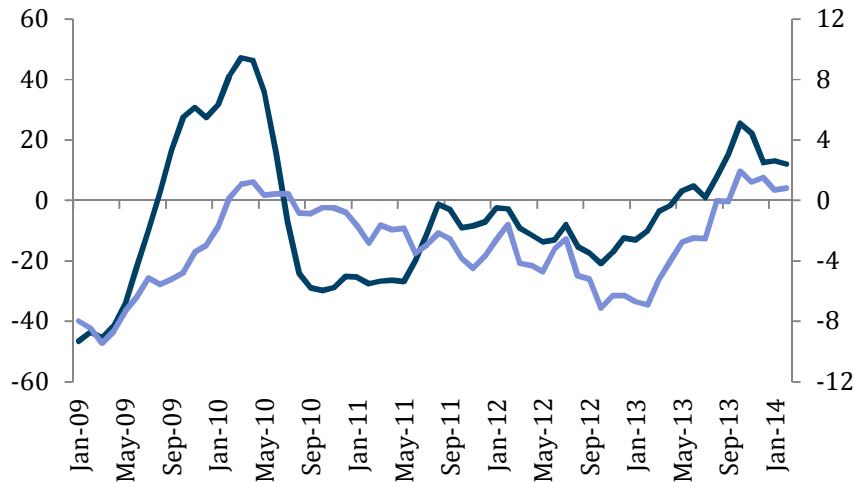
# Europe Economy



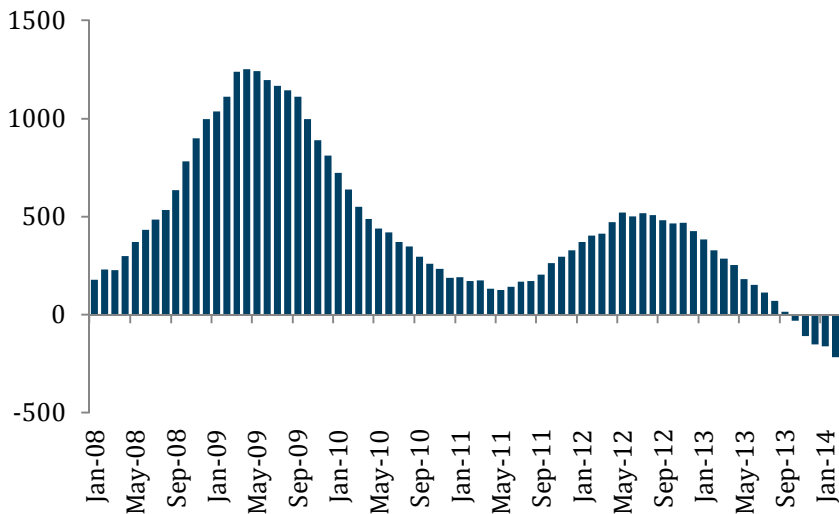
Sources: Datastream, GS, Bloomberg.

# Europe Economy and Corporate Fundamentals

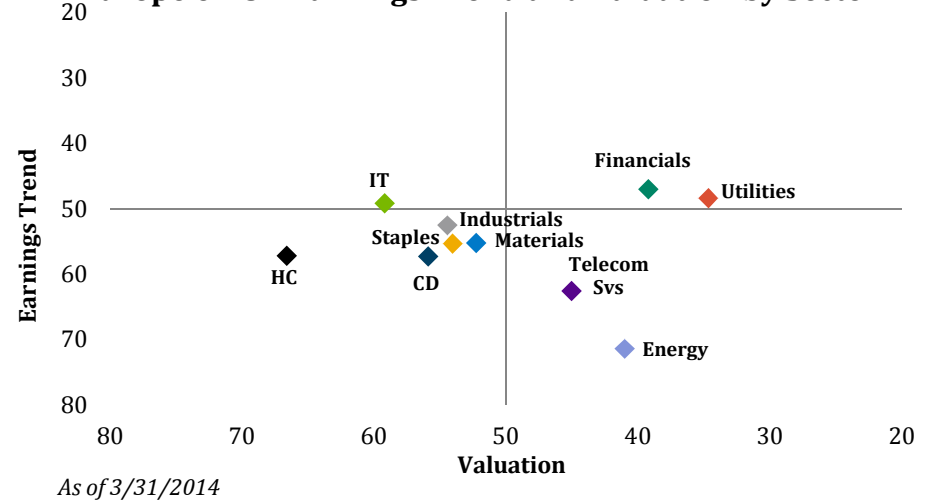
**Auto & Retail Sales in Spain, YoY% Change, 3-Mo Moving Average**



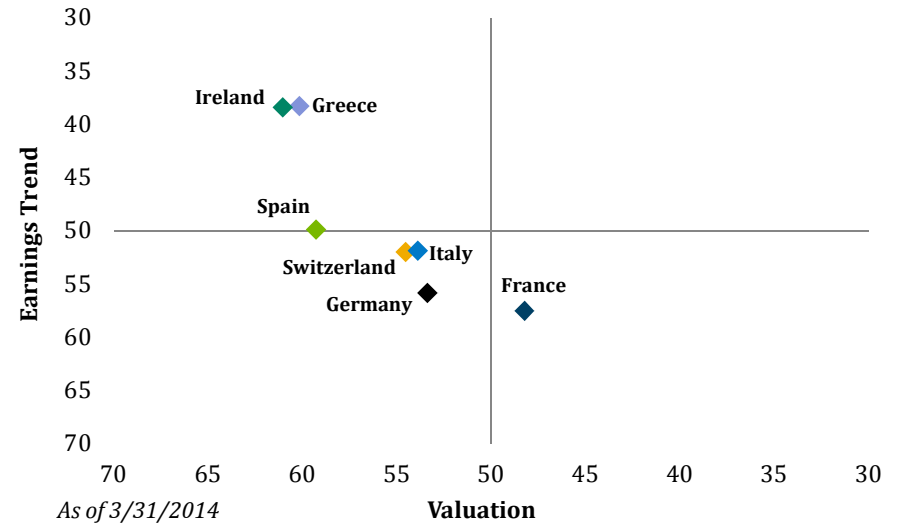
**Unemployment in Spain is Declining (000s) YoY Change**



**Europe ex-UK Earnings Trend and Valuation by Sector**



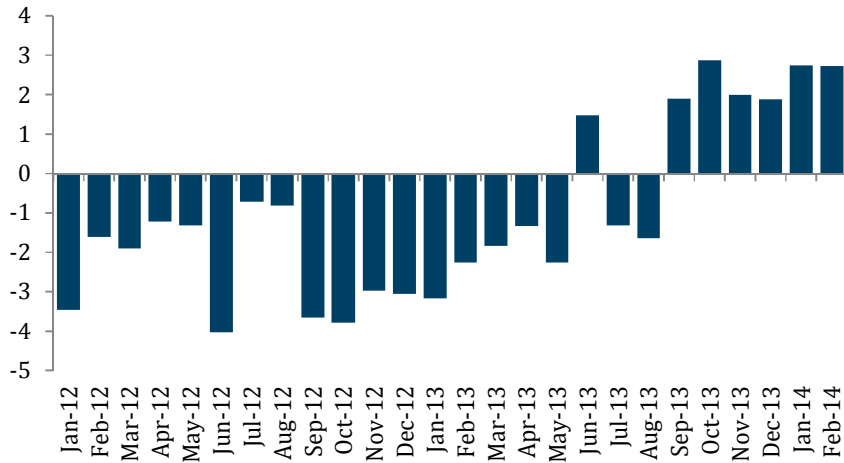
**Europe ex-UK Earnings Trend and Valuation by Country**



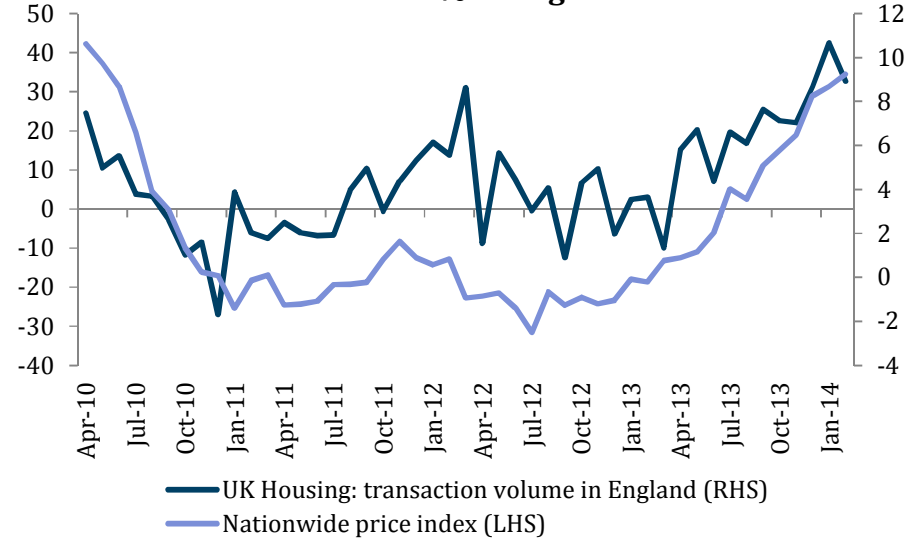
Source: Datastream, Summit, William Blair Quantitative Models. 1 is Best, 100 is Worst. Europe ex-UK earnings trend based on MSCI Europe ex-UK IMI Index. A direct investment in an unmanaged index is not possible. Sectors based on Global Industry Classification Sectors (GICS). Past performance does not guarantee future results.

# UK Economy and Corporate Fundamentals

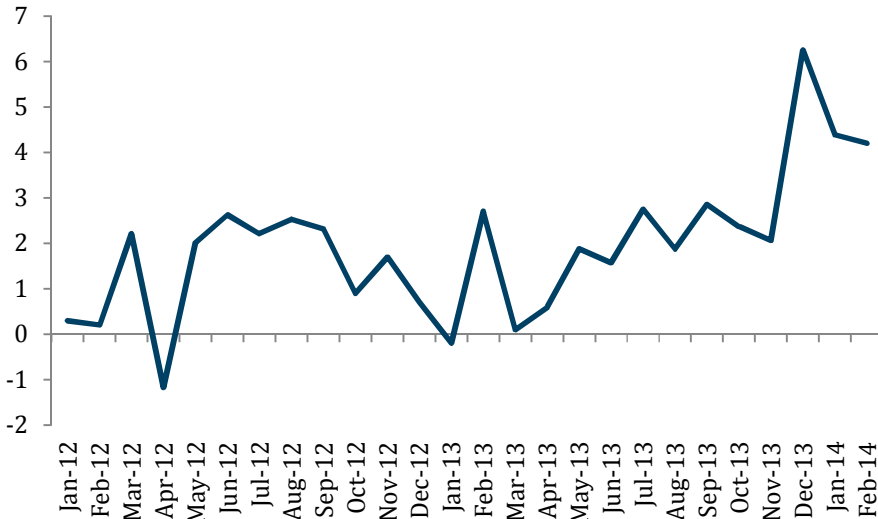
**UK Industrial Production, YoY% Change**



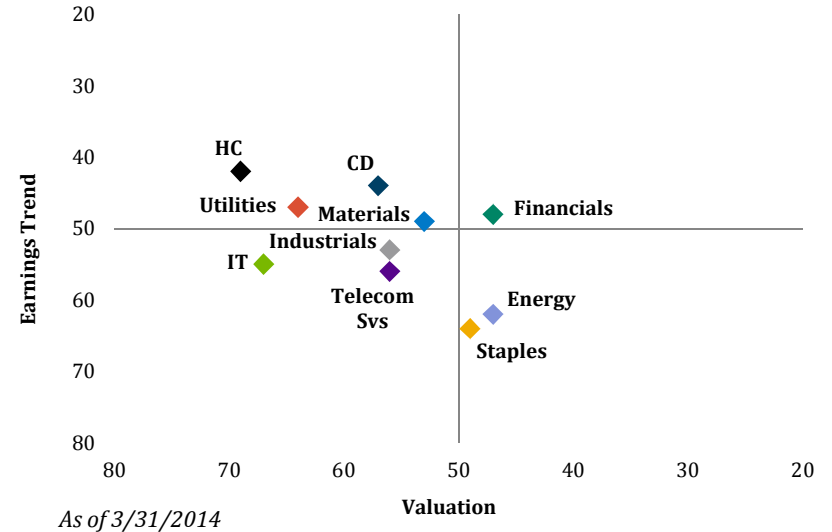
**UK Housing Market: Transaction Volumes and Prices YoY% Change**



**UK Retail Sales, YoY% Change**



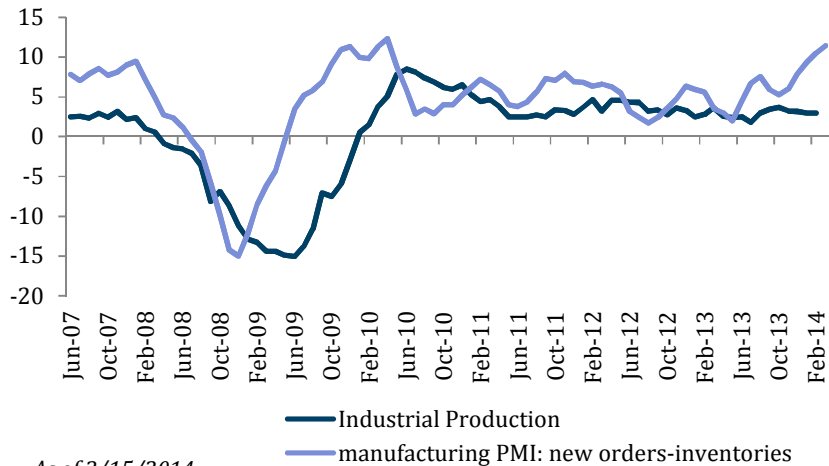
**UK Earnings Trend and Valuation by Sector**



Source: Datastream. Summit, William Blair Quantitative Models. 1 is Best, 100 is Worst. UK earnings trend based on MSCI UK IMI Index. A direct investment in an unmanaged index is not possible. Sectors based on Global Industry Classification Sectors (GICS). Past performance does not guarantee future results.

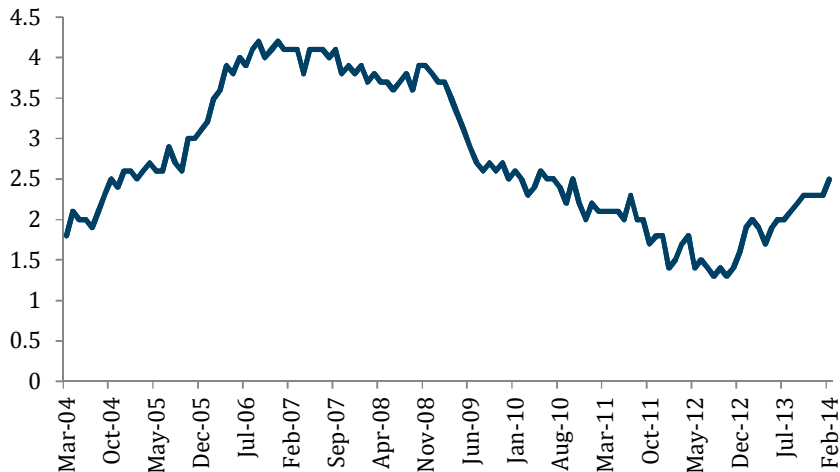
# US Economy and Corporate Fundamentals

**Industrial Production and Purchasing Managers' Index, YoY% Change (3-mo moving avg)**



As of 3/15/2014

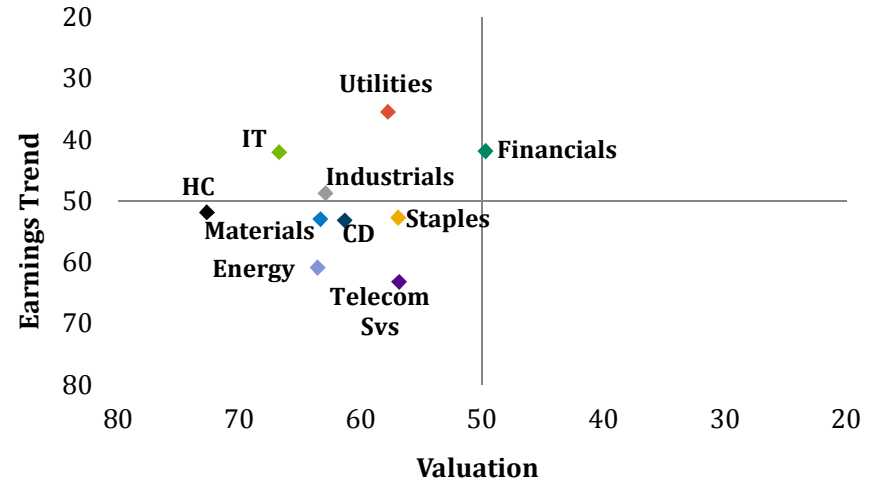
**Growth of Hourly Earnings YoY% Change**



As of 2/28/2014

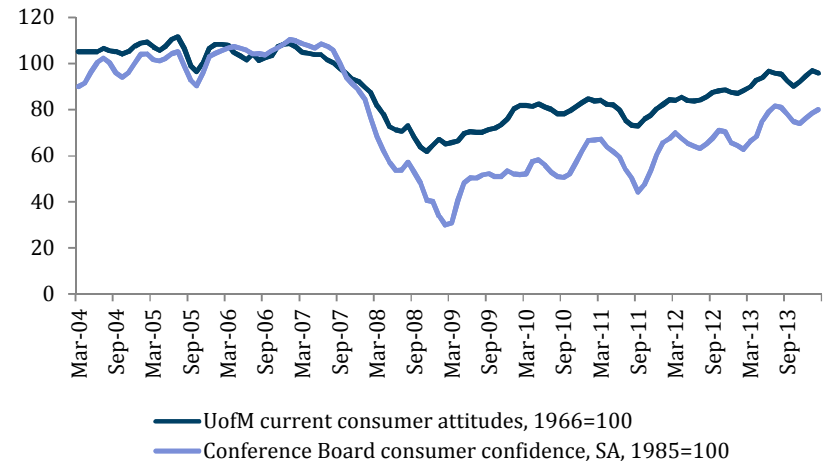
Sources: FactSet, Bloomberg, Datastream, Summit, William Blair Quantitative Models. 1 is Best, 100 is Worst. US earnings trend based on MSCI US IMI Index. A direct investment in an unmanaged index is not possible. Sectors based on Global Industry Classification Sectors (GICS).

**US Earnings Trend and Valuation by Sector**



As of 3/31/2014

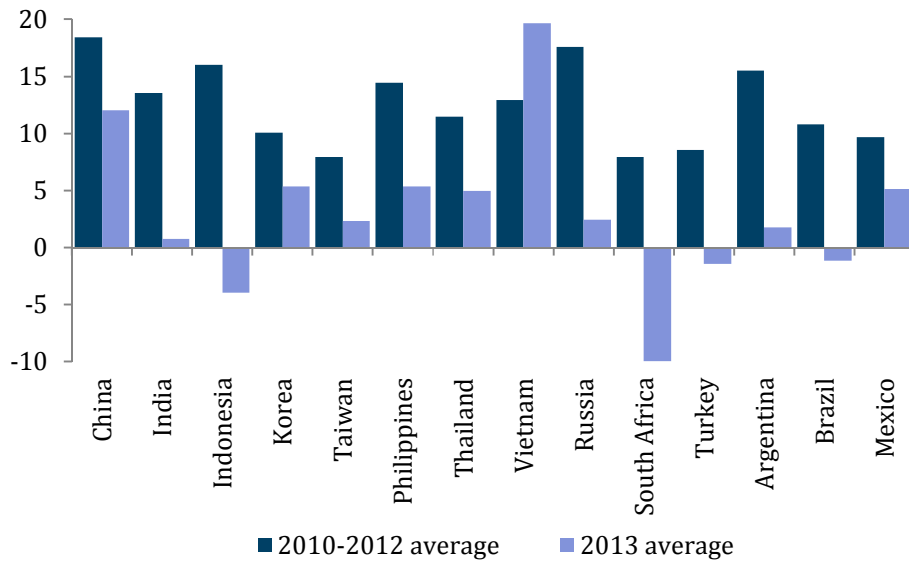
**Select Measures of Consumer Confidence in the US (3-mo moving avg)**



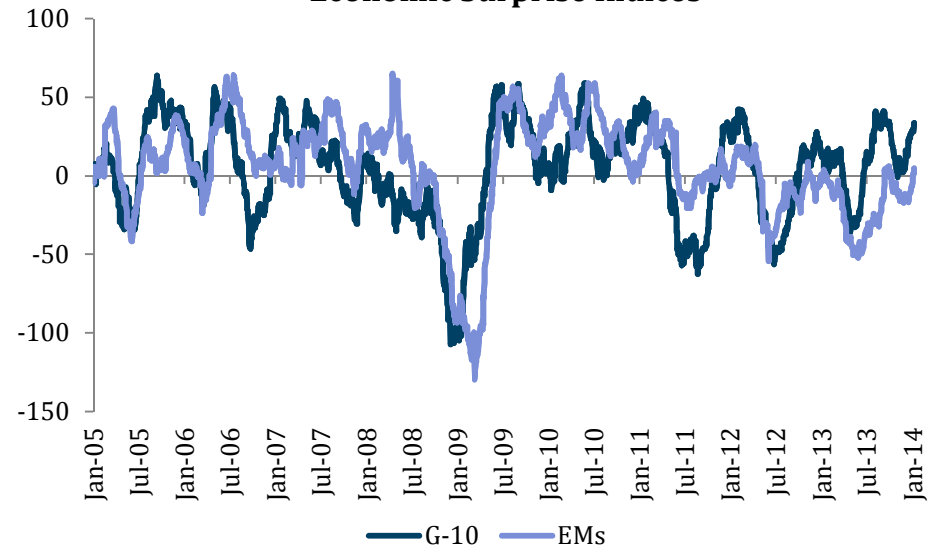
As of 3/31/2014

# Emerging Markets Economies

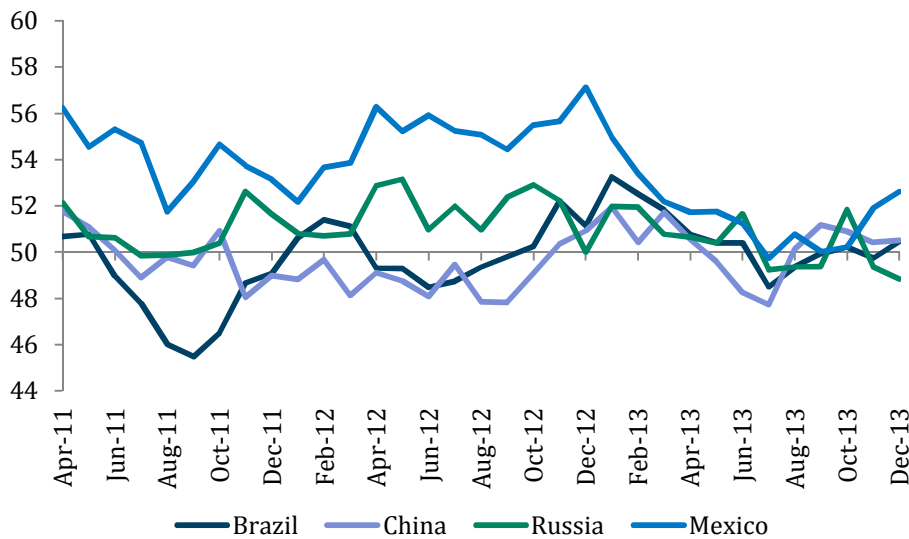
Annual GDP Growth, Nominal USD (%)



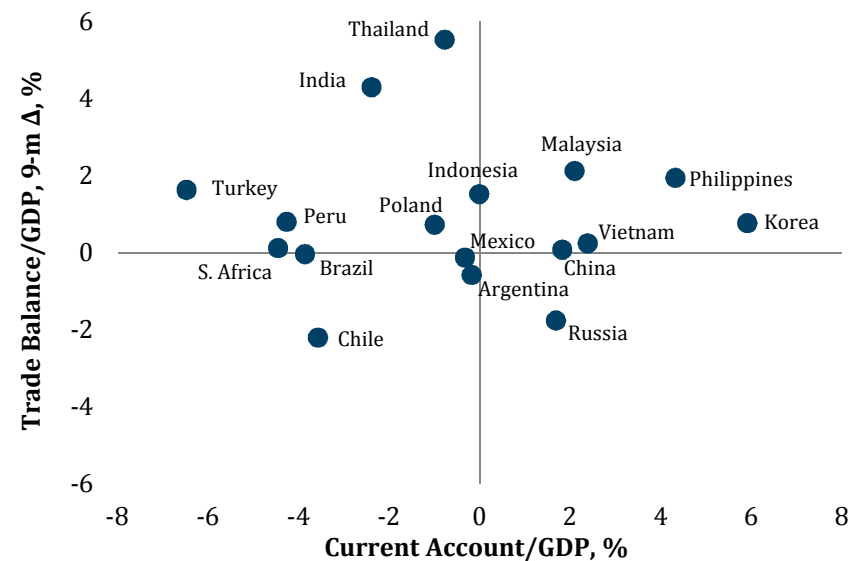
Economic Surprise Indices



Manufacturing PMIs



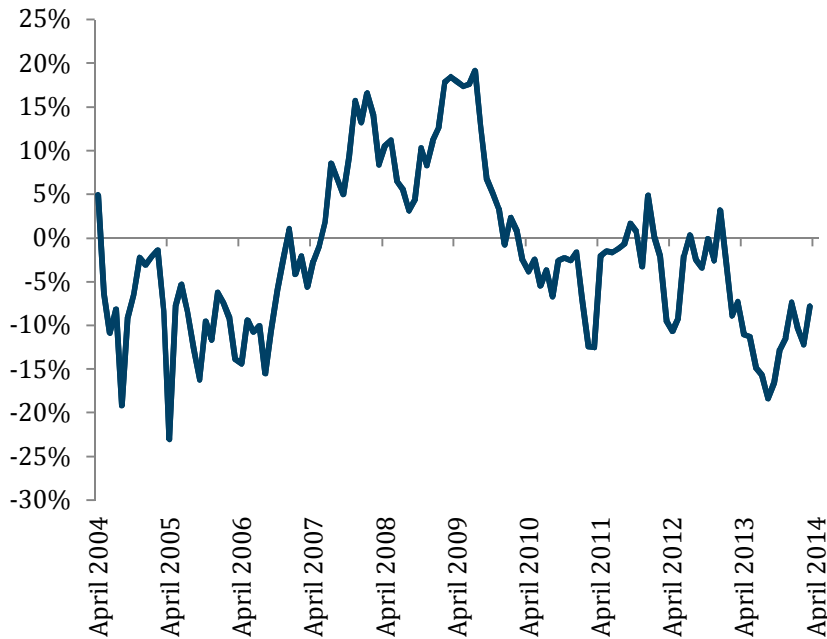
External Position in Select Emerging Market Economies



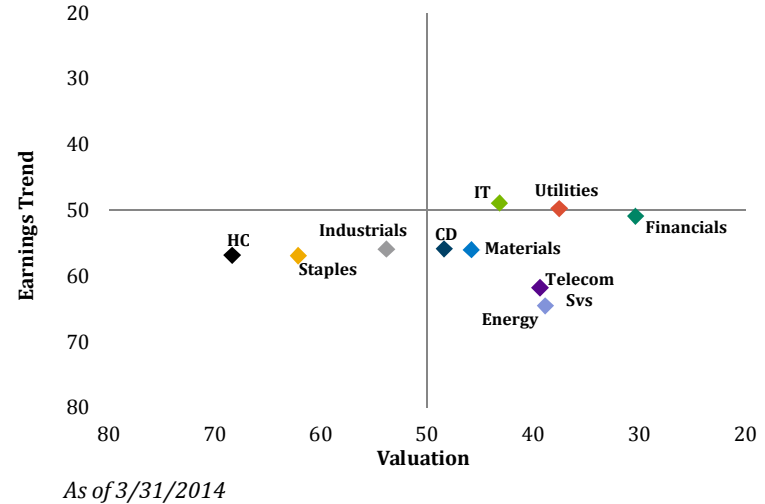
Sources: Citi Research, MSCI, Thomson Reuters, Datastream, FactSet.

# Emerging Markets and Corporate Fundamentals

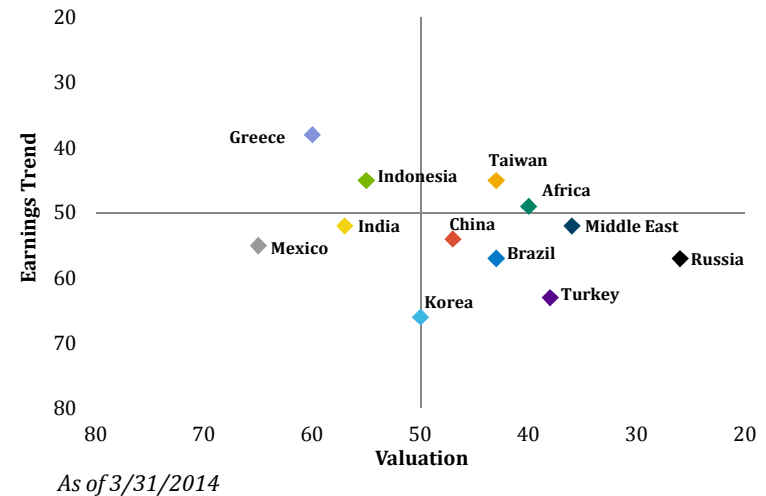
**Emerging Markets vs. Developed Markets ex-US  
Aggregate Earnings Revision Ratio**



**Emerging Markets Earnings Trend and Valuation by Sector**



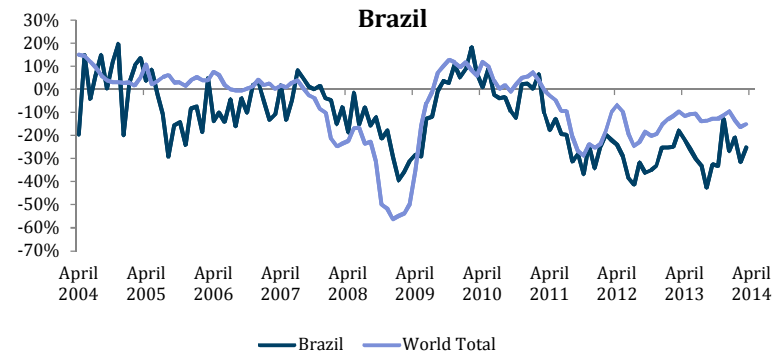
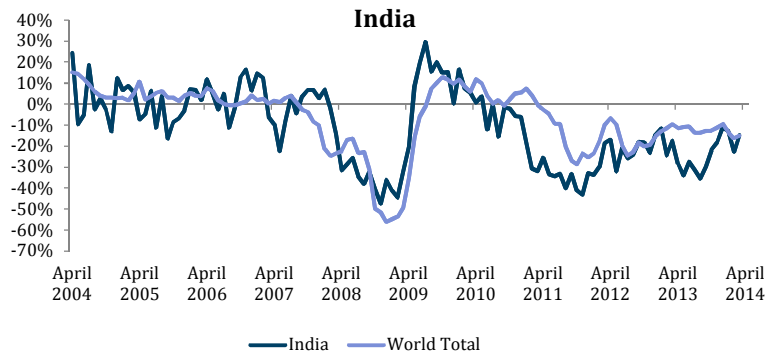
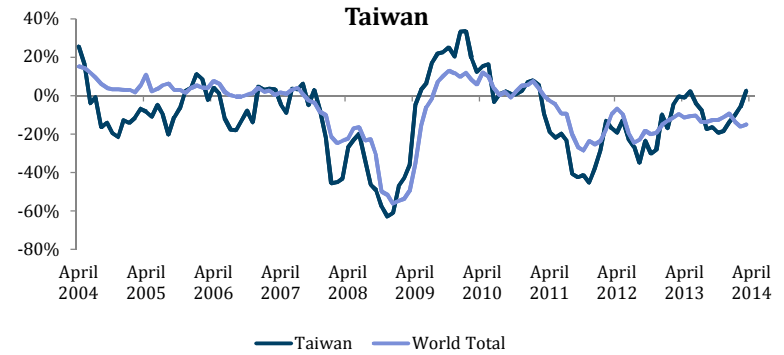
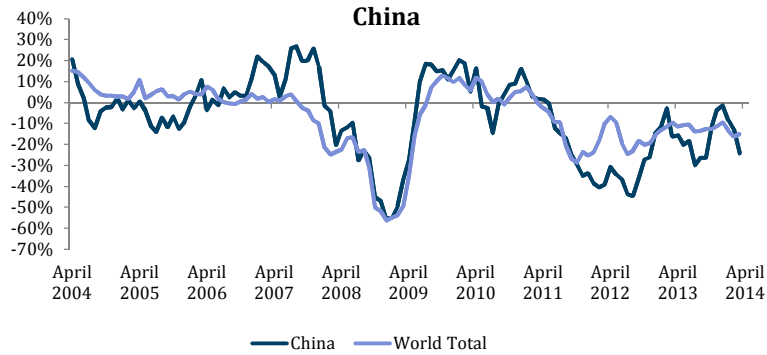
**Emerging Markets Earnings Trend and Valuation by Country**



Sources: FactSet, William Blair Quantitative Models. 1 is Best, 100 is Worst. Earnings trends based on MSCI IMI Indices. A direct investment in an unmanaged index is not possible. Sectors based on Global Industry Classification Sectors (GICS).

# Emerging Markets and Corporate Fundamentals

## Aggregate Earnings Revision Ratio



Source: FactSet.

# Portfolio Characteristics

March 31, 2014

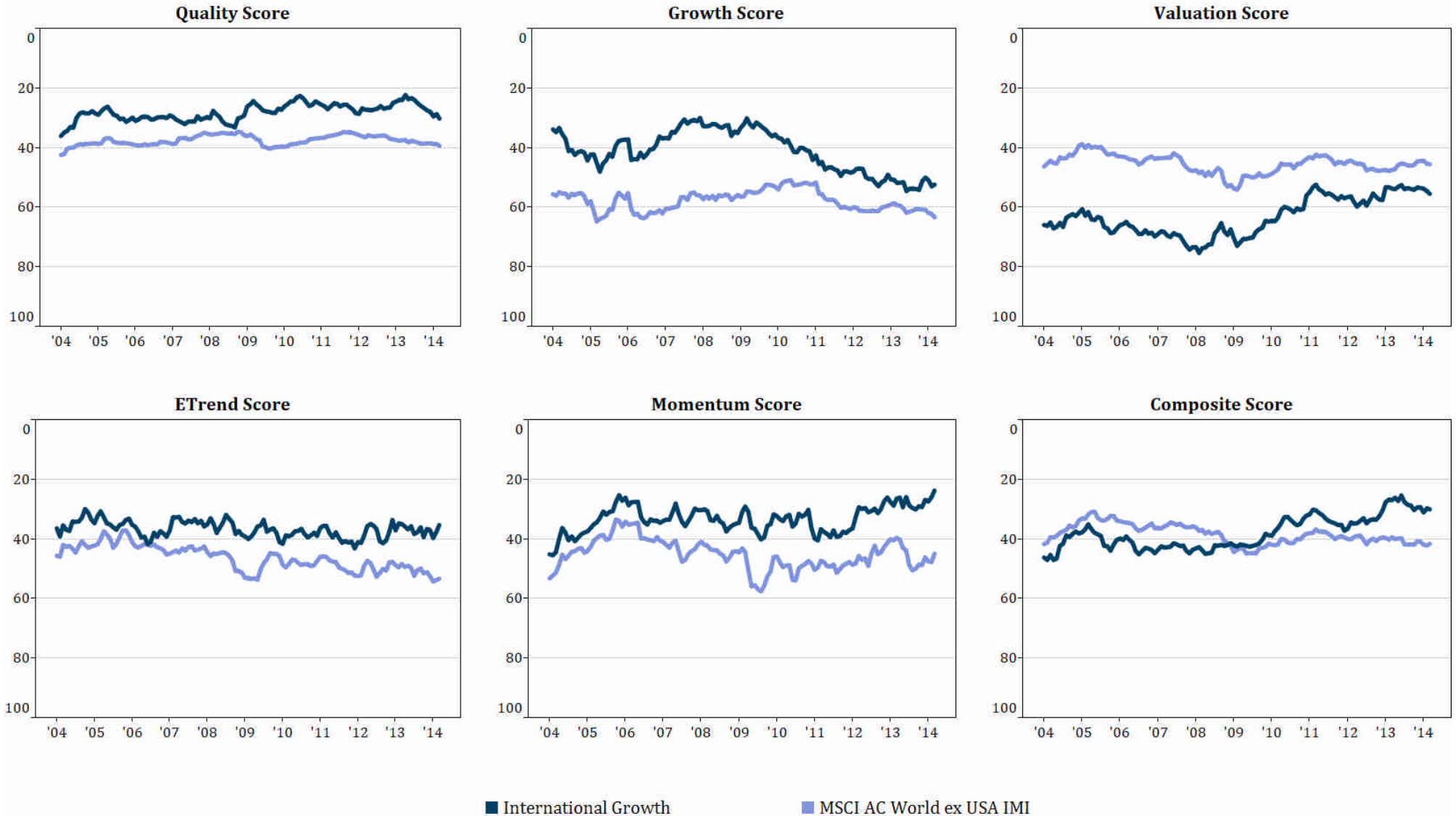
Our holdings have historically exhibited superior profitability and growth, better balance sheet structure, and reasonable valuation rates.

	Institutional International Growth Fund	MSCI AC World ex-US IMI Index
<b>Growth</b>		
Long-Term Growth Estimates	14.5%	11.5%
EPS (5-year historic)	13.2%	10.3%
<b>Returns</b>		
Return on Equity	18.6%	13.2%
Reinvestment Rate	12.9%	8.6%
<b>Valuation</b>		
P/E (12-month projected)	14.6x	13.5x
P/E (trailing 12 months)	18.2x	16.5x
<b>Float-adjusted Capitalization (\$B)</b>		
Weighted average market cap	\$29.7	\$40.2
Weighted median market cap	\$16.1	\$19.3

*The index is comparable to the Fund in terms of investment approach but contains significantly more securities. Calculated in FactSet, market cap calculated in Eagle.*

# International Growth Portfolio Characteristics

March 31, 2014



Scores shown above based on William Blair & Company proprietary quantitative model. For individual and composite ranks, 1 is best and 100 is worst. Source: FactSet.

# Market Performance – Global Markets

As of March 31, 2014

	Month To Date	Quarter To Date	2013	
<b>Regions</b>	<b>AC World (DM+EM)</b>	0.4	1.3	23.6
	<b>World Developed (DM)</b>	0.1	1.5	27.4
	Pacific ex JP	2.3	2.9	4.7
	Japan	-1.1	-5.1	27.0
	Europe ex UK	0.0	3.9	28.8
	UK	-3.2	-0.3	22.8
	Canada	1.4	1.9	4.9
	USA	0.5	1.8	32.6
	<b>Emerging Markets (EM)</b>	3.0	0.1	-2.2
	Asia	1.4	0.4	2.5
EMEA	3.1	-1.4	-5.0	
Latin America	8.6	0.1	-14.2	
<b>Frontier Markets (FM)</b>	2.3	7.0	27.2	
<b>Size</b>	Large Cap	0.6	0.8	22.5
	Small Cap	-0.2	2.9	28.7
<b>Sectors</b>	Discretionary	-1.6	-1.3	36.7
	Staples	1.6	0.4	18.7
	Energy	2.2	1.1	13.7
	Financials	1.6	1.0	22.2
	Healthcare	-2.1	5.5	36.5
	Industrials	0.3	0.4	30.4
	IT	-0.4	2.3	28.0
	Materials	-0.5	1.2	0.5
	Telecom Services	1.2	-1.6	23.8
	Utilities	2.7	7.6	11.4
<b>Style</b>	Quality	0.7	-1.4	8.9
	Valuation	2.4	1.0	9.9
	Etrend	-0.3	0.4	24.2
	Momentum	-2.3	-0.9	27.9
	Growth	1.5	1.3	-6.2
	Composite	1.1	1.1	23.5

Regional performance is based on IMI region/country indexes. Sector and style values are based on the MSCI ACWI IMI Index. Size values are based on the MSCI ACWI 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.

Past returns are no guarantee of future performance. A direct investment in an unmanaged index is not possible. The Morgan Stanley Capital International (MSCI) All Country World IMI Index is an unmanaged index that includes developed markets and emerging markets. Calculated in FactSet. All index returns are net of dividends.

# City of Fort Pierce Retirement and Benefit System Portfolio

Data as of April 30, 2014	
Original Investment (10/2/2003)	\$ 10,392,820
+ Contributions	\$ 0
- Withdrawals	\$ 12,677,816
- (Inv Mgmt Fees & Other Expenses*)	\$ 1,275,773
+ Dividend Income and Capital Gain Distribution	\$ 7,313,141
+ / - Market Appreciation/ (Depreciation)	\$ 10,500,872
Market Value	\$ 14,184,673

\*The investment management fee and other expenses are estimates.

# Performance Summary

## For Periods Ending March 31, 2014

The table below shows the Institutional International Growth Fund's performance in comparison to its benchmark, the MSCI AC World ex-US IMI.

	Jan-Feb 2014	Mar 2014	1Q14	1 Year	3 Year	Annualized		Since Inception*
						5 Years	10 Years	
<b>Institutional International Growth Fund</b>	<b>0.92%</b>	<b>-1.54%</b>	<b>-0.63%</b>	<b>13.35%</b>	<b>8.18%</b>	<b>18.91%</b>	<b>7.71%</b>	<b>8.98%</b>
MSCI AC World ex-US IMI (net)	0.63%	0.24%	0.87%	12.80%	4.32%	16.16%	7.40%	8.88%

\*City of Fort Pierce Inception - 10/02/2003

Calendar Years	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Inst Int'l Growth Fund</b>	<b>18.90%</b>	<b>24.11%</b>	<b>-13.66%</b>	<b>20.10%</b>	<b>42.83%</b>	<b>-51.99%</b>	<b>18.49%</b>	<b>23.45%</b>	<b>22.76%</b>	<b>18.15%</b>
MSCI AC World ex-US IMI (net)	15.82%	17.04%	-14.31%	12.73%	43.60%	-45.99%	16.13%	26.51%	17.68%	21.93%

Institutional International Growth Fund Expense Ratio (no expense cap in place):

Gross  
0.98%

The Fund's net expenses paid may be different. Please refer to the most recent Semi-Annual Report for more information on the Fund's expenses. Performance cited represents past performance. **Past Performance does not guarantee future results and current performance may be lower or higher than the data quoted. William Blair Institutional International Growth Fund performance shown is net of expenses, and all performance shown reflects a reinvestment of dividends and capital gains. Investment returns and principal will fluctuate and you may have a gain or loss when you sell shares. Current performance may be lower or higher than the data quoted.** International investing involves special risk considerations, including currency fluctuations, lower liquidity, economic and political risk. The Morgan Stanley Capital International (MSCI) AC World ex-U.S. IMI Index (net) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the United States. This series approximates the minimum possible dividend reinvestment. The MSCI All Country World ex-US IMI Growth Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US. It includes those MSCI All Country World ex-US IMI Index securities with higher price-to-book ratios and higher forecasted growth rates.

Most recent month-end performance information for the William Blair Institutional International Growth Fund is available by visiting the William Blair Funds Web site at [www.williamblairfunds.com](http://www.williamblairfunds.com), or by calling the William Blair Funds at 1-800-742-7272. Also call this number for a prospectus, which provides more complete information about the Institutional International Growth Fund, including investment objective, risk considerations, charges and expenses. Read it carefully before you invest or send money. ©William Blair & Company, L.L.C., distributor.

# William Blair International Growth Attribution

March 2014

## YTD Contributors

- Underweighting Energy
- Latin America stock selection

## YTD Detractors

- Energy, Financials and Healthcare stock selection
- Pacific ex-Japan, Japan, Canada and Emerging Asia stock selection

## 2013 Contributors

- Consumer Discretionary and Financials stock selection
- Overweighting Consumer Discretionary, underweighting Energy, Materials, Staples and Utilities
- Stock selection across most regions
- Overweighting Japan and the UK, underweighting Latin America

## 2013 Detractors

- Europe ex-UK stock selection and Canada underweight
- Energy, Staples, Telecom Services and Utilities stock selection
- Residual cash

*The commentary above was written using actual data taken from Opturo based on a representative portfolio. Past returns are no guarantee of future performance. Holdings are subject to change at any time. Not intended as investment advice.*

# International Growth Performance in Various Environments

<u>Arithmetic Avg Quarterly Return (%)</u>				
		<u>Portfolio</u>	<u>Benchmark</u>	
All Quarters (4Q96 - 1Q14)		3.3	1.9	
<i>Quarters in which:</i>	<i>Outperformance</i>			
Index Rose	✓	9.7	8.0	(44/70 Qs )
Index Declined	✓	-7.4	-8.4	(26/70 Qs )
MSCI Growth (Net) Outperformed	✓	4.7	2.4	(32/70 Qs )
MSCI Value(Net) Outperformed	✓	2.1	1.5	(38/70 Qs )
MSCI Small Cap (Net) Outperformed	✓	5.3	3.8	(36/70 Qs )
MSCI EAFE (Net) Outperformed	✓	-2.0	-2.5	(29/70 Qs )
MSCI EM IMI (Net) Outperformed	✓	7.4	5.4	(37/70 Qs )

Consistent outperformance in a variety of market environments. Annualized return of 11.11% vs. 5.57% for the benchmark since we began managing international equity in house (10/1/96–3/31/14).

*Inception of the current William Blair team is 9/30/1996, when we began managing the International Growth Strategy in house. Prior to 9/30/1996 the strategy was sub-advised by Framlington International. Composite inception 11/30/1992.*

*Investment performance assumes reinvestment of dividends and capital gains and is gross of investment management fees and net of transaction costs. Performance results will be reduced by the fees incurred in the management of the account. For example, on an account with a 1% fee, and gross performance of 20% over one year, the annual total return on a net of fee basis will result in performance of 18.85%. A \$1,000,000 initial investment would grow to approximately \$1,440,000 gross of fees, versus \$1,412,532 net of fees, over a two year period, assuming an annual return of 20%. Investment management fees are described in William Blair & Company's Form ADV Part 2A. Past performance is not indicative of future returns. Returns for periods greater than one year are annualized. International investing involves special risk considerations, including currency fluctuations, lower liquidity, economic and political risk. The Morgan Stanley Capital International (MSCI) AC World ex-US Index is an unmanaged index that includes developed and emerging markets. This benchmark is a comparable market proxy. Gross performance shown includes commissions but excludes investment management fees. Deduction of such fees would reduce returns shown and have a compounding effect over time. Based on data from the William Blair International Growth Fund, which is closed to new investors. Calculations are for attribution analysis only and are not intended to represent simulated performance history. Regional attribution is based on estimated US\$ price-only returns of equities held within regions for the period Q4 1996 to Q3 2003. Beginning Q3 2003, the returns represent the estimated total equity-only returns of securities held within regions. All stocks held during a measurement period, including purchases and sales, are included. Cash is not allocated among regions and all returns are exclusive of cash. A rounding discrepancy may occur when calculating backup data.*

# International Growth Performance Analysis by Geography

10/01/1996 to 3/31/2014	Portfolio	Index
<b>United Kingdom</b>		
Cumulative	630.4%	250.8%
Annualized	12.0%	7.4%
<b>Europe + ME ex-UK</b>		
Cumulative	692.9%	261.7%
Annualized	12.6%	7.6%
<b>Japan</b>		
Cumulative	158.8%	5.6%
Annualized	5.6%	0.3%
<b>Pacific ex-Japan</b>		
Cumulative	325.2%	279.0%
Annualized	8.6%	7.9%
<b>Canada</b>		
Cumulative	885.7%	429.4%
Annualized	14.0%	10.0%

Inception of the current William Blair team is 9/30/1996, when we began managing the International Growth Strategy in house. Prior to 9/30/1996 the strategy was sub-advised by Framlington International. Composite inception 11/30/1992.

Investment performance assumes reinvestment of dividends and capital gains and is gross of investment management fees and net of transaction costs. Performance results will be reduced by the fees incurred in the management of the account. For example, on an account with a 1% fee, and gross performance of 20% over one year, the annual total return on a net of fee basis will result in performance of 18.85%. A \$1,000,000 initial investment would grow to approximately \$1,440,000 gross of fees, versus \$1,412,532 net of fees, over a two year period, assuming an annual return of 20%. Investment management fees are described in William Blair & Company's Form ADV Part 2A. Past performance is not indicative of future returns. Returns for periods greater than one year are annualized. International investing involves special risk considerations, including currency fluctuations, lower liquidity, economic and political risk. Based on data from the William Blair International Growth Fund. Calculations are for attribution analysis only and are not intended to represent simulated performance history. All stocks held during the measurement period, including purchases and sales, are included. Cash is not allocated among regions and all returns are exclusive of cash. (1) MSCI UK IMI (net), (2) MSCI Europe ex UK IMI (net), (3) MSCI Japan IMI (net), (4) MSCI Pacific ex-Japan IMI (net), and (5) MSCI Canada IMI (net). This information may be supplied as a supplement to the International Developed Plus composite performance. A rounding discrepancy may occur when calculating backup data.

# International Growth Performance Analysis by Subsector

10/1/96 to 3/31/14	Portfolio	Index
<b>Developed Large/Mid Cap<sup>1</sup></b>		
Cumulative	489.5%	143.0%
Annualized	10.7%	5.2%
<b>Developed Small Cap<sup>2</sup></b>		
Cumulative	647.6%	197.6%
Annualized	12.2%	6.4%
<b>Emerging Markets<sup>3</sup></b>		
Cumulative	705.2%	141.9%
Annualized	12.7%	5.2%

Inception of the current William Blair team is 9/30/1996, when we began managing the International Growth Strategy in house. Prior to 9/30/1996 the strategy was sub-advised by Framlington International. Composite inception 11/30/1992.

Investment performance assumes reinvestment of dividends and capital gains and is gross of investment management fees and net of transaction costs. Performance results will be reduced by the fees incurred in the management of the account. For example, on an account with a 1% fee, and gross performance of 20% over one year, the annual total return on a net of fee basis will result in performance of 18.85%. A \$1,000,000 initial investment would grow to approximately \$1,440,000 gross of fees, versus \$1,412,532 net of fees, over a two year period, assuming an annual return of 20%. Investment management fees are described in William Blair & Company's Form ADV Part 2A. Past performance is not indicative of future returns. Returns for periods greater than one year are annualized. International investing involves special risk considerations, including currency fluctuations, lower liquidity, economic and political risk. The Morgan Stanley Capital International (MSCI) AC World ex-US Index is an unmanaged index that includes developed and emerging markets. This benchmark is a comparable market proxy. Gross performance shown includes commissions but excludes investment management fees. Deduction of such fees would reduce returns shown and have a compounding effect over time. Based on data from the William Blair International Growth Fund. Calculations are for attribution analysis only and are not intended to represent simulated performance history. Prior to Q3 1998, small cap is defined as companies with a market capitalization of under \$1 billion. From Q3 1998 to Q4 2003, small cap is defined as companies with a market capitalization of under \$1.5 billion. From Q4 2003 to Q4 2007, small cap is defined as companies with a market capitalization of under \$2 billion. Beginning Q4 2007, small cap is defined as companies with a market capitalization of under \$3 billion. For the Large/Mid Cap and Small Cap Segments, is a price-only estimate based on the average month-end market values during the quarter prior for Q4 1998. From Q4 1998 to Q4 1999, Large/Mid Cap and Small Cap segment performance is a total-return estimate based on a monthly buy-and-hold calculation. Beginning Q1 2000, Large/Mid Cap and Small Cap segment performance is a total return estimate based on a daily buy-and-hold calculation. Developed market companies without readily available market capitalization data and cash are excluded. Emerging markets return data represents the returns of the Emerging Markets Growth composite until 1/1/2007 and then the emerging portion of international growth thereafter. Indices: (1) MSCI EAFE; (2) MSCI World ex-US Small Cap (Net); (3) MSCI EM IMI. For consistency, index returns prior to Q4 1998 are price-only except for emerging markets. Beginning with Q4 1998, index returns are total return. Source: FactSet Portfolio Analysis and SPAR.

Photos courtesy of George Greig.

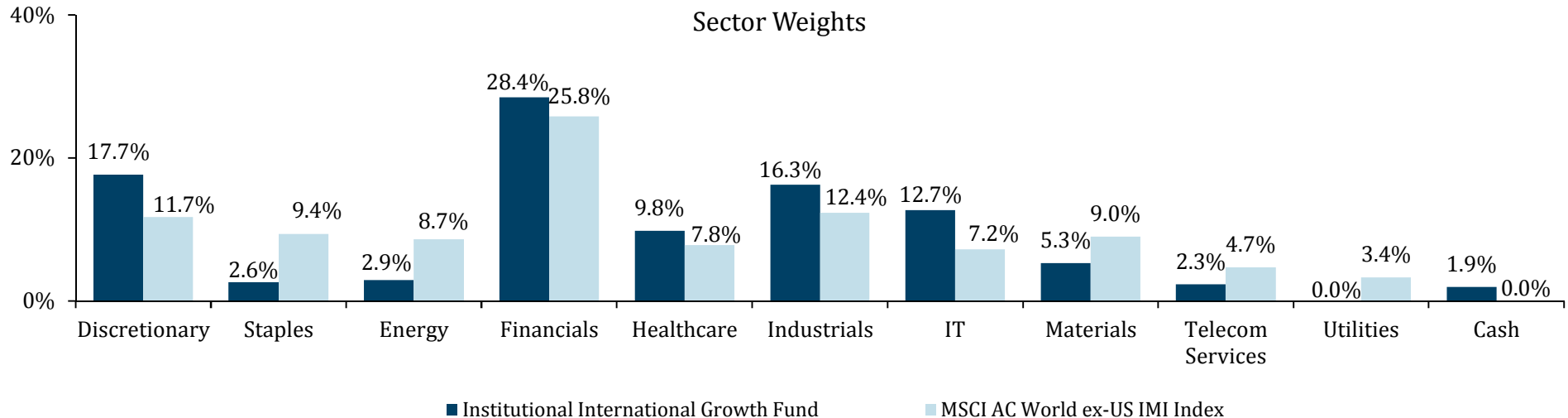
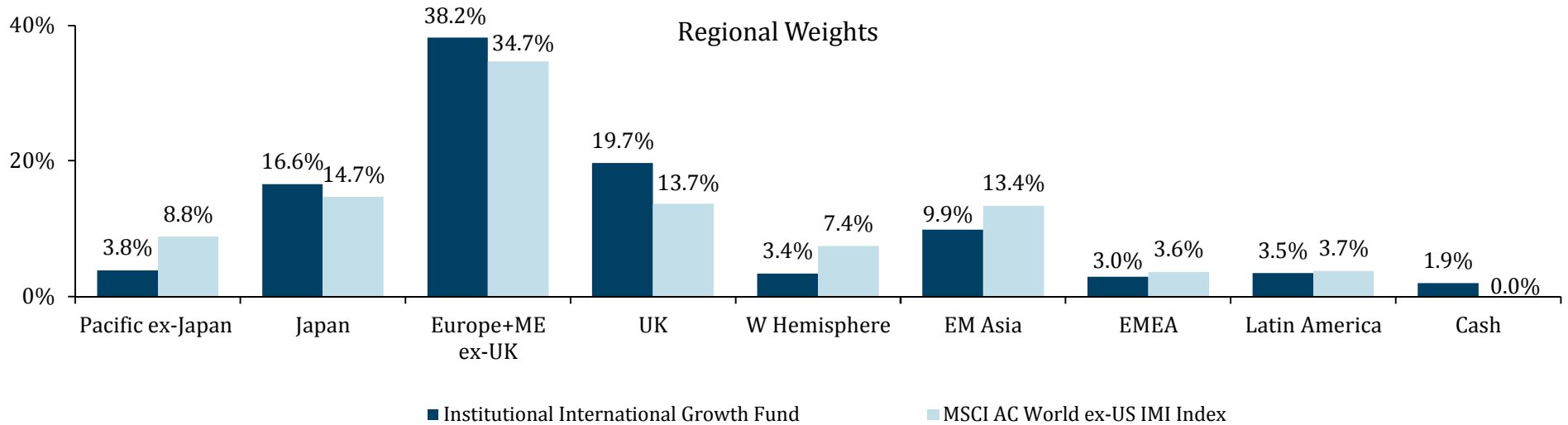
# Positioning and Strategy



Hong Kong

# Current Positioning: Institutional International Growth Fund

March 31, 2014

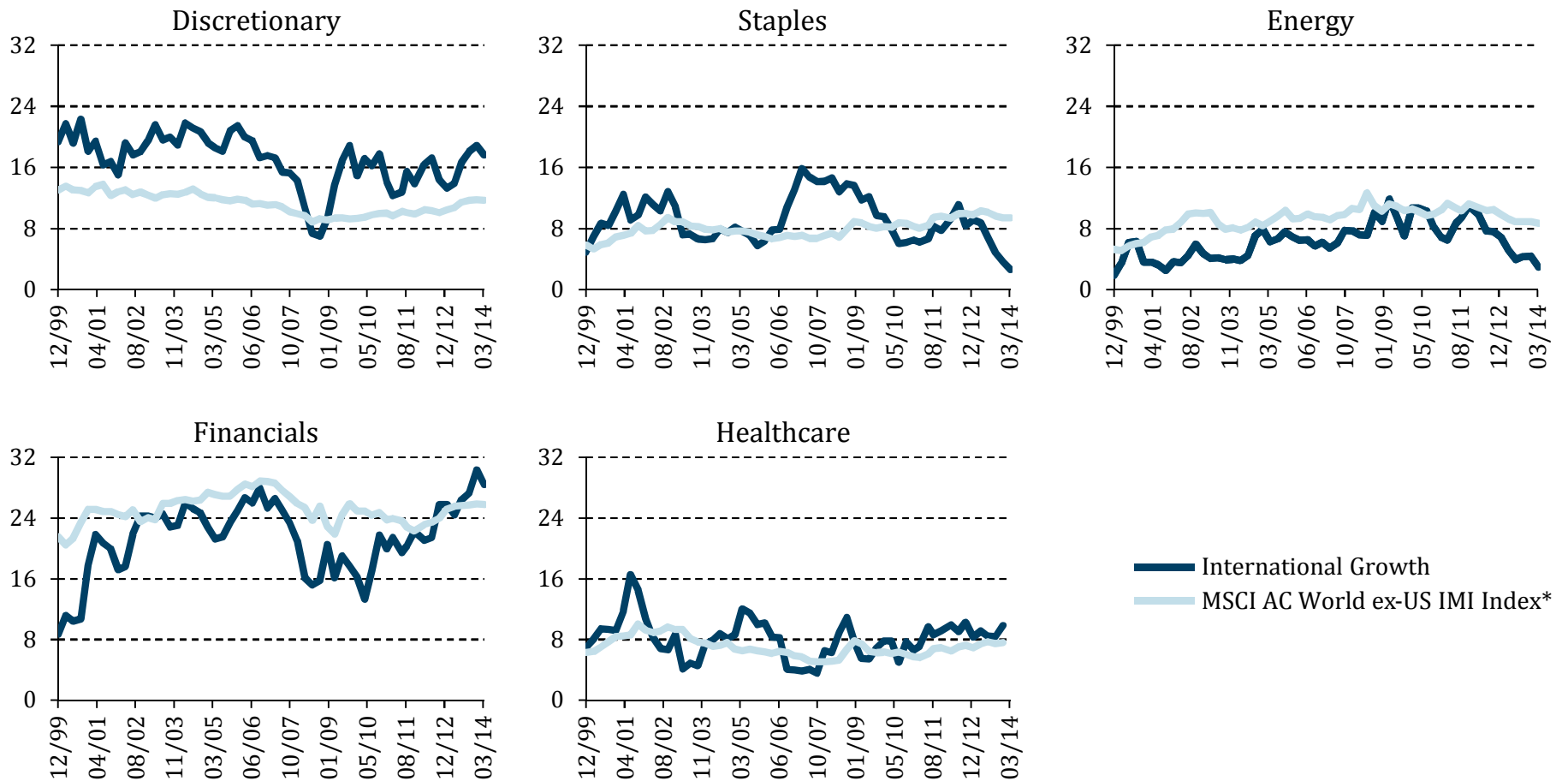


The index is comparable to the strategy in terms of investment approach but contains significantly more securities. Cash incorporates cash equivalents, accruals, and currency forwards when we hold these positions. Sectors based on GICS (Global Industry Classification Sectors). Calculated in Eagle.

# Historical International Growth Sector Weightings

March 31, 2014

% of Portfolio



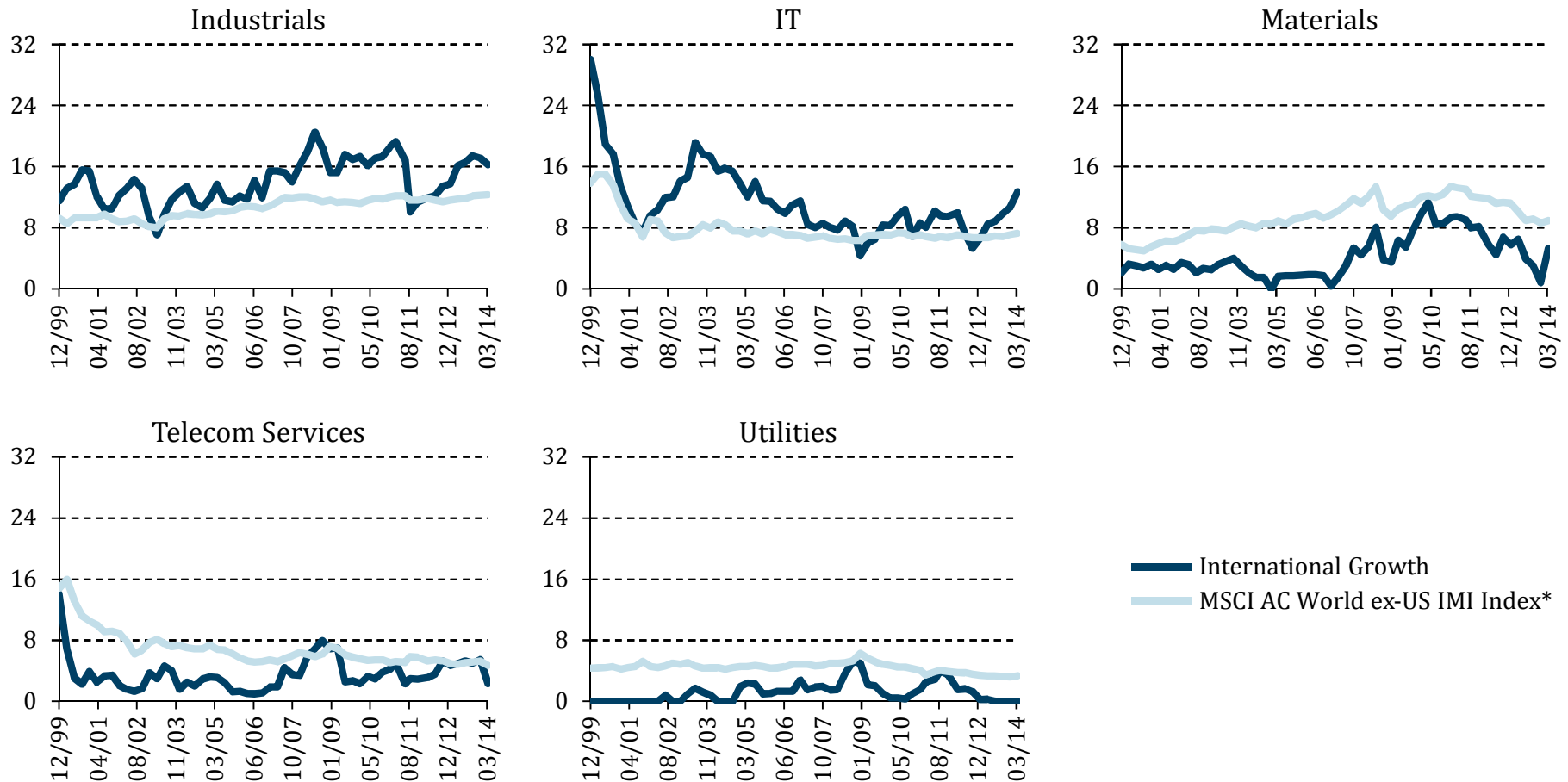
\*Prior to 3/31/03, benchmark data is taken from the MSCI AC World ex-US Index.

The data shown above is taken from a representative account. The index is comparable to the strategy in terms of investment approach but contains significantly more securities. Cash incorporates cash equivalents, accruals, and currency forwards when we hold these positions. Cash is a residual of the stock selection process. Sectors based on GICS (Global Industry Classification Sectors). Calculated in Eagle.

# Historical International Growth Sector Weightings

March 31, 2014

% of Portfolio



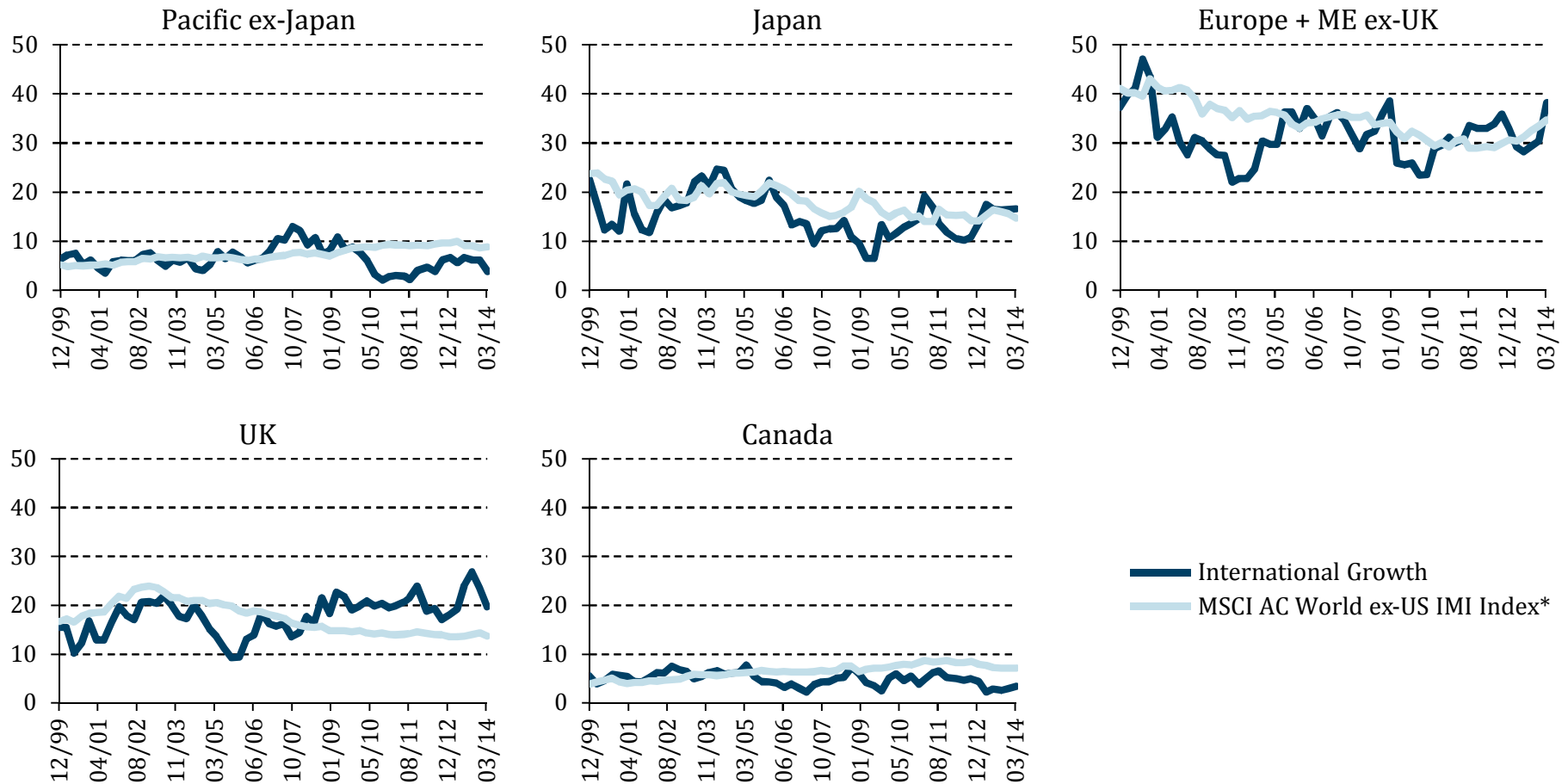
\*Prior to 3/31/03, benchmark data is taken from the MSCI AC World ex-US Index.

The data shown above is taken from a representative account. The index is comparable to the strategy in terms of investment approach but contains significantly more securities. Cash incorporates cash equivalents, accruals, and currency forwards when we hold these positions. Cash is a residual of the stock selection process. Sectors based on GICS (Global Industry Classification Sectors). Calculated in Eagle.

# Historical International Growth Regional Weightings

March 31, 2014

% of Portfolio



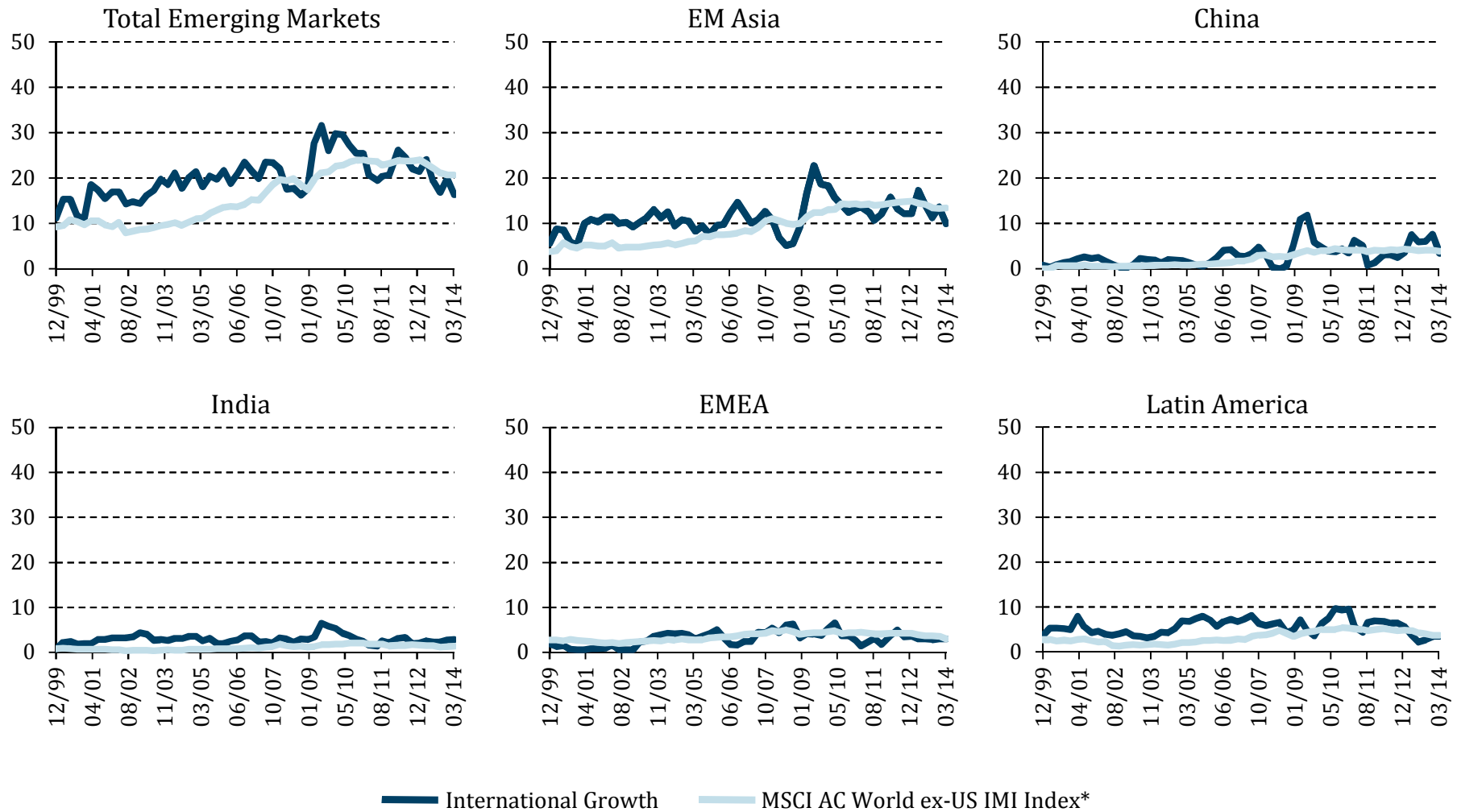
\*Prior to 3/31/03, benchmark data is taken from the MSCI AC World ex-US Index.

The data shown above is taken from a representative account. The index is comparable to the strategy in terms of investment approach but contains significantly more securities. Cash incorporates cash equivalents, accruals, and currency forwards when we hold these positions. Cash is a residual of the stock selection process. Calculated in Eagle.

# Historical International Growth Regional Weightings

March 31, 2014

% of Portfolio



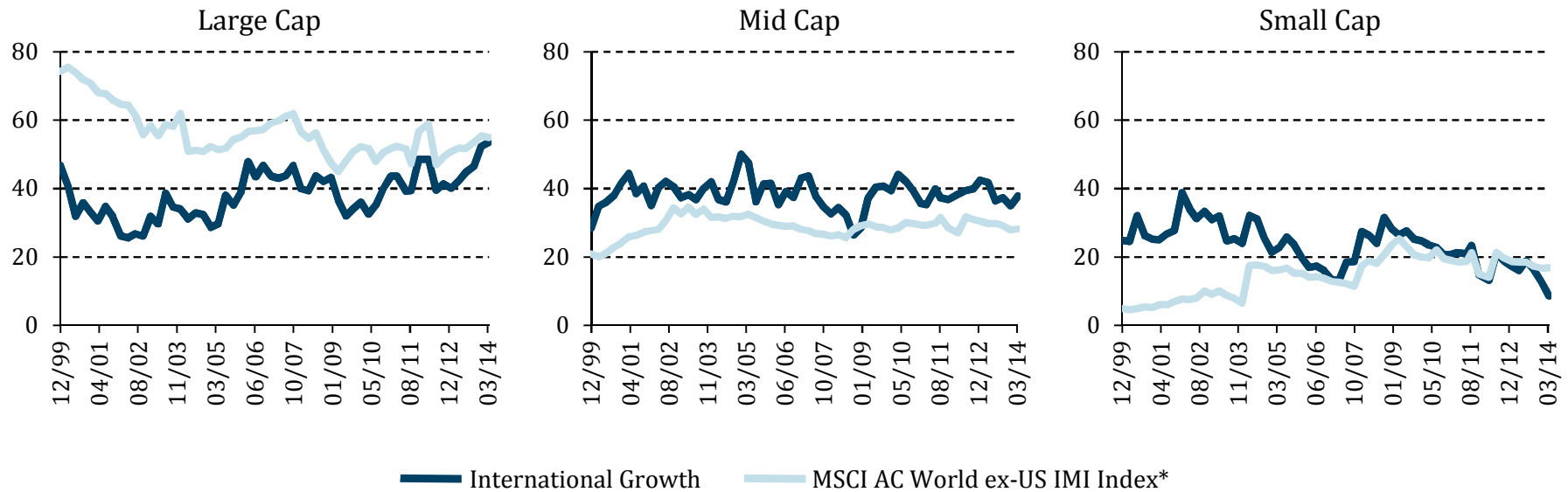
\*Prior to 3/31/03, benchmark data is taken from the MSCI AC World ex-US Index.

The data shown above is taken from a representative account. The index is comparable to the strategy in terms of investment approach but contains significantly more securities. Cash incorporates cash equivalents, accruals, and currency forwards when we hold these positions. Cash is a residual of the stock selection process. Calculated in Eagle.

# Historical International Growth Market Cap Weightings

March 31, 2014

% of Portfolio



\*Prior to 3/31/03, benchmark data is taken from the MSCI AC World ex-US Index.

Beginning with 3Q 1998, market caps were defined by small, mid, and large caps as \$1.5 billion, \$1.5 billion to \$10 billion, and over \$10 billion, respectively. Beginning with 1Q 2004, these figures were adjusted to \$2 billion, \$2 billion to \$12 billion, and over \$12 billion. Beginning with 4Q 2007, these figures were adjusted to \$3 billion, \$3 billion to \$15 billion, and over \$15 billion. The data shown above is taken from a representative account. The index is comparable to the strategy in terms of investment approach but contains significantly more securities. Cash incorporates cash equivalents, accruals, and currency forwards when we hold these positions. Cash is a residual of the stock selection process. Calculated in Eagle.

*Photos courtesy of George Greig.*

# Appendix



*Goonellabah, NSW, Australia*

# Holdings: Institutional International Growth Fund

March 31, 2014

	Portfolio Weight		Portfolio Weight		Portfolio Weight
<b>Pacific Ex Japan</b>	<b>3.84</b>	<b>Japan (Continued)</b>		<b>Europe+ME Ex UK (Continued)</b>	
<b>Australia</b>	<b>2.13</b>	<b>Japan (Continued)</b>		<b>Finland</b>	<b>1.61</b>
Telstra Corp Ltd	0.82	Murata Manufacturing Co Ltd	0.52	Sampo Oyj-A Shs	1.32
Csl Ltd	0.73	Smc Corp	0.51	Kone Oyj-B	0.29
Duluxgroup Ltd	0.20	Itochu Corp	0.47	<b>France</b>	<b>9.46</b>
Rea Group Ltd	0.19	Asahi Kasei Corp	0.45	Bnp Paribas	2.24
Flight Centre Travel Group Ltd	0.15	Secom Co Ltd	0.44	Axa SA	1.52
Flexigroup Ltd	0.04	Suruga Bank Ltd	0.42	Compagnie De Saint-Gobain	0.98
<b>Hong Kong</b>	<b>1.37</b>	Omron Corp	0.36	Valeo SA	0.91
Aia Group Ltd	0.67	Kao Corp	0.25	Vinci SA	0.85
Techtronic Industries Co	0.41	Toto Ltd	0.23	Cap Gemini	0.79
Mgm China Holdings Ltd	0.18	Start Today Co Ltd	0.22	Total SA	0.78
Wharf Holdings Ltd	0.10	Sundrug Co Ltd	0.21	Unibail-Rodamco Se	0.49
Hutchison Telecomm Hong Kong	0.01	Nitori Holdings Co Ltd	0.18	Publicis Groupe	0.49
China High Precision Automat	0.00	Century Tokyo Leasing Corp	0.18	Zodiac Aerospace	0.27
<b>New Zealand</b>	<b>0.20</b>	Ship Healthcare Holdings Inc	0.17	Hermes International	0.15
Ryman Healthcare Ltd	0.20	Tsuruha Holdings Inc	0.16	<b>Germany</b>	<b>8.16</b>
<b>Singapore</b>	<b>0.14</b>	Misumi Group Inc	0.15	Bayerische Motoren Werke AG	1.94
Singapore Tech Engineering	0.14	Scsk Corp	0.15	Basf Se	1.27
<b>Japan</b>	<b>16.60</b>	Otsuka Corp	0.15	Continental AG	1.07
<b>Japan</b>	<b>16.60</b>	Miraca Holdings Inc	0.13	Bayer Ag-Reg	0.99
Sumitomo Mitsui Financial Gr	2.40	Park24 Co Ltd	0.13	Infineon Technologies AG	0.95
Orix Corp	1.43	Ts Tech Co Ltd	0.11	Prosieben Sat.1 Media Ag-Reg	0.65
Daiwa Securities Group Inc	1.19	Nippon Kayaku Co Ltd	0.11	Brenntag AG	0.44
Fuji Heavy Industries Ltd	1.13	<b>Europe+ME Ex UK</b>	<b>38.24</b>	Wincor Nixdorf AG	0.26
Denso Corp	1.10	<b>Denmark</b>	<b>1.83</b>	Wirecard AG	0.25
Daikin Industries Ltd	0.91	Gn Store Nord A/S	0.41	Bertrandt AG	0.19
Keyence Corp	0.76	Pandora A/S	0.41	Morphosys AG	0.16
Nidec Corp	0.74	Novo Nordisk A/S-B	0.39	<b>Ireland</b>	<b>1.99</b>
Hoya Corp	0.65	Coloplast-B	0.36	Shire PLC	1.31
Astellas Pharma Inc	0.61	Simcorp A/S	0.25	Smurfit Kappa Group PLC	0.44
				Crh PLC	0.24

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# Holdings: Institutional International Growth Fund

March 31, 2014

	Portfolio Weight		Portfolio Weight		Portfolio Weight
<b>Europe+ME Ex UK (Continued)</b>		<b>Europe+ME Ex UK (Continued)</b>		<b>UK (Continued)</b>	
<b>Israel</b>	<b>0.59</b>	<b>Switzerland (Continued)</b>		<b>United Kingdom (Continued)</b>	
Check Point Software Tech	0.59	Geberit Ag-Reg	0.42	Hargreaves Lansdown PLC	0.26
<b>Italy</b>	<b>2.76</b>	Actelion Ltd-Reg	0.42	Jupiter Fund Management	0.26
Intesa Sanpaolo	1.98	Sika Ag-Br	0.20	Hiscox Ltd	0.25
Banca Generali Spa	0.32	Sonova Holding Ag-Reg	0.19	Genel Energy PLC	0.25
Azimut Holding Spa	0.28	Burckhardt Compression Holdi	0.17	Howden Joinery Group PLC	0.25
World Duty Free Spa	0.18	Straumann Holding Ag-Reg	0.16	Intercontinental Hotels Grou	0.24
<b>Luxembourg</b>	<b>0.25</b>	Cie Financiere Richemon-Br A	0.14	Berkeley Group Holdings	0.24
Eurofins Scientific	0.25	<b>UK</b>	<b>19.69</b>	Btg PLC	0.20
<b>Netherlands</b>	<b>0.90</b>	<b>United Kingdom</b>	<b>19.69</b>	Provident Financial PLC	0.20
Nxp Semiconductors NV	0.90	Prudential PLC	1.82	Berendsen PLC	0.17
<b>Spain</b>	<b>3.55</b>	Lloyds Banking Group PLC	1.47	Countrywide PLC	0.17
Banco Bilbao Vizcaya Argenta	0.94	Itv PLC	1.38	Hays PLC	0.16
Repsol SA	0.87	Bt Group PLC	1.36	Keller Group PLC	0.15
Amadeus It Holding Sa-A Shs	0.49	Capita PLC	0.89	Ds Smith PLC	0.15
Bankinter SA	0.32	Easyjet PLC	0.79	Derwent London PLC	0.15
Grifols SA	0.29	Next PLC	0.75	St James's Place PLC	0.15
Abertis Infraestructuras SA	0.29	Reckitt Benckiser Group PLC	0.75	Ig Group Holdings PLC	0.14
Mapfre SA	0.18	Compass Group PLC	0.74	Hikma Pharmaceuticals PLC	0.11
Inditex	0.16	Bunzl PLC	0.72	Asos PLC	0.06
Banco Bilbao Vizcaya - Rts	0.02	Babcock Intl Group PLC	0.71	Lancashire Holdings Ltd	0.06
<b>Sweden</b>	<b>1.94</b>	Imi PLC	0.65	Abcam PLC	0.05
Atlas Copco Ab-A Shs	1.01	Whitbread PLC	0.59	Nanoco Group PLC	0.03
Hennes & Mauritz Ab-B Shs	0.46	Rolls-Royce Holdings PLC	0.58	Travis Perkins PLC	0.03
Hexpol AB	0.33	Ashtead Group PLC	0.54	Ashmore Group PLC	0.02
Intrum Justitia AB	0.14	Rio Tinto PLC	0.47		
<b>Switzerland</b>	<b>5.19</b>	Amlin PLC	0.44		
Roche Holding Ag-Genusschein	1.64	Bg Group PLC	0.35		
Glencore Xstrata PLC	0.94	Daily Mail&General Tst-A NV	0.33		
Clariant Ag-Reg	0.48	Experian PLC	0.31		
Partners Group Holding AG	0.43	Halma PLC	0.30		

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# Holdings: Institutional International Growth Fund

March 31, 2014

	Portfolio Weight		Portfolio Weight		Portfolio Weight
<b>W Hemisphere</b>	<b>3.39</b>	<b>EM Asia (Continued)</b>		<b>EMEA (Continued)</b>	
<b>Canada</b>	<b>3.39</b>	<b>Indonesia</b>	<b>0.93</b>	<b>United Arab Emirates</b>	<b>1.28</b>
Toronto-Dominion Bank	0.91	Bank Rakyat Indonesia Perser	0.60	Emaar Properties Pjsc	0.44
Canadian Natl Railway Co	0.66	Astra International Tbk Pt	0.33	First Gulf Bank	0.38
Canadian Pacific Railway Ltd	0.58	<b>South Korea</b>	<b>0.78</b>	Dragon Oil PLC	0.26
Ci Financial Corp	0.45	Naver Corp	0.32	Dubai Islamic Bank	0.20
Enbridge Inc	0.37	Halla Visteon Climate Contro	0.17	<b>Latin America</b>	<b>3.46</b>
Alimentation Couche-Tard -B	0.28	Coway Co Ltd	0.15	<b>Brazil</b>	<b>3.11</b>
Gildan Activewear Inc	0.14	Sk Telecom	0.13	Ambev Sa-Adr	0.89
<b>EM Asia</b>	<b>9.87</b>	<b>Taiwan</b>	<b>1.83</b>	Cielo SA	0.60
<b>China</b>	<b>3.37</b>	Taiwan Semiconductor-Sp Adr	0.86	Itau Unibanco Holding S-Pref	0.60
Ping An Insurance Group Co-H	0.67	Mediatek Inc	0.48	Bb Seguridade Participacoes	0.58
William Blair China A-Shares Fund, Llc <sup>a</sup>	0.52	Delta Electronics Inc	0.47	Kroton Educacional SA	0.43
Baidu Inc - Spon Adr	0.49	Eclat Textile Company Ltd	0.02	Weg SA	0.01
Tencent Holdings Ltd	0.43	<b>Thailand</b>	<b>0.16</b>	<b>Peru</b>	<b>0.36</b>
Chow Tai Fook Jewellery Grou	0.29	Airports Of Thailand Pcl-For	0.16	Credicorp Ltd	0.36
Wuxi Pharmatech Cayman-Adr	0.25	<b>EMEA</b>	<b>2.96</b>	<b>Cash</b>	<b>1.94</b>
Qihoo 360 Technology Co-Adr	0.22	<b>Nigeria</b>	<b>0.09</b>	<b>Total</b>	<b>100.00</b>
Vipshop Holdings Ltd - Ads	0.19	Guaranty Trust Bank	0.09	Credicorp Ltd	0.36
Sino Biopharmaceutical	0.19	<b>Poland</b>	<b>0.50</b>	<b>Cash</b>	<b>1.94</b>
Mint Group Ltd	0.10	Pko Bank Polski SA	0.50	<b>Total</b>	<b>100.00</b>
China Oilfield Services-H	0.03	<b>Russia</b>	<b>0.23</b>		
China Merchants Bank-H	0.00	<b>South Africa</b>	<b>0.87</b>		
<b>India</b>	<b>2.81</b>	Bidvest Group Ltd	0.36		
Hdfc Bank Limited	0.60	Naspers Ltd-N Shs	0.33		
Tata Motors Ltd	0.52	Coronation Fund Managers Ltd	0.17		
Sun Pharmaceutical Indus	0.49				
Tata Consultancy Svcs Ltd	0.47				
Hcl Technologies Ltd	0.44				
Tech Mahindra Ltd	0.25				
Lupin Ltd	0.04				

*\*Positions within William Blair Funds may also include cash equivalents, accruals, and currency forwards that are not represented in the portfolio's total cash weighting.*

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# Defining the Universe: Eligibility List

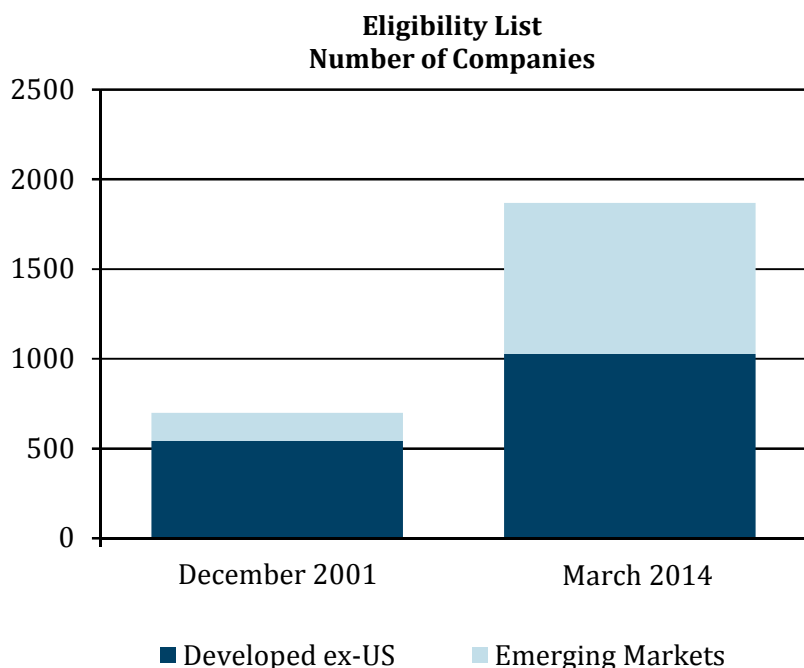
## Diverse Research Universe

Flexible universe of portfolio candidates diversified across sectors, countries, and size

Represents 20–30% of investable universe with strong quality and sustainable growth characteristics

Sourced from all investment team resources

Each analyst covers, on average, approximately 125 securities



Non-US Eligibility List	
2008	988
2009	850
2010	1,260
2011	1,470
2012	1,603
2013	2,022
2014 YTD	1,869

Non-US Eligibility List		
Characteristics (%)	Elig. List	Benchmark
Higher Op Margin	17.0	16.0
Strong Cash Flow ROIC	16.1	13.3
Higher 5-Year ROE	17.1	13.4
Consistently High Reinvestment Rate	12.3	8.5
Superior 6-year Historical Trend Growth	12.2	7.8
Low Debt/Capital	28.5	40.2

As of March 31, 2014. Data source: William Blair Non-US Eligibility List and ACWI ex-US IMI Index. Calculated in FactSet.

# William Blair Risk Management: An Integrated Approach

Throughout the firm and in our investment process, we employ a holistic view of risk management

William Blair’s firm ownership structure and culture promote an atmosphere of risk awareness – contributing to continuous, durable firm performance for over 79 years.

We view risk management as integrated into the investment process. While we seek to mitigate all forms of risk, the strongest risk management tool we use is our investment in high quality companies.

Our Holistic View			
Firm Risk	Operational Risk	Investment Risk	Implementation Risk
Independent since founding in 1935  Private partnership, 100% employee owned. No external capital.	Governance/ risk committee  Technology/ systems  Business continuity	<b>Company risk</b>  Systematic  Portfolio construction: • Sector/industry • Macroeconomic • Country • Currency • Political  Portfolio management professionals	Trading  Investment guidelines

# Biographies – International Team

## **Portfolio Management:**

### **Stephanie G. Braming, CFA, Partner**

Stephanie Braming is a co-Portfolio Manager for the International Small Cap Growth strategy. She joined William Blair in 2004 as the International and Global Equity Product Specialist. Prior to joining the firm, Stephanie was a Principal at Mercer Investment Consulting, where she was responsible for the strategic investment direction of her public fund, corporate, healthcare and foundation clients. In addition to her client responsibilities, Stephanie served on Mercer's United States Research Rating Committee, which assessed research ratings for investment manager strategies. Prior to her role at Mercer, Stephanie worked at the Federal Reserve Bank of Chicago. She is a member of the CFA Institute and the CFA Society of Chicago where she served on the Society's Board of Directors. Education: B.A. DePauw University; M.B.A., University of Chicago Booth School of Business.

### **Simon Fennell, Partner**

Simon Fennell is a co-Portfolio Manager for the International Growth and International Leaders strategies. He joined William Blair & Company in 2011 as a TMT Research Analyst focusing on idea generation and strategy more broadly. Prior to joining William Blair, Simon was a Managing Director in the Equities division at Goldman Sachs in London and Boston, where he was responsible for institutional, equity research coverage for European and International stocks. Previously, Simon was in the Corporate Finance Group at Lehman Brothers in London and Hong Kong, working in the M&A and Debt Capital Markets Groups. Education: M.A., University of Edinburgh; M.B.A., Johnson Graduate School of Management, Cornell University.

### **Andrew G. Flynn, CFA, Partner**

Andy Flynn is a co-Portfolio Manager on the Global Small Cap Growth and International Small Cap Growth strategies. Since joining William Blair in 2005, Andy has served as a U.S. Industrials and Consumer analyst as well as a non-U.S. Consumer, Healthcare and IT analyst. Before joining the firm, Andy was employed as a Senior Equity Analyst and Portfolio Manager at Northern Trust specializing in mid and small capitalization growth companies. Prior to that he worked as a Senior Equity Analyst at Scudder Kemper Investments and began his career at Fidelity Investments as a Research Assistant. Andy is a member of the CFA Institute and the CFA Society of Chicago. Education: B.A., Economics, University of Kansas; M.B.A., Finance emphasis, University of North Carolina at Chapel Hill.

### **Kenneth J. McAtamney, Partner**

Ken McAtamney is a co-Portfolio Manager for the William Blair Global Leaders and International Leaders strategies. He joined William Blair & Company in 2005 and previously served as co-director of research, as well as mid-large cap Industrials and Healthcare analyst. Prior to joining William Blair, Ken was a Vice President for Goldman Sachs and Co., responsible for institutional equity research coverage for both international and domestic equity, and he was a Corporate Banking Officer with NBD Bank. Education: B.A., Michigan State University; M.B.A. Indiana University.

### **Todd M. McClone, CFA, Partner**

Todd McClone is a co-Portfolio Manager for the Emerging Markets strategies. Prior to joining William Blair in 2000, he was a senior research analyst specializing in international equity for Strong Capital Management. Previously, he was a Corporate Finance Research Analyst with Piper Jaffray. At Piper Jaffray, he worked with the corporate banking financials team on a variety of transactions including initial public offerings, mergers and acquisitions and subordinated debt offerings as well as issued fairness opinions and conducted private company valuations. Education: B.B.A. and B.A. University of Wisconsin – Madison.

### **David Merjan, CFA, Partner**

David Merjan is a Portfolio Manager for the International ADR strategy and is a co-Portfolio Manager for the International Developed Plus strategy. Prior to joining William Blair in 1998, David was with Hughes Electronics in Los Angeles in various capacities, including the Corporate Treasury department where he focused on international mergers and acquisitions and managed corporate currency and interest rate portfolios as well as in the pension management subsidiary of Hughes where he managed an international equity fund. David is a member of the CFA Institute. Education: B.A., Dickinson College; M.I.M., American Graduate School of International Management.

### **Jack Murphy, CFA, Partner**

Jack Murphy is a co-Portfolio Manager for the International Developed Plus strategy and is the Global Consumer sector team leader where he conducts research on large-mid cap non-U.S. Consumer stocks. Prior to joining the International team, Jack was a Research Analyst within William Blair & Company's sell-side Research Department focusing on e-commerce and hardline retailers. He joined the firm in 2005. Previously, Jack worked at Credit Suisse First Boston for nearly six years as an equity research analyst covering a broad range of retail companies. Before CSFB, he worked as an equity research analyst at Lehman Brothers and as an equity research associate at Salomon Brothers. Prior to sell-side research, he worked as a financial analyst for General Electric Capital, having graduated from GE's Financial Management Program. Education: B.A., Economics, *magna cum laude*, Villanova University.

# Biographies – International Team

## **Casey K. Preyss, CFA, Partner**

Casey Preyss is a co-Portfolio Manager for the China A Shares Fund strategy and is an International Research Analyst covering mid-large cap Industrials stocks. He joined William Blair & Company's International Growth Team in 2003 as a Quantitative Analyst. Previously, Casey spent three years as an Investment Associate and Performance Analyst within William Blair & Company. Prior to joining the firm, Casey was with Thomas White International as an International Equity Research Sales Associate. Education: B.S. B.A., The Ohio State University; M.B.A., University of Chicago Booth School of Business.

## **Jeffrey A. Urbina, CFA, Partner**

Jeff Urbina, who joined William Blair in 1996, is a co-Portfolio Manager for the William Blair International Growth, International Small Cap Growth, Emerging Markets, and China A Shares Fund strategies. He is also a Portfolio Advisor on the Global Small Cap Growth team and a member of the firm's executive committee. Previously, he was a Senior Vice President and Portfolio Manager of the Van Kampen American Capital Navigator Fund, an emerging market equity fund listed on the Luxembourg exchange. While at Van Kampen, he also served as the Director of Research and was a member of the Investment Policy Committee for the firm. Prior to joining Van Kampen in 1991, Jeff spent almost 15 years in the commercial banking business with Citibank where he was a Vice President and Senior Relationship Manager in the bank's real estate group, and with Harris Bank in Chicago where he was an International Banking Officer. He is a member of the CFA Institute and the CFA Society of Chicago. Education: B.A., Northwestern University; M.M., Northwestern University Kellogg Graduate School of Management.

## **Romina Graiver**

Romina Graiver is a Senior Client Relationship Manager and International Product Specialist for European clients. She joined William Blair & Company in 2012. Previously, Romina worked at BNP Paribas Investment Partners for 13 years, initially as a Marketing Manager and then as an International Equity Product Specialist. Education: M.Sc. in Economics of Industry and Services from University of Pantheon-Sorbonne, Paris, France.

## **Blake S. Pontius, CFA**

As the International and Global Equity Specialist, Blake Pontius participates in the team's decision-making meetings, conducts portfolio analysis and is responsible for communicating current portfolio structure and outlook to clients, consultants, and prospects. Previously, he was a Client Relationship Manager responsible for senior level relations with the firm's institutional International Growth clients. Prior to joining William Blair in 2005, Blake was with UBS Global Asset Management in consultant relations/communications and a Senior Analyst at Mercer Investment Consulting. He is a member of the CFA Institute and the CFA Society of Chicago. Education: B.A., Economics, with honors, Michigan State University; M.B.A., Finance, with distinction, DePaul University.

## **Research:**

### **Alaina Anderson, CFA, Partner**

Alaina Anderson is an International Research Analyst covering all cap Real Estate stocks. Prior to joining William Blair & Company in 2006, Alaina was a Senior Analyst in the Investments Department of the MacArthur Foundation. Her responsibilities included providing research support for internally managed portfolios, as well as investment manager due diligence, selection and monitoring for the Foundation's U.S., Non-U.S. and hedge fund portfolios. Prior to her tenure with the MacArthur Foundation, Alaina served as an investor relations consultant with Ashton Partners and a financial advisor with UBS Painewebber. Alaina is a member of the CFA Institute, the CFA Society of Chicago, and a trustee of Lawrence Hall Youth Services. B.S., University of Pennsylvania Wharton School; M.B.A., University of Chicago Booth School of Business.

### **William W. Benton, CFA, CPA, Partner**

William Benton is the Information Technology Sector Team Leader and Research Analyst focused on non-U.S. mid-large cap Technology and Telecom stocks. Prior to joining Investment Management in 2007, he was previously a Research Analyst within the Technology sector of William Blair's sell-side research group for 10 years. In this position, William was twice named "Best on the Street" in The Wall Street Journal's annual analyst survey. He joined William Blair & Company in 1997. Prior to that, he worked at SBC Warburg, U.S. Cellular, May Department Store, and Monsanto. He is a member of the CFA Institute, the CFA Society of Chicago, and holds the Certified Public Accountant designation. Education: B.S., Finance, University of Illinois Urbana-Champaign; M.B.A., Dartmouth College (Tuck Scholar), Amos Tuck School of Business Administration.

### **Drew Buckley, CFA, CPA**

Drew Buckley is an International Research Analyst covering the small cap Tech, Media, and Telecom (TMT) sector. He joined William Blair & Company in 2008 as a Global Research Associate, focused on the TMT industries. Prior to joining the firm, Drew spent two years at Ernst & Young LLP in New York where he served as a Senior Associate in the Investment Management Assurance practice. He is a member of the CFA Institute, the CFA Society of Chicago, and holds the Certified Public Accountant designation. Education: B.S., Business, University of Colorado – Boulder.

# Biographies – International Team

## **Taylor Cope, CFA**

Taylor Cope is an International Research Analyst covering the small cap Industrials sector. Prior to joining the firm in 2007 as a Research Associate, Taylor was a Research Analyst at Giuliani Capital Advisors in Chicago, where he was responsible for new opportunity generation, deal support and industry intelligence in the Retail, Consumer and Financial sectors. He is a member of the CFA Institute and the CFA Society of Chicago. Education: M.A. (Hons), University of St. Andrews, Scotland.

## **Travis Cope**

Travis Cope is an Emerging Markets Small Cap Generalist Research Analyst. Prior to this role, he served as an International Research Analyst covering the small cap Resources sector. Travis joined William Blair & Company in 2008 as a Global Research Associate, supporting the Global Energy team under the guidance of research analysts. Prior to joining the firm, he was an Analyst at Macquarie Bank in Chicago, where he engaged in Corporate Restructuring advisory. Education: M.A. International Relations and Modern History, University of St. Andrews, Scotland.

## **William De Allaume, CFA**

William De Allaume is an International Research Analyst covering the mid-large cap Resources sector. Prior to joining William Blair, he was Managing Director and Sector Head at UBS Global Asset Management, where he was responsible for Energy, Materials, Utility and Transport sectors. He also worked in asset consulting at Bankers Trust Company prior to graduate school. He is a member of the CFA Institute and the CFA Society of Chicago. Education: B.S., Montclair State University; M.B.A. in Analytic Finance and M.A. in International Relations, University of Chicago.

## **Joel Gomberg, CFA, Partner**

Joel Gomberg is the Co-Director of Global Research for Investment Management, Global Financials Sector Team Leader, and conducts mid-large cap non-U.S. Financials research. He joined the firm in 1997 as an equity analyst following the Finance industry, including Commercial Banks, Global Investment Banks, Exchanges, Retail Brokers and Commercial Property Service companies and was group head of the Financials sector. In this role, Joel was included in The Wall Street Journal's annual analyst survey, "Best on the Street" three times. Previously, Joel was an equity analyst at Duff & Phelps and Howe Barnes Investments covering specialty finance and bank stocks. He also worked at Northern Trust Company, primarily in commercial banking and credit policy. He is a member of the CFA Institute and the CFA Society of Chicago. Education: B.S., University of Illinois at Urbana-Champaign; M.B.A., University of Chicago Booth School of Business.

## **D.J. Neiman, CFA, Partner**

D.J. Neiman is an International Research Analyst covering small cap Financials stocks. Before transitioning to the International Growth team, he was an analyst in William Blair & Company's sell-side research group, covering the Financials sector with a focus on the asset management and advisory investment banking industries. Previously, he was a senior accountant with William Blair Funds and a fund analyst at Scudder Kemper Investments. He is a member of the CFA Institute and the CFA Society of Chicago. Education: B.S., Miami University; M.B.A., high distinction, University of Michigan Ross School of Business.

## **Andrew J. Siepker, CFA**

Andrew Siepker is an International Research Analyst covering the small cap Consumer stocks. He joined William Blair & Company in 2006. Prior to moving to the International Team, Andrew worked on William Blair & Company's sell-side as a Research Associate, focusing on e-commerce and hardline retailers. Prior to joining William Blair & Company, he worked as a financial analyst in a finance training program at First Data Corporation. Andrew is a member of the CFA Institute and the CFA Society of Chicago. Education: B.S., Finance, highest distinction, University of Nebraska.

## **Thomas A. Sternberg, CFA**

Tommy Sternberg is an International Research Analyst covering Healthcare stocks. He joined William Blair & Company in 2004 as a Research Associate in Investment Management focusing primarily on the Healthcare industry. Previously, Tommy spent two years at Oak Brook Bank where he served as an equity analyst in the Investment Management and Trust Department. He is a member of the CFA Institute and the CFA Society of Chicago. Education: B.S., Economics, Duke University; M.B.A., University of Chicago Booth School of Business.

## **Dan Su, CFA**

Dan Su is an International Research Analyst covering the small cap Consumer sector. She joined William Blair & Company in 2013. Previously, Dan was a Senior Equity Analyst at Morningstar covering global apparel and internet service companies. Prior to her experience with Morningstar, Dan held various positions in corporate strategy for media and technology companies in China and Singapore. Dan is a member of the CFA Institute and the CFA Society of Chicago. Education: B.A., Beijing Foreign Studies University; M.B.A., University of Chicago Booth School of Business.

# Biographies

## Systematic Research:

### **Spiro Voulgaris, Partner**

Spiro Voulgaris joined William Blair & Company in 2007 as a Senior Quantitative Analyst in Investment Management. He brings to the firm approximately 15 years experience as a quantitative analyst and strategist. Prior to joining the firm, Spiro was a Senior Quantitative Analyst with Neuberger Berman for five years and subsequently worked alongside the same investment professionals for an additional three years while with Northern Trust. He was also with Lehman Brothers for six years where he was a Strategist and Quantitative Analyst for their global and U.S. Investment Strategy teams in London and New York. Education: B.A., Economics, University of Chicago; M.B.A., with a concentration in Statistics and International Finance, University of Chicago Booth School of Business.

### **Steven J. Englehardt**

Steve Englehardt joined William Blair & Company in 2011 as a Quantitative Resources Analyst. He is responsible for implementing quantitative models developed by the Quantitative Research team. He acts as the liaison between the Quantitative Research team and users of quantitative research. Prior to joining the firm, Steve was a Consultant and Product Developer at FactSet Research Systems in Boston and Norwalk, CT. He is a Level III CFA candidate. Education: B.A. Economics, Boston College.

### **Andrew Kominik, CFA**

Andrew Kominik joined William Blair & Company in 2003. After serving as a marketing analyst and portfolio construction analyst, Andrew moved into his current role, Quantitative Portfolio Analyst, in 2007. He primarily supports equity management teams in the use of internal and external quantitative models to evaluate portfolio risk and performance. Andrew also develops and programs multifactor quantitative models that are used by the fundamental equity analysts and Portfolio Managers. He is a member of the CFA Institute and the CFA Society of Chicago. Education: B.A., History, Brandeis University; M.B.A., with concentrations in Econometrics & Statistics and Finance, University of Chicago Booth School of Business.

## Strategy Research:

### **Olga Bitel**

Olga Bitel joined William Blair & Company in 2009. She is responsible for economic research across all regions and sectors. Prior to joining the firm, Olga was a Senior Economist at the National Institute of Economic and Social Research in London, U.K., where she was responsible for macroeconomic forecasting and thematic research projects for international organizations and government bodies. Education: B.A., University of Chicago; M.Sc. Economics, London School of Economics and Political Science.

### **Melissa McGrane, CFA**

Melissa McGrane joined William Blair Investment Management in 2001 and has been in her current role as a quantitative strategy analyst since 2007. She joined the research team in 2004 as a research associate focusing on companies in the consumer and financial sectors. Previously, she spent three years as a fixed income associate within the department. Melissa is a member of the CFA Institute and the CFA Society of Chicago. Education: B.S. in Economics and Business Administration, Coe College, magna *cum laude*; M.B.A., University of Chicago Booth School of Business.

# Biographies – Client Service Team

## **John V. McLaughlin, CFA, Partner**

John McLaughlin is the Head of Institutional Client Relationships. He joined William Blair & Company in his current role in 2004. Previously, John was with Brinson Partners/UBS Global Asset Management for 14 years. Prior to that, he was an advisor on structured financed and leveraged buy-outs with the former First Chicago Corporation for 10 years. Education: B.A./M.A., University of Nebraska; M.B.A., Arizona State University.

## **Robert J. Duwa, CFA, Partner**

Robert Duwa is a Senior Client Relationship Manager. He joined William Blair & Company in his current role in 2010. Previously, Bob was a senior consultant and practice leader with DeMarche Associates Inc. for 11 years. While at DeMarche, Bob was also president of Discretionary Management Services, a registered investment advisor. Prior to that, he was in client service and marketing roles for First Chicago and Boatmen's Trust Company. He is a member of the CFA Institute and the CFA Society of Chicago. Education: B.A. Finance, Loras College.

## **Douglas J. Kryscio, CFA**

Doug Kryscio is a Senior Client Relationship Manager. He joined William Blair & Company in his current role in 2011. Previously, Doug was a Partner and Midwest and Great Lakes Market Business Leader with Mercer Investment Counseling for 11 years. While at Mercer, Doug was also a Senior Analyst, Associate and Principal. Prior to that, he was a Portfolio Manager for First Chicago. He is a member of the CFA Institute and the CFA Society of Chicago. Education: B.B.A. Finance, department honors, University of Kentucky; M.B.A., Finance, with distinction, DePaul University, Phi Kappa Phi and Delta Mu Delta National Honor Society.

## **John J. Manley, CFA**

John Manley joined William Blair & Company as a Senior Client Relationship Manager in 2014. Previously, John was a partner with Meketa Investment Group. While at Meketa, he served as investment consultant to various defined benefit, defined contribution, annuity, foundation, non-profit, and health & welfare fund plan sponsors. His consulting work included investment policy design and asset allocation modeling in addition to the analysis of manager and fund performance. Prior to Meketa, John was a senior research analyst at Kobren Insight Management and a client account manager at Brown Brothers Harriman. He is a member of the CFA Institute, the Boston Security Analysts Society, and has passed Level I of the Chartered Alternative Investment Analyst (CAIA) exam. Education: B.A., Economics and Government, Hamilton College.

## **Alex Schneider**

Alex Schneider is a Client Relationship Manager. He joined William Blair & Company in 2012. Previously, he spent six years at PNC Institutional Investments as a relationship manager and two years as an Analyst at Bank of America. Alex is a Level II Candidate in the CFA program. Education: B.S., finance and marketing, with distinction, University of Illinois at Chicago Honors College; M.B.A., University of Chicago Booth School of Business.

## **Julie Stevens, CFA**

Julie Stevens joined William Blair & Company in 2000 as a member of Investment Management's Operations team. She is the Head of Client Services. She has been a member of the Client Services team since May of 2004. Previously, she spent three years at Bank One as a Financial Analyst for the Asset Liability Management Department. She is a member of the CFA Institute and the CFA Society of Chicago. Education: B.S., Indiana University; M.B.A., University of Chicago Booth School of Business.

## **Cliff Kalish**

Cliff Kalish is a Senior Client Service Associate. He joined William Blair & Company in his current role in 2011. Previously, Cliff was a Client Relationship Manager at Calamos Investments for six years. Prior to that, Cliff was a Research Analyst at Ellwood Associates for five years. Cliff is a Level II Candidate in the CFA program. Education: B.S. in Consumer Economics with option in Finance, University of Illinois at Urbana-Champaign.

## **Megan Schlesinger, CFA**

Megan Schlesinger is a Senior Client Service Associate. She joined William Blair & Company in her current role in 2010. Previously, she spent three years at Advisory Research, Inc., in client services. She is currently a member of the CFA Institute, CFA Society of Chicago, and Women Investment Professionals of Chicago. Previously, Megan was a board member of the Empowering Women Network Young Executives Board. Education: B.S., Finance, with high distinction, The Pennsylvania State University.

# Biographies – Client Service Team

## **Dana Denizman**

Dana Denizman joined William Blair & Company in 1999 as a member of the Small Cap Growth team. Currently, she is responsible for client service, and has been a member of the Client Services team since May 2004. Previously, she spent four years at PaineWebber in various positions, including Registered Sales Assistant, Branch Office Administrator and in the Management Development Program. Prior to that, Dana spent four years at American Century as a Client Service Representative. Education: B.A., University of Iowa.

## **Jennifer Pinner**

Jennifer Pinner joined William Blair & Company in 2014 as a member of Investment Management Institutional Client Service. She is a Client Service Associate, responsible for both international and domestic accounts. Previously, she spent eight years at Northern Trust in various positions, including Senior Consultant and Senior Account Manager for the Corporate and Institutional Services team. Education: B.S., DePaul University; M.B.A., Saint Xavier University Graham School of Management.

## **Mark Selby**

Mark Selby joined William Blair & Company in 2013 as a member of Investment Management Institutional Client Service. He is a Client Service Associate, responsible for both international and domestic accounts. Previously, Mark was a Consultant at Ennis Knupp & Associates for over five years. Education: B.S., Finance, Illinois State University.

## **David Townsend, CFA**

David Townsend joined William Blair & Company in 2013 as a member of Investment Management Institutional Client Service. He is a Client Service Associate, responsible for both international and domestic accounts. Previously, David spent nine years at Bank of America's corporate investment bank as an Assistant Vice President and two years with CIT group as a capital markets senior associate. Since 2008, David's been an Associate Professor of Finance with Lewis University. He is a member of the CFA Institute and the CFA Society of Chicago. Education: B.S.B.A Finance, The Ohio State University; M.S. Financial Markets – Financial Engineering, Illinois Institute of Technology.

# Glossary - Terms

**Alpha:** A measure of a portfolio's return in excess of the market return, after both have been adjusted for risk. It is a mathematical estimate of the amount of return expected from a portfolio above and beyond the market return at any point in time. For example, an alpha of 1.25 indicates that a stock is projected to rise 1.25% in price in a year over the return of the market, or the return when the market return is zero. When an investment price is low relative to its alpha, it is undervalued, and considered a good selection.

**Beta:** A quantitative measure of the volatility of the portfolio relative to the overall market, represented by a comparable benchmark. A beta above 1 is more volatile than the overall market, while a beta below 1 is less volatile, and could be expected to rise and fall more slowly than the market.

**Developed Markets:** Using the Morgan Stanley Capital International (MSCI) geographic definition, this region includes: United Kingdom, Europe (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Spain, Sweden and Switzerland), Japan, Pacific Asia (Australia, Hong Kong, New Zealand, and Singapore) and the Western Hemisphere (Canada and other Americas).

**Debt to Total Capital Ratio:** This figure is the percentage of each company's invested capital that consists of debt. Companies with a high Debt to Total Capital level may be considered more risky. From a portfolio perspective, the portfolio Debt to Total Capital Ratio is a weighted average of the individual holdings' Debt to Total Capital Ratio.

**Emerging Markets:** Using MSCI's geographic definition, this region includes: Emerging Markets Asia (China, India, Indonesia, Malaysia, S Korea, Taiwan, and Thailand), Emerging Markets Europe, Mid-East and Africa (Czech Republic, Hungary, Poland, Russia, Turkey, Egypt, Morocco, and S Africa), and Latin America (Argentina, Brazil, Chile, Columbia, Mexico, Peru and Venezuela).

**EPS (Earnings Per Share) Growth Rate (Projected):** This measure represents the weighted average of forecasted growth in earnings expected to be experienced by the stocks within the portfolio over the next 3-5 years. From a portfolio perspective, the portfolio P/E ratio and EPS Growth Rate are weighted averages of the individual holdings' P/E ratios and EPS Growth Rates. Data calculated in FactSet.

**EV/EBITDA: (Enterprise Value / Earnings Before Interest, Taxes and Depreciation-Amortization):** The EV/EBITDA ratio is useful for global comparisons because it ignores the distorting effects of individual countries' taxation policies. It's used to find attractive takeover candidates. Enterprise value is a better measure than market cap for takeovers because it takes into account the debt which the acquirer will have to assume. Therefore, a company with a low EV/EBITDA ratio can be viewed as a good takeover candidate.

**EV/IC: (Enterprise Value / Invested Capital) Ratio:** Enterprise Value (EV), which is market capitalization minus cash plus debt divided by Invested Capital (IC), which is the sum of common stock, preferred stock and long-term debt. This number will get you a simple multiple. If it is below 1.0, then it means that the company is selling below book value and theoretically below its liquidation value.

**Information Coefficient:** A measure of the correlation between expected and actual returns.

**Information Ratio:** A measure of risk-adjusted return. The annualized excess return of the portfolio relative to a respective benchmark, divided by the annualized tracking error relative to that same benchmark. The higher the measure, the higher the risk-adjusted return.

**PBVn: (Price/Book Value) Ratio:** The PBV Ratio measures the value of a company's common stock relative to its shareholder's equity. A price-to-book multiple above one means that the price of the company's common stock is higher than its common shareholder's equity. A price-to-book multiple below one means that the price of the company's common stock are less than its break-up value, and the shares may be undervalued.

**PCF: (Price/CashFlow):** Some analysts favor the price/cash flow over the price-earnings (PE) ratio as a measure of a company's value. Cash flow is a measure of a company's financial health. It equals cash receipts minus cash payments over a given period of time.

**P/E: (Price/Earnings) Ratio:** This is the most common measure of how expensive a stock is. Simply, it is the cost an investor in a given stock must pay per dollar of current annual earnings. A high P/E generally indicates that the market is paying more to obtain the stock because it has confidence in the company's ability to increase its earnings. Conversely, a low P/E often indicates that the market has less confidence that the company's earnings will increase rapidly or steadily, and therefore will not pay as much for its stock.

**R-squared:** A measurement of how closely the portfolio's performance correlates with the performance of its benchmark, such as the MSC AC World Free ex US Index. In other words, it is a measurement of what portion of a portfolio's performance can be explained by the performance of the overall market or index. Ranges from 0 to 1, where 0 indicates no correlation and 1 indicates perfect correlation.

**Risk (Standard Deviation):** A measure of the portfolio's risk. A higher standard deviation represents a greater dispersion of returns, and thus a greater amount of risk. The annualized standard deviation is calculated using monthly returns.

**Sharpe-Ratio:** A risk-adjusted measure calculated using standard deviation and excess return (Portfolio return - Risk Free Rate) to determine reward per unit of risk. The higher the Sharpe ratio, the better the portfolio's historic risk-adjusted performance.

**Tracking Error:** Tracking Error measures the extent to which a portfolio tracks its benchmark. The tracking error of an index portfolio should be lower than that of an active portfolio. The tracking error will always be greater than zero if the portfolio is anything other than a replication of the benchmark.

**Trailing 1-Year Turnover:** This figure reflects the portfolio's trading activity by calculating the amount of the portfolio's holdings bought or sold over the prior year, expressed as a percentage of the portfolio's average market value. Turnover figures may be related to the amount of trading costs experienced by the portfolio.

**Weighted Average Market Capitalization:** Market capitalization refers to the total market value of each company's outstanding shares. The Weighted Average Market Capitalization for a portfolio is calculated as the average market capitalization of the stocks within the portfolio, weighted by the amount of each stock owned.

**Weighted Median Market Capitalization:** This calculation represents the median market capitalization of the stocks in the portfolio, weighted by the amount of each stock owned.

# Glossary – Indices

**Bank of America Merrill Lynch 1-Year U.S. Treasury Note Index:** An unmanaged index comprised of a single U.S. Treasury Bill issued at the beginning of each month and held for a full month. Each month the index is rebalanced and the issue selected is the outstanding U.S. Treasury Note that matures closest to, but not beyond one year from the rebalancing date.

**Bank of America Merrill Lynch 3-Month Treasury Bill Index:** An unmanaged index tracking 3-month U.S. government securities.

**Barclays U.S. Aggregate Bond Index:** A broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid ARM pass-throughs), asset-backed securities and commercial mortgage backed securities.

**Barclays Intermediate Govt./Credit Bond Index:** A fixed-rate government and corporate bonds rated investment grade or higher.

**Barclay's Multiverse Index:** Provides a broad-based measure of the global fixed-income bond market. The index represents the union of the Global Aggregate Index and the Global High-Yield Index and captures investment grade and high yield securities in all eligible currencies. Standalone indices such as the Euro Floating-Rate ABS Index and the Chinese Aggregate Index are excluded. The Multiverse Index family includes a wide range of standard and customized sub-indices by sector, quality, maturity, and country.

**Barclays U.S. Intermediate Aggregate Bond Index:** A broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid ARM pass-throughs), asset-backed securities and commercial mortgage backed securities with maturities between one and 10 years.

**Merrill Lynch 1-Year U.S. Treasury Note Index:** Comprised of a single U.S. Treasury Bill issued at the beginning of each month and held for a full month. Each month the index is rebalanced and the issue selected is the outstanding U.S. Treasury Note that matures closest to, but not beyond one year from the rebalancing date.

**Merrill Lynch 3-Month Treasury Bill Index:** An unmanaged index tracking 3-month U.S. government securities.

**MSCI: (Morgan Stanley Capital International):** MSCI indices are the most widely used benchmarks by global portfolio managers. MSCI offers international investors performance benchmarks for 51 national stock markets as well as regional, sector, industry group, and industry aggregations.

**MSCI All Country World ex-US EAFE Index:** An unmanaged index that includes developed and emerging markets outside the United States.

**MSCI All Country World ex-US Small Cap Index:** A free float-adjusted market capitalization index designed to measure global developed and emerging market small capitalization equity performance, excluding the U.S.

**MSCI EAFE IMI Index:** A free float-adjusted market capitalization index that is designed to measure equity market performance in the developed markets outside the United States.

**MSCI All Country World ex-US Index:** An unmanaged index that includes developed and emerging markets.

**MSCI All Country World ex-US IMI Index:** A free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US.

**MSCI All Country World IMI Index:** A free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets.

**MSCI All Country World ex-US IMI Growth Index:** A free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US. It includes those MSCI All Country World ex-US IMI Index securities with higher price-to-book ratios and higher forecasted growth rates.

**MSCI World ex-US Growth Index:** A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S., with higher price-to-book ratios and higher forecasted growth rates.

**MSCI World ex-US Index:** A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S.

**MSCI All Country World ex-US Small Cap Index:** A free float-adjusted market capitalization index designed to measure global developed and emerging market small capitalization equity performance, excluding the U.S.

**MSCI Emerging Markets IMI Index:** A free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

**MSCI Emerging Markets Small Cap Index:** A free float-adjusted market capitalization index that is designed to measure equity market performance of small cap companies in emerging markets.

**MSCI Emerging Markets Large Cap Index:** A free float-adjusted market capitalization index that is designed to measure equity market performance of large cap companies in emerging markets.

**MSCI World ex-US Small Cap Index:** An unmanaged index that includes non-US developed markets.

**Russell 1000 Index:** Measures the performance of the 1000 largest companies in the Russell 3000 Index, which represents approximately 90% of the total market capitalization of the U.S. market.

**Russell 1000 Growth Index:** Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Value Index:** Measures the performance of the large cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 2000 Index:** Measures the performance of the 2000 smallest companies in the Russell 3000 index, which represents approximately 8% of the total market capitalization of the Russell 3000 index.

**Russell 2000 Growth Index:** Measures the performance of those Russell 2000 companies with higher price-to book ratios and higher forecasted growth values.

**Russell 2000 Value Index:** Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 2500 Index:** Measures the performance of the 2500 smallest companies in the Russell 3000 Index.

**Russell 2500 Growth Index:** Measures the performance of those Russell 2500 companies with higher price-to book ratios and higher forecasted growth values.

**Russell 2500 Value Index:** Measures the performance of those Russell 2500 companies with lower price-to book ratios and lower forecasted growth values.

**Russell 3000 Index:** Measures the performance of the 3000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

**Russell 3000 Growth Index:** Measures the performance of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell Midcap Index:** Measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 27% of the total market capitalization of the Russell 1000 companies.

**Russell Midcap Growth Index:** Measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.

**Russell Midcap Value Index:** Measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values.

**S&P 500 Index:** An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. Companies included in the index are selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor's. The S&P 500 is a market value weighted index—each stock's weight is proportionate to its market value.

**A direct investment in an unmanaged index is not possible.**

# Composite Disclosure – International Growth All Cap Growth

Calendar Year	Total Gross Asset-Weighted Return	Total Net Asset-Weighted Return	MSCI ACWI ex US IMI blend (net)	Composite 3-Yr	Benchmark 3-Yr	Number of Portfolios	Dispersion	Composite Assets	Percent Non-Fee Paying	Percent of Total Firm Assets
				Standard Deviation	Standard Deviation			End of Period (mm)		
2004	20.12%	19.07%	21.93%	14.62	15.02	25	0.32%	\$6,928.70	0.00%	26.46%
2005	23.07%	21.99%	17.68%	11.60	11.55	26	0.84%	\$10,105.35	0.00%	30.09%
2006	25.04%	23.95%	26.51%	11.06	10.23	27	0.49%	\$13,514.52	0.00%	31.59%
2007	19.73%	18.68%	16.13%	12.00	10.65	27	0.62%	\$16,377.91	0.00%	33.45%
2008	-52.27%	-52.73%	-45.99%	23.75	21.13	24	0.72%	\$6,906.24	0.00%	26.37%
2009	46.32%	45.01%	43.60%	26.53	25.52	23	0.73%	\$9,739.15	0.00%	26.58%
2010	21.19%	20.22%	12.73%	27.77	27.57	40	0.77%	\$14,599.87	0.00%	33.04%
2011	-13.05%	-13.74%	-14.31%	20.43	22.79	41	0.52%	\$11,567.14	0.00%	28.08%
2012	23.94%	22.95%	17.04%	18.02	19.29	41	0.58%	\$14,265.48	0.00%	28.75%
2013	21.14%	20.17%	15.82%	15.41	16.24	40	0.27%	\$16,962.01	0.00%	27.35%

## Disclosures:

William Blair Investment Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. William Blair Investment Management has been independently verified for the periods January 1, 1993 through December 31, 2012. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The International Growth All Cap Growth composite has been examined for the periods presented through December 31, 2012. The verification and performance examination reports are available upon request. For purposes of compliance with GIPS, the Firm is defined as all accounts managed by William Blair Investment Management, which is the money management operation of William Blair & Company, LLC. William Blair & Company, LLC is an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training.

International Growth All Cap Growth invests in a broad range of companies based in developed and emerging markets outside of the United States. Companies have had and are expected to maintain superior growth, profitability and quality relative to local markets. The strategy will occasionally include the use of forward currency contracts to hedge some of the foreign currency exposure which accompanies investment in foreign currency-denominated securities. The benchmark that best reflects the composite's investment strategy is the MSCI All Country World Ex US Investable Market Index (IMI) Net, which is a free float-adjusted market capitalization index that is designed to measure equity market performance, net of withholding taxes, in the global developed and emerging markets, excluding the US. For any period shown prior to 1995 the benchmark return shown is for the MSCI All Country World Ex US Index, because the IMI index returns are not available for these periods. Portfolio and composite returns are calculated daily. Prior to January 1st, 2009, portfolio returns were calculated monthly using a time-weighted monthly linked return formula with adjustments for cash flows and composites were calculated monthly by weighting portfolio returns based on beginning of month market value. Valuations and returns are denominated in U.S. Dollars. Accrual accounting is used for dividends. The dividend accruals included in portfolio valuations are net of applicable withholding taxes. Pending withholding tax reclaims are not accrued for in the portfolio valuations. Portfolios must have an initial market value greater than or equal to \$1 million to be included in the composite. New accounts are added to the composite at the beginning of the month following the first full calendar month under management. Prior to July 2007, new accounts were added to the composite at the beginning of the quarter following two full calendar months under management. Portfolios that change investment strategies are transferred between composites in the first full monthly period the portfolio is managed under the new style. Portfolios will be excluded from their composite the first month immediately following their last complete month of authorized management by the Firm. For all periods, portfolios are removed from this composite, in the event of a significant cash flow, for the month during which the flow occurs. Portfolios are typically added back into the composite the following month. A portfolio is determined to have a significant cash flow if the accumulated net external flows of cash and/or securities during a month total more than 25% of the beginning of month portfolio market value. Additional information regarding the treatment of significant cash flows is available upon request. Composite dispersion measures represent the consistency of a firm's composite performance with respect to the individual portfolio returns within a composite. The dispersion of annual returns is measured by the asset-weighted standard deviation of the gross returns in the composite. Dispersion includes only those portfolios that have been included in the composite for the entire year. This eliminates any inaccuracies created by annualizing partial year returns. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. This statistic is not presented until there are 36 months of performance available. Performance results are stated gross and net of max investment advisory fees. The management fee schedule is as follows, effective January 2010:

Up to \$20,000,000:	0.80%
Next \$30,000,000:	0.60%
Next \$50,000,000:	0.50%
Next \$50,000,000:	0.45%
Next \$50,000,000:	0.40%
Over \$200,000,000:	0.30%

The maximum fee is 0.80%.

From its inception in 1992 through third quarter of 1996, the International Growth product was sub-advised by Framlington Group plc, a London-based investment firm. In 1996, management of the fund was brought in house. The International Growth Team Composite was created in October, 2001. Prior to July 2002, the only account in the composite was a mutual fund. A complete list and description of firm composites is available upon request. Additional information regarding policies for valuing portfolios, calculating performance and preparing compliant presentations is also available upon request. Past performance is not indicative of future results.