

March 31, 2015

FORM ADV PART 2A (Firm Brochure)

This Brochure (also known as Form ADV Part 2A) provides information about the qualifications and business practices of William Blair & Company, L.L.C. If you have questions about the contents of this Brochure, please contact us at imcompliance@williamblair.com or (312) 236-1600. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about William Blair & Company, L.L.C. also is available on the SEC's website at www.adviserinfo.sec.gov.

William Blair & Company, L.L.C. is registered as an investment adviser with the SEC. Our registration as an investment adviser does not imply a certain level of skill or training.

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ITEM 2 – MATERIAL CHANGES

William Blair & Company, L.L.C. (“William Blair” or “firm” or “we”) has updated our Brochure (also known as Form ADV Part 2A) as of March 31, 2015. Our last update was an annual amendment as of March 28, 2014. Although we do not consider these latest changes to be material changes that could influence your evaluation of us as an investment adviser, we believe it is important information to share.

We have amended our Brochure primarily to reflect updated information regarding our investment advisory business as well as to inform clients of a planned internal corporate restructuring. The restructuring would be internal only, and the firm’s ownership structure and management would remain unchanged. William Blair continues to be 100% employee-owned by the partners actively engaged in the firm’s businesses.

As part of the restructuring, William Blair Investment Management, LLC, was formed for the intended purpose to house William Blair’s institutional investment management business, separate from other business lines within William Blair. William

Blair Investment Management, LLC is registered as an investment adviser with the U.S. Securities and Exchange Commission. We anticipate that the restructuring will be finalized later in 2015.

William Blair Investment Management, LLC is an affiliate of William Blair and will conduct only investment adviser activities, while William Blair will remain registered with the SEC as both a broker-dealer and an investment adviser to support William Blair’s other business activities. William Blair Investment Management, LLC is a wholly owned subsidiary of WBC Holdings, L.P., just as is William Blair.

As a reminder, we may at any time update our Brochure and will either send you a copy or offer to send you a copy (either electronically or in hard copy) as may be necessary or required. If you would like another copy of this Brochure, you may download it from the SEC’s website at www.adviserinfo.sec.gov, or you may contact our investment management compliance team at (312) 236-1600 or e-mail us at imcompliance@williamblair.com.

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ITEM 4 – ADVISORY BUSINESS

Firm Description

William Blair & Company, L.L.C. (“William Blair” or “firm” or “we”) is a global investment firm offering investment management and related services to clients. The firm was founded in 1935 and is registered with the U.S. Securities and Exchange Commission (“SEC”) as both an investment adviser and a securities broker-dealer. William Blair (a privately held company) is a wholly owned subsidiary of WBC Holdings, L.P., which is wholly owned by current William Blair employees (we may refer to employee owners as ‘partners’ in this Brochure). William Blair also is an affiliate of William Blair Investment Management, LLC, an investment adviser registered with the SEC. William Blair Investment Management, LLC was formed for the intended purpose to house William Blair’s institutional investment management business, separate from the other business lines within William Blair. We anticipate that this internal restructuring will be finalized later in 2015.

Investment Advisory Services

William Blair provides investment management services for a fee to institutional and individual clients through our Investment Management and Private Client Advisors divisions. We also provide non-discretionary investment management services on a limited basis. Clients pay us investment advisory fees based on fee schedules as described in Items 5 and 6 and also may pay us commissions for transactions executed in their accounts as further described in this Brochure.

Availability of Tailored Services for Clients

As a discretionary investment manager, we provide investment management services in accordance with clients’ investment guidelines. We accept investment restrictions from clients if the restrictions do not hinder our ability to execute our investment strategies. In some cases, we may provide investment guidance to clients on a non-discretionary basis (on either a portion of the assets held in the account or the entire account) with the client making final investment decisions. We manage pooled investment vehicles (such as registered investment companies, or private investment funds) in accordance with their stated investment guidelines and restrictions and do not tailor investments to the individualized needs of any particular shareholder or fund investor.

Investment Management Division

William Blair’s Investment Management (“IM”) division provides investment management services to institutions, registered investment companies (mutual funds), including the William Blair Funds and

the William Blair Directional Multialternative Fund (collectively, the “Funds” or “William Blair Funds”), private investment companies and other private pooled investment vehicles (each a “Private Fund” or collectively, “Private Funds”), high net worth clients and wrap program clients on a discretionary basis. Customized wealth management for clients whose accounts are managed by the IM division is provided by the Investment Counseling group (“Counseling”). Investment management services provided by IM are monitored by William Blair’s IM compliance personnel.

William Blair also is registered with the U.S. Commodity Futures Trading Commission as a Commodity Trading Advisor (“CTA”) and a Commodity Pool Operator (“CPO”). As a CTA, William Blair provides investment management services on a discretionary basis to Private Funds. As a CPO, we provide investment management services to mutual funds that invest in derivative instruments such as futures and swaps.

In addition to IM portfolio managers and analysts directly employed by William Blair, we may also utilize resources and personnel of our subsidiary, William Blair International, Limited (“William Blair International”). William Blair International is an asset manager located in London and is registered with the UK Financial Conduct Authority. William Blair also maintains sales and client service offices in Sydney, Australia and Zurich, Switzerland. No investment management activities are conducted from these locations.

Any arrangements with William Blair International are subject to various conditions designed to ensure compliance with U.S. laws and regulations and adequate SEC oversight when advisory services are provided to U.S. persons. These conditions require, among other things, that certain employees of William Blair International be subject to a Code of Ethics and comply with certain U.S. rules when it provides services to William Blair. (Please see Item 11 entitled “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” in this Brochure for a more detailed discussion of the Code of Ethics.)

Private Client Advisors Division

William Blair’s Private Client Advisors (“PCA”) division provides customized wealth management for individuals, smaller institutions, high-net worth and wrap clients on a discretionary basis. Discretionary investment advisory services provided by PCA are monitored by William Blair’s PCA compliance personnel. William Blair also is registered with the SEC as a broker-dealer, and PCA offers brokerage services to clients as described in Item 10 of this Brochure.

Wrap Fee Program Clients

William Blair serves as an investment manager to and sponsor of wrap fee programs. A wrap fee program is a program where a client is charged a specified “bundled” fee (generally, a percentage of assets under management) for discretionary investment management services and trade execution costs and sometimes other services such as custody, recordkeeping and reporting.

Our IM division provides investment management services to clients of wrap fee programs sponsored by third party wrap program sponsors (e.g., broker-dealers). Sponsors pay us an investment management fee from a portion of the total wrap fee based upon the total assets we manage for wrap program sponsors’ clients. We manage these accounts using strategy model portfolios (similar to how we manage other separate accounts), but we generally accept fewer client-imposed investment restrictions for these accounts. For international investment strategies, we may invest in ordinary shares for institutional clients and generally invest in American Depositary Receipts (ADRs) for wrap program clients. Because we typically execute wrap account trades through each respective wrap program sponsor, these accounts usually are included in the second tier of our trade rotation process, as described more fully in Item 12 in this Brochure.

Our compensation under a wrap program may be lower than our standard fee schedule; however, the overall cost of a wrap arrangement may be higher than a client otherwise would pay if the client paid our standard fee schedule and negotiated transaction costs and any other services (e.g., custody, recordkeeping and reporting) through a broker-dealer.

We also sponsor and provide investment management services for our own wrap fee programs for our clients as described further in William Blair’s Form ADV 2A, Appendix 1, also known as our “Wrap Program Brochure.”

Third Party Service Providers

William Blair has outsourced several operational functions relating to its wrap program business to Vestmark Inc. (“Vestmark”). Vestmark utilizes its own internal systems to maintain wrap accounts that William Blair manages for third party wrap program sponsors. Vestmark is responsible for performing the following functions: new client account initialization and maintenance; trade order generation and routing; confirmation and settlements; client account asset and cash reconciliation; client imposed guideline monitoring and recordkeeping.

Institutional Shareholder Services, Inc. (“ISS”) provides proxy voting, maintenance, reporting, analysis and recordkeeping services for William Blair with respect to proxies for companies whose securities are managed by William Blair on a discretionary basis.

William Blair has entered into agreements with Fidelity Investments and its various affiliates including National Financial Services and Institutional Wealth Services (collectively, “Fidelity”), whereby Fidelity will provide custodial, brokerage and certain other services for certain retail clients of William Blair, including Counseling, William Blair Select (“Select”) and PCA. Clients who choose to use Fidelity’s services enter into separate custodial and/or brokerage agreements with Fidelity. Clients are not required to use Fidelity for these services, and clients are free to work with other custodians. Each client who considers Fidelity will be provided with the appropriate agreements and applicable fee schedules at that time. It is expected that William Blair and any third party managers utilized by the client through the Select program will direct most, if not all, trades for clients that retain Fidelity to provide such services, to Fidelity.

Assets under Management

As of December 31, 2014, William Blair had \$68.8 billion in total assets under management consisting of \$62.9 billion in our IM division and \$5.8 billion in our PCA division. Of the \$68.8 billion in total assets under management, we managed \$68.7 billion on a discretionary basis and \$0.02 billion on a non-discretionary basis.

ITEM 5 – FEES AND COMPENSATION

William Blair provides investment management services to clients and charges annual fees, payable quarterly either in advance or in arrears (depending on the terms of each investment management or subscription agreement). When charged in advance, fees are based on the total market value of each account (including accrued interest and dividends) on the last day of the prior quarter except as otherwise described in this section. When charged in arrears, fees are based on the total market value of each account (including accrued interest and dividends) on the last day of the current quarter, except as otherwise described in this section.

We also charge performance fees in addition to investment management fees in certain cases. Please see Item 6 for more information on performance fees.

Ongoing fees reduce the value of an investment portfolio over time. Because of the fees you pay, you have a smaller amount invested that is earning a return whether the fee is paid separately or debited from a portfolio's assets. You are encouraged to discuss the potential impact of fees with your relationship manager or financial advisor.

Payment of Fees

You may elect to be billed directly for investment management fees or may authorize William Blair to directly debit fees from your custodial account as is generally defined in the investment management or subscription agreement. Many of our clients elect to have their quarterly fees directly debited from their custody accounts. We prorate fees based on the length of time we managed your account in the event you opened or terminated your account during the quarter. We will refund any fees prepaid but not yet earned or will request prompt payment for any fees earned but not yet paid.

Other Fees and Expenses

In addition to, and separate from, the basic investment management fee, our clients pay other costs and charges in connection with their accounts or certain securities transactions, some of which may be payable to parties other than us. These may include, among other fees and expenses, the following (also refer to Item 12 – Brokerage Practices):

- Commissions and other charges for executing trades through broker-dealers;
- Dealer mark-ups, markdowns and spreads;
- Auction fees;
- Certain odd-lot differentials;
- Exchange fees;

- Taxes, duties and other governmental charges;
- Costs associated with foreign exchange transactions;
- Electronic fund and wire transfer fees;
- Fees imposed for certain types of custody or brokerage accounts;
- Fees imposed in connection with custodial, trustee or other account services;
- Account maintenance or service fees;
- Regulatory transaction fees;
- Charges mandated by law or regulation; and
- Fees in connection with the establishment, administration or termination of retirement or profit sharing plans or trust accounts.

Private Funds also bear their own operating and other expenses. In addition to fees and expenses listed above, other expenses may include: sales expenses; accounting, tax and audit expenses; legal expenses; and other expenses not listed. Private Funds that invest with an underlying manager or in underlying funds bear associated fees and expenses. Feeder funds generally bear a pro rata portion of the expenses associated with the related master fund. Details regarding expenses can be found in the applicable offering memorandum and other governing documents.

Mutual Fund and ETF Fees and Expenses

For clients whose guidelines allow us to invest a portion of their assets in mutual funds (both open-end funds and closed-end funds) or exchange traded funds:

- When we invest in shares of unaffiliated funds (funds not advised by William Blair) in your account, you are subject to our investment management fees in addition to the mutual fund or exchange traded fund internal management fees and other expenses (as described below). In addition, exchange traded funds and closed end funds may trade at prices that vary from their net asset value, sometimes significantly. Performance of a fund pursuing a passive index-based strategy may diverge from the performance of the index.
- When we invest in shares of affiliated mutual funds ("Funds" advised by William Blair) in your account, you are subject to the Funds' internal management fees and other expenses (as described below); however, we do not charge our investment management fee in addition to the Funds' internal management fee. Instead, we exclude the

assets invested in the Funds when we calculate the investment management fees we charge you.

Mutual funds, including William Blair Funds, and exchange traded funds charge other fees and expenses in addition to internal management fees that are disclosed in each fund's prospectus. These additional fees may include distribution fees, administrative fees, service fees, sub-transfer agent fees, recordkeeping fees, and other fund operating expenses, which include but are not limited to expenses of the independent trustees, fees and expenses for legal, fund accounting, transfer agency, custody, audit, taxes, brokerage and other expenses. These fees and expenses, including the total net operating expenses of each fund, including the Funds, are set forth in the applicable prospectus, and, with respect to the Funds, some of these fees and expenses are paid by the Funds to William Blair. Clients may obtain more information by reviewing a prospectus for the underlying mutual funds, including the Funds, or exchange traded funds. Fees and expenses are exclusive of and in addition to any investment management fees we may charge you. As described above, we do not charge our investment management fee in addition to a Fund's internal investment management fee. William Blair's overall fee will depend on the proportion of a client's account allocated to the Funds. If the fee William Blair receives from the Funds is higher than the fee it receives from the client for managing the account, then William Blair's overall fee will increase as the allocation to the Funds increases.

William Blair has contractually agreed to bear some of the operational expenses for many of the Funds. The extent to which William Blair bears these expenses varies by Fund. Therefore, when negotiating those expenses with third party service providers, William Blair has an economic incentive to favor a fee structure that shifts expenses from William Blair Funds for which William Blair has a lesser (or no) reimbursement obligation. Further, to the extent William Blair has discretion to allocate client assets among the Funds, it has an incentive to allocate to the Funds where it has a limited reimbursement obligation.

As always, clients have the option to purchase recommended investment products through other brokers or agents not affiliated with William Blair.

Our provision of services to the Funds presents potential conflicts of interest because we may be incented to recommend the Funds based on our compensation rather than a client's needs. To help manage potential conflicts, we have implemented various controls including the following:

- We maintain our Code of Ethics, which details our fiduciary duty to put our clients' interests ahead of our own;

- We monitor portfolio holdings to ensure they are consistent with each client's objectives; and
- We offset investment management fees on a client's assets held in affiliated Funds.

Separate Account Fee Schedules

We charge investment management fees for separate accounts based upon the below standard fee schedules. We negotiate fees with clients, and not all clients pay fees as described in these schedules. Differences can arise for various reasons including the following:

- Account size;
- Total assets under management for the client;
- Inception date of an account;
- Accounts that also pay us commissions to execute their trades;
- Client types (wrap fee clients, for example);
- Accounts with specialized services or arrangements; and
- Other reasons not listed.

We, in our sole discretion, may waive or reduce the management fee schedules for clients who are members, employees or affiliates of William Blair, relatives of such persons, certain large or strategic investors, and in certain other limited circumstances.

INVESTMENT MANAGEMENT (IM) – INSTITUTIONAL CLIENTS

U.S. EQUITY ACCOUNTS

<u>Small Cap Growth</u>	<u>Annual Fee</u>
First \$10 million	1.000%
Next \$20 million	0.950%
Next \$20 million	0.900%
Next \$50 million	0.850%
Over \$100 million	0.800%

<u>Small/Mid Cap Growth</u>	<u>Annual Fee</u>
First \$10 million	0.950%
Next \$20 million	0.800%
Next \$20 million	0.750%
Next \$50 million	0.700%
Next \$100 million	0.650%
Over \$200 million	0.600%

<u>Mid Cap Growth</u>	<u>Annual Fee</u>
First \$10 million	0.900%
Next \$20 million	0.750%
Next \$20 million	0.650%
Next \$50 million	0.600%
Next \$100 million	0.550%
Over \$200 million	0.500%

<u>Large Cap Growth</u>	<u>Annual Fee</u>
First \$10 million	0.650%
Next \$20 million	0.550%
Next \$20 million	0.450%
Next \$50 million	0.400%
Next \$100 million	0.350%
Over \$200 million	0.300%

<u>All Cap Growth</u>	<u>Annual Fee</u>
First \$10 million	0.700%
Next \$20 million	0.600%
Next \$20 million	0.500%
Next \$50 million	0.450%
Next \$100 million	0.400%
Over \$200 million	0.350%

<u>Large Cap Core</u>	<u>Annual Fee</u>
First \$10 million	0.650%
Next \$20 million	0.550%
Next \$20 million	0.450%
Next \$50 million	0.400%
Next \$100 million	0.350%
Over \$200 million	0.300%

<u>Small Cap Value</u>	<u>Annual Fee</u>
First \$10 million	1.000%
Next \$20 million	0.950%
Next \$20 million	0.900%
Next \$50 million	0.850%
Over \$100 million	0.800%

<u>Small-Mid Cap Value</u>	<u>Annual Fee</u>
First \$10 million	0.950%
Next \$20 million	0.800%
Next \$20 million	0.750%
Next \$50 million	0.700%
Next \$100 million	0.650%
Over \$200 million	0.600%

<u>Mid Cap Value</u>	<u>Annual Fee</u>
First \$10 million	0.900%
Next \$20 million	0.750%
Next \$20 million	0.650%
Next \$50 million	0.600%
Next \$100 million	0.550%
Over \$200 million	0.500%

<u>Large Cap Value</u>	<u>Annual Fee</u>
First \$10 million	0.650%
Next \$20 million	0.550%
Next \$20 million	0.450%
Next \$50 million	0.400%
Next \$100 million	0.350%
Over \$200 million	0.300%

NON-U.S. EQUITY ACCOUNTS

<u>International Growth</u>	<u>Annual Fee</u>
First \$20 million	0.800%
Next \$30 million	0.600%
Next \$50 million	0.500%
Next \$50 million	0.450%
Next \$50 million	0.400%
Over \$200 million	0.300%

<u>International Developed Plus</u>	<u>Annual Fee</u>
First \$20 million	0.800%
Next \$30 million	0.600%

Next \$50 million	0.500%
Next \$50 million	0.450%
Next \$50 million	0.400%
Over \$200 million	0.300%

<u>International Leaders</u>	<u>Annual Fee</u>
First \$20 million	0.800%
Next \$30 million	0.600%
Next \$50 million	0.500%
Next \$50 million	0.450%
Next \$50 million	0.400%
Over \$200 million	0.300%

<u>International Small Cap Growth</u>	<u>Annual Fee</u>
First \$20 million	1.000%
Next \$30 million	0.900%
Next \$50 million	0.850%
Next \$50 million	0.800%
Over \$150 million	0.750%

<u>International ADR</u>	<u>Annual Fee</u>
First \$20 million	0.700%
Next \$30 million	0.600%
Next \$50 million	0.500%
Next \$50 million	0.450%
Next \$50 million	0.400%
Next \$200 million	0.300%
Over \$400 million	0.250%

<u>Global Leaders</u>	<u>Annual Fee</u>
First \$20 million	0.800%
Next \$30 million	0.600%
Next \$50 million	0.500%
Next \$50 million	0.450%
Next \$50 million	0.400%
Over \$200 million	0.300%

<u>Global Small Cap Growth</u>	<u>Annual Fee</u>
First \$20 million	1.000%
Next \$30 million	0.900%
Next \$50 million	0.850%
Next \$50 million	0.800%
Over \$150 million	0.750%

<u>Emerging Markets Leaders</u>	<u>Annual Fee</u>
First \$20 million	0.900%
Next \$30 million	0.700%
Next \$50 million	0.600%
Next \$50 million	0.550%
Next \$50 million	0.500%
Next \$200 million	0.400%
Over \$400 million	0.300%

<u>Emerging Markets</u>	<u>Annual Fee</u>
First \$20 million	1.000%
Next \$30 million	0.800%
Next \$50 million	0.700%
Next \$50 million	0.650%
Next \$50 million	0.600%
Next \$200 million	0.400%
Over \$400 million	0.350%

<u>Emerging Mkts Small Cap Growth</u>	<u>Annual Fee</u>
First \$20 million	1.100%
Next \$30 million	1.000%
Next \$50 million	0.950%
Next \$50 million	0.900%
Over \$150 million	0.850%

U.S. FIXED INCOME ACCOUNTS

<u>Low Duration</u>	<u>Annual Fee</u>
First \$10 million	0.300%
Next \$20 million	0.225%
Next \$20 million	0.200%
Next \$50 million	0.175%
Next \$100 million	0.150%
Next \$200 million	0.125%
Over \$400 million	0.100%

<u>Intermediate</u>	<u>Annual Fee</u>
First \$10 million	0.400%
Next \$20 million	0.300%
Next \$20 million	0.250%
Next \$50 million	0.225%
Next \$100 million	0.200%
Next \$200 million	0.175%
Over \$400 million	0.150%

<u>Core</u>	<u>Annual Fee</u>
First \$10 million	0.400%
Next \$20 million	0.300%
Next \$20 million	0.250%
Next \$50 million	0.225%
Next \$100 million	0.200%
Next \$200 million	0.175%
Over \$400 million	0.150%

DYNAMIC ALLOCATION STRATEGY ACCOUNTS

<u>Dynamic Diversified Allocation</u>	<u>Annual Fee</u>
First \$250 million	0.900%
Next \$250 million	0.800%
Next \$250 million	0.700%
Next \$250 million	0.600%
Over \$1 billion	0.500%

<u>Global Opportunity</u>	<u>Annual Fee</u>
First \$250 million	1.050%
Next \$250 million	0.900%
Next \$250 million	0.750%
Next \$250 million	0.600%
Over \$1 billion	0.450%

<u>Macro Allocation</u>	<u>Annual Fee</u>
First \$250 million	0.700%
Next \$250 million	0.600%
Next \$250 million	0.500%
Next \$250 million	0.400%
Over \$1 billion	0.300%

Investments in Affiliated Funds for Certain Investment Strategies

In some cases, we believe it is in a client's best interest to invest a portion of the client's portfolio in certain Funds. For example, we may invest in mutual fund shares for smaller accounts in order to achieve greater portfolio diversification that can otherwise be more difficult with fewer assets. We choose to invest in the Funds, our affiliated mutual funds, primarily because our portfolio managers use the same investment strategies they use for larger separate accounts to manage them. In order to gain exposure to emerging markets in certain International Growth

Equity Accounts, we may invest in Institutional Class shares of William Blair Emerging Markets Growth Fund and/or William Blair Emerging Markets Leaders Fund, both affiliated mutual funds (or in units in other similar affiliated pooled vehicles such as CITs or LLCs).

When we invest in shares of affiliated mutual funds in your account, you are subject to the Funds' internal management fees and other expenses (as described below); however, we do not charge our investment management fee in addition to the Fund internal management fee. Instead, we exclude the assets invested in the Funds when we calculate the investment management fees we charge you.

Investments in William Blair China A-Share Fund for Certain Investment Strategies

A significant majority of publicly traded Chinese companies list their shares on one or more exchanges including the Shanghai, Shenzhen and Hong Kong Exchanges. The Shanghai and Shenzhen Exchanges are located in mainland China and there are two categories of stock that are listed on those exchanges: China "A Shares" which trade in the currency of China, the renminbi, and "B Shares" that trade in foreign currencies. "H Shares" and "red chip" shares are listed and traded on the Hong Kong Exchange.

In order to invest in China A Shares, a foreign investor must apply for and receive a license as a Qualified Foreign Institutional Investor ("QFII") and be allotted a quota, representing the amount in renminbi of China A Shares that the QFII may purchase. William Blair has received a QFII license and has been allotted a China A Share quota. In order to make China A Shares available to clients as well as certain William Blair Funds, William Blair has established the William Blair China A-Share Fund, LLC (the "China A-Share Fund").

When we invest a portion of the assets in a client's separate account strategy portfolio in the China A-Share Fund, William Blair waives its investment management fee under the China A-Share Fund and only charges you for the management of assets in your separate account strategy portfolio. However, the China-A Share Fund charges other fees and expenses such as legal, audit and accounting fees, regulatory filing fees, custodian and other fees, commissions, and expenses as described in its offering documents. These fees are in addition to the investment management fees you pay William Blair in accordance with your investment management agreement with us.

If the China A-Share Fund is purchased by a client as a stand-alone strategy outside of a separate account, William Blair will typically charge the following investment management fees for the provision of investment management services:

<u>China A-Share Fund</u>	<u>Annual Fee</u>
All Assets	1.00%

Please refer to Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss, for additional important information about the investment strategy and risks associated with investments in China A shares.

Sweep Accounts

Occasionally, William Blair “sweeps” your assets temporarily into a money market mutual fund or other short-term investment vehicle (typically offered by your custodian). We also may invest in another mutual fund, including an exchange-traded fund. When we sweep your assets into these unaffiliated funds, we charge our investment management fee on your total account assets, including assets in these unaffiliated funds.

In cases where we sweep your assets into the William Blair Ready Reserves Fund, our affiliated money market mutual fund, we do not charge investment management fees on those assets held in the Ready Reserves Fund. As a shareholder of the Fund, you will bear a proportionate share of the internal management fee and expenses paid by the Fund out of the Fund’s net assets, as described under “Other Fees and Expenses” in this Item.

INVESTMENT MANAGEMENT (IM) –PRIVATE FUNDS

William Blair typically charges annual investment management fees based on a fixed percentage of total assets under management for the provision of investment advisory services to Private Funds. The applicable fees and expenses are set forth in the Private Fund’s Offering Memorandum, subscription agreement, and/or other governing documents. In some cases, William Blair may manage a separate account with an investment mandate similar to a Private Fund. Fees charged to a separate account client may differ from fees charged to the Private Fund. In addition to our management fee, we also may charge an annual performance fee (typically 5 - 10% of the amount by which an account exceeds an agreed upon rate) as further described in Item 6 of this Brochure.

INVESTMENT MANAGEMENT (IM) – HIGH NET WORTH CLIENTS

For high net worth client accounts that are managed by our IM division, we generally charge the following annual fees based on a client's total assets under our management at account inception.

<u>Less than \$2 million</u>	<u>All Assets</u>
All Assets	1.25%

<u>Between \$2 – 5 million</u>	<u>All Assets</u>
First \$5 million	1.00%
Next \$5 million	0.70%
Next \$10 million	0.60%
Next \$30 million	0.50%
Over \$50 million	0.45%

<u>Over \$5 million</u>	<u>Equities</u>	<u>Fixed Income</u>
First \$5 million	1.000%	0.500%
Next \$5 million	0.700%	0.400%
Next \$10 million	0.600%	0.300%
Next \$30 million	0.500%	0.250%
Over \$50 million	0.450%	0.225%

William Blair generally acts as the broker-dealer and executes trades for commissions for accounts where the securities in the accounts are held with us. This creates a potential conflict because we may be incented to initiate more trades to generate greater commissions (revenues). To manage this conflict, we monitor account activities to help identify excessive portfolio activity. Clients also may negotiate commission rates. Clients also may hold their securities and direct trading to other firms.

William Blair IM may purchase mutual funds or exchange traded funds in accounts we manage for high net worth clients. In cases where we invest in mutual funds or exchange traded funds for high net worth clients, we charge these clients the same fee rate for assets invested in equity securities and in shares of equity and balanced mutual funds and exchange traded funds. When we invest in shares of the Funds in an account, the client is subject to each Fund's internal management fees and other expenses; however, we do not charge an investment management fee in addition to the Fund's internal management fee. Instead, we exclude the assets invested in the Funds when calculating an account's investment management fees. We also charge high net worth clients the same fee rate for assets invested in fixed income securities and in shares of fixed income mutual funds and exchange traded funds.

INVESTMENT MANAGEMENT (IM) - WILLIAM BLAIR SELECT ACCOUNTS

<u>Account Size</u>	<u>Equities</u>	<u>Fixed Income</u>
First \$5 million	1.20%	0.60%
Next \$5 million	1.00%	0.55%
Next \$10 million	0.85%	0.50%
Next \$30 million	0.75%	0.45%
Next \$50 million	0.70%	0.40%

<u>Mutual Funds and ETFs</u>	
All Assets	0.50%

<u>Private Funds</u>	
All Assets	0.50%

Fee schedules for William Blair Select Accounts that are managed by other non-William Blair investment managers can vary. These fee schedules are available upon request from your William Blair portfolio manager or financial advisor. For accounts not custodied with William Blair, brokerage and custodial fees are not charged by William Blair or its affiliates but instead are charged by third party broker-dealers or custodians.

PRIVATE CLIENT ADVISORS (PCA) ACCOUNTS

William Blair's PCA division offers investment advisory programs to clients as follows:

Tiered Fee Plus <u>Discounted Commission*</u>	<u>Equities*</u>	<u>Fixed Income*</u>
First \$500 thousand	1.60%	0.50%
Next \$500 thousand	1.40%	0.50%
Next \$1 million	1.25%	0.50%
Next \$3 million	1.00%	0.50%
Over \$5 million	0.90%	0.50%
Total "All In" Fee Plus <u>Discounted Commission*</u>	<u>Balanced*</u>	
First \$1 million	1.20%	
Over \$1million	1.00%	

* William Blair may purchase mutual funds or exchange traded funds in its investment advisory programs. In the Standard Tiered Fee Plus Discounted Commission and Total "All In" Fee Plus Discounted Commission Fee Programs, we charge clients the same fee rate for assets invested in equity securities and in shares of equity and balanced mutual funds and exchange traded funds. We also charge clients in these programs the same fee rate for assets invested in fixed income securities and in shares of fixed income mutual funds and exchange traded funds.

William Blair generally acts as the broker-dealer and executes trades for accounts in the programs where the securities in the accounts are held with us, which includes most of our high-net-worth clients. In limited instances we also may trade with third party broker-dealers.

In the Standard Tiered Fee Plus Discounted Commission and Total "All In" Fee Plus Discounted Commission Programs, we receive commissions for each trade we execute for these clients in addition to an investment advisory fee. This creates a potential conflict of interest because the financial advisor may be incented to initiate more trades to generate greater commissions (revenues). To manage this conflict, we monitor account activities to help identify excessive portfolio activity. Clients also may negotiate commission rates.

William Blair also offers PCA accounts that make investments only in exchange traded funds (ETFs) as follows:

<u>ETF Only Accounts</u>	<u>ETFs</u>
All Assets	0.70%

PRIVATE CLIENT ADVISORS (PCA) - WILLIAM BLAIR SELECT ACCOUNTS

<u>Equities</u>	
First \$1million	2.00%
Next \$1 million	1.65%
Next \$3 million	1.45%
Next \$5 million	1.35%
Next \$10 million	1.15%
Next \$30 million	1.00%
Over \$50 million	0.93%

<u>Fixed Income</u>	
First \$5million	0.80%
Next \$5 million	0.75%
Next \$10 million	0.65%
Next \$30 million	0.60%
Over \$50 million	0.55%

<u>Mutual Funds</u>	
First \$250 thousand	1.65%
Next \$250 thousand	1.35%
Next \$250 thousand	1.00%
Over \$750 thousand	0.65%

<u>Exchange Traded Funds</u>	
All Assets	0.70%

<u>Private Funds</u>	
All Assets	0.70%

Fee schedules for William Blair Select Accounts that are managed by other non-William Blair investment managers can vary. These fee schedules are available upon request from your William Blair portfolio manager or financial advisor. For accounts not custodied with William Blair, brokerage and custodial fees are not charged by William Blair or its affiliates but instead are charged by third party broker-dealers or custodians.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance-Based Fees

In certain limited instances, William Blair receives performance-based fees from certain clients. Although performance-based fee arrangements in institutional accounts are not typical for us, we may agree to these arrangements with eligible clients. In cases where we receive performance-based fees, these arrangements are designed to comply with applicable rules, including Rule 205-3 under the Investment Advisers Act of 1940 and, for employee benefit plan clients, the Employee Retirement Income Security Act of 1974 (“ERISA”). We negotiate performance fee arrangements with clients on an individualized basis.

For the performance fee accounts, we typically charge a two-part fee consisting of a base fee on an account’s assets under management plus a performance fee. The performance fee is due to us only if we meet predefined investment performance criteria, typically measured as some level of outperformance against the designated benchmark. In cases where we do not meet a certain performance level, we receive only our base fee.

William Blair charges performance-based fees in connection with our management certain Private Funds. In addition to a management fee, William Blair, or an affiliate, may receive an annual performance fee based on the relevant Private Fund’s net profits. In some cases, William Blair may be eligible to receive a performance fee although the Private Fund has no “hurdle rate,” as described in the applicable offering memorandum. Payment of such fees is subject to the performance of the account exceeding certain minimums (“high water marks”) that apply on an account-by-account basis and are intended to assure that prior losses are recouped before allocating any profits to performance fees. In cases where we do not meet these performance levels, we receive only our base management fee described in Item 5.

Side-By-Side Management

The simultaneous management of performance-based fee arrangements with standard asset-based fee arrangements (side-by-side management) creates certain conflicts of interest. These arrangements may create an incentive for us to focus resources on the performance fee accounts or to select riskier investments for these accounts because they can have a higher fee potential over standard asset-based fee accounts within the same investment strategy. To manage conflicts, we have controls in place, including the following:

- We require senior management and compliance approval prior to accepting any performance fee arrangement;
- We maintain written portfolio management compliance policies and procedures;
- We monitor trading activity and portfolio holdings of accounts to ensure that accounts within each strategy are managed similarly; and
- We review performance of similarly managed accounts to identify performance outliers, which can indicate favoritism.

Management of Multiple Portfolios

William Blair’s portfolio managers typically make investment decisions for multiple portfolios, including institutional portfolios, separately managed accounts, mutual funds and wrap fee accounts. These portfolio management responsibilities create potential conflicts of interest. We seek to conduct ourselves in a manner we consider to be the most fair and consistent with our fiduciary obligations to our clients and make investment decisions based on an account’s available cash, investment objectives, restrictions, permitted investment techniques and other relevant considerations.

Management of multiple portfolios gives rise to potential conflicts of interest. The potential conflicts of interest that may arise in managing multiple accounts include, for example, conflicts among investment strategies, conflicts in the allocation of investment opportunities, or conflicts due to different fees. Some accounts have higher fees, including performance fees, than others. Fees charged to clients may differ depending upon a number of factors including, but not limited to, the particular strategy, the size of the portfolio being managed, the relationship with the client, the service requirements, or the account type (e.g., separately managed accounts, mutual funds, and wrap accounts). Based on these factors, a client may pay higher fees than another client in the same strategy. Also, clients with larger assets under management generate more revenue for William Blair than smaller accounts. These differences give rise to a potential conflict that a portfolio manager would favor the higher fee-paying account over the other or allocate more time to the management of one account over another.

To help manage these sorts of conflicts, we have implemented various controls, including the following:

- We generally manage our Investment Management accounts according to strategy-based model portfolios and confirm

differences relative to account-specific guidelines;

- We periodically review the performance of portfolio managers and assesses whether the portfolio manager has adequate resources to manage effectively all accounts assigned to him or her;
- We review the performance of accounts within similar investment strategies to identify potential performance outliers; and
- As described in Item 12, we have adopted trade order aggregation and trade allocation policies and procedures that seek to manage, monitor and, to the extent possible, minimize the effects of these conflicts.

ITEM 7 – TYPES OF CLIENTS

Clients

William Blair provides investment advisory services to a number of clients such as corporate pension and profit-sharing plans; Taft-Hartley plans; public pension plans; not-for-profit entities; endowments and foundations; individuals, including high net worth individuals; trusts and estates; banks and thrift institutions; registered investment companies; other pooled funds; Private Funds; wrap fee program clients; turnkey asset management program clients; and other U.S. and non-U.S. institutions.

Investment Minimums

William Blair generally requests minimum account sizes as described below.

<u>Account Type</u>	<u>Minimum</u>
Institutional Separate Accounts (IM)	\$20 million
Dynamic Allocation Strategy Accounts (IM)	\$250 million
International Equity ADR Accounts (IM)	\$5 million
Counseling (High Net Worth) Accounts (IM)	\$2 million
Turnkey Asset Management Accounts (IM)	\$1 million
William Blair Select Accounts (IM)	\$50,000
William Blair Select Mutual Fund Accounts (IM/PCA)	\$20,000
William Blair Select Separate Accounts (PCA)	\$100,000*
Fee-Based Advisory Accounts (PCA)	\$50,000
William Blair Investable Model Accounts (PCA)	\$20,000
William Blair Private Funds (IM)	\$250,000 - \$ 25million

**Certain third party managers may be higher.*

We reserve the right to accept accounts below our stated minimums. We also accept lesser amounts for accounts in separately managed account programs sponsored by intermediaries (e.g., wrap programs).

Redemption Limitations for Investments in Private Funds

As described in this Brochure, William Blair manages Private Funds that are structured as funds-of-hedge-funds or multi-advisor commodity pools as well as other private pooled investment vehicles typically structured as limited liability or Cayman exempted companies. Unless otherwise noted, investors in these Private Funds typically may redeem all or a portion of their investment from the Private Funds with a limited frequency ranging from monthly to quarterly upon prior written notice as specified in the applicable Confidential Private Placement Memorandum. Investors also may be subject to a one-year lock-up depending upon terms of the applicable Private Fund.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

William Blair is an active investment manager and utilizes a variety of methods and strategies to make investment decisions and recommendations. When evaluating investment opportunities, we employ fundamental and technical research methods using various resources such as financial newspapers, magazines and websites; corporate data; ratings services; third party research; SEC filings (e.g., annual reports, prospectuses); company press releases; and proprietary research.

Investment Management Investment Strategies

William Blair manages U.S., international and global equity portfolios and U.S. fixed income portfolios for clients. We also manage funds-of-hedge funds or multi-advisor commodity pools and dynamic allocation strategies for Private Funds and other clients. Pooled vehicles may be subject to restrictions on the types of investors who may invest. Nothing herein is intended to operate as an offer to sell securities.

The following describes our principal investment strategies as of the date of this Brochure. Descriptions of strategies offered through pooled investment vehicles are qualified in their entirety by the information in such vehicle's offering materials. Descriptions of strategies offered through separately managed accounts are qualified in their entirety by reference to the applicable investment advisory agreement and related investment guidelines.

1. U.S. Growth Equity

In choosing investments for our U.S. growth investment strategies, we evaluate the extent to which a company meets the following desired criteria:

- The company is or has the expectation of becoming a significant provider in the primary markets it serves;
- The company has some distinctive attribute that cannot easily be duplicated by present or potential competitors (this may take the form of proprietary products or processes, a unique distribution system, an entrenched brand name or an especially strong financial position relative to its competition);
- The company should participate in an industry expected to grow rapidly due to economic factors or technological change or should grow through market share gains in its industry; and
- The company should have a strong management team.

The weight given to a particular criterion will depend upon the circumstances, and investments may not meet all of these criteria.

2. U.S. Value Equity

In choosing investments for our U.S. value investment strategies, we evaluate the extent to which a company meets the following desired criteria:

- The company's current market value reflects a material discount from our estimate of the company's value;
- The company has some distinctive attribute that cannot easily be duplicated by present or potential competitors (this may take the form of proprietary products or processes, a unique distribution system, an entrenched brand name or an especially strong financial position relative to its competition);
- The company has a reasonable expectation of improving its level of profitability, free cash flow, and return on invested capital over a three-year investment horizon;
- The company has a capable and skilled management team with a reasonable probability of successfully executing a clearly articulated and logical business strategy focused on creating shareholder value;
- The company has a relatively simple, clean capital structure and adhere to conservative and straightforward accounting practices); and
- There is a likelihood that management will be able to successfully execute a corporate transformation with a focus on improving cash flow returns within a three-year investment horizon.

The weight given to a particular criterion will depend upon the circumstances, and investments may not meet all of these criteria.

3. International and Global Equity

In choosing investments for our international and global investment strategies, we rely on fundamental company analysis and stock selection as primary investment criteria. We evaluate the extent to which a company meets the following desired criteria:

- The company exhibits historical superior growth, profitability and quality relative

to local markets or to companies within the same industry worldwide;

- The company has a reasonable expectation of continued superior growth performance;
- The company generally exhibits superior business fundamentals, including leadership in its field, quality products or services, distinctive marketing and distribution, pricing flexibility and revenue from products or services consumed on a steady, recurring basis;
- The company's demonstrated superior business characteristics is accompanied by Management that is shareholder return-oriented and that uses conservative accounting policies; and
- The company has above-average returns on equity, a strong balance sheet and consistent, above-average earnings growth.

Stock selection will take into account both local and global comparisons. The weight given to a particular criterion will depend upon the circumstances, and investments may not meet all of these criteria.

4. China A Shares

In choosing investments in China A shares, we rely on fundamental company analysis and stock selection as primary investment criteria. We evaluate the extent to which a company meets the following desired criteria:

- The company exhibits historical superior growth, profitability and quality relative to other Chinese companies and relative to companies within the same industry worldwide;
- The company has a reasonable expectation of continued superior growth performance;
- The company generally exhibits superior business fundamentals, including leadership in its field, quality products or services, distinctive marketing and distribution, pricing flexibility and revenue from products or services consumed on a steady, recurring basis;
- The company's demonstrated superior business characteristics is accompanied by Management that is shareholder return-oriented and that uses conservative accounting policies; and
- The company has above-average returns on equity, a strong balance sheet and

consistent, above-average earnings growth.

We seek to invest in Chinese companies at different stages of development ranging from large, well-established companies to smaller companies at an earlier stage of development.

Stock selection will take into account both local and global comparisons. The weight given to a particular criterion will depend upon the circumstances, and investments may not meet all of these criteria.

5. U.S. Fixed Income

In choosing investments for our fixed income strategies, we invest primarily in investment-grade securities and seek to maximize total return through a combination of income and capital appreciation. Our experienced sector specialists seek to identify and capitalize on inefficiencies in bond markets. Through a disciplined, bottom-up research methodology, we focus on creating alpha for our clients, primarily through security selection and tactical sector allocation.

Although the fixed income market is efficient in the long run, we believe the markets for corporate debt securities, mortgage-backed securities, and asset-backed securities consistently provide alpha opportunities that can be identified by managers who specialize in those sectors. Our vertically integrated fixed income platform includes research, portfolio management and trading, which allows us to incorporate liquidity and price discovery information into all portfolio decisions. The weight given to a particular criterion will depend upon the circumstances, and investments may not meet all of these criteria.

6. Hedge Fund Strategies

In choosing investment for our hedge fund strategies, we invest primarily in third party hedge funds or commodity pools. Generally, these hedge funds and commodity pools are organized as limited partnerships or limited liability companies that typically invest in liquid and illiquid securities including, but not limited to, the following:

- Futures, forward and/or option contracts on currencies, fixed income instruments, interest rates, stock indices, metals, energy and agricultural commodities;
- Debt obligations;
- Preferred and common stocks (including new issues) and warrants;
- Private equity; and

- Other derivative securities not mentioned.

Investments in many of these types of securities may be speculative in nature and subject a portfolio's assets to certain risks, as further described in this section.

7. Dynamic Allocation Strategies

In choosing investments for our dynamic allocation strategy portfolios, we seek to identify and make investments based on our identification of discrepancies between fundamental values and market prices. We seek to maximize long-term risk-adjusted total return through the risk-managed macro integration of asset class, global equity and bond market, developed and developing market, sector, credit, currency, theme and security exposures. When making investment decisions, William Blair also may use:

- Leverage to achieve potentially higher returns through proportionally higher ex-ante risk exposures;
- Cash or cash equivalents to achieve potentially higher returns or to reduce proportionally ex-ante risk exposures that are not expected to be compensated; and
- Swaps, options, foreign exchange contracts, exchange traded funds, futures contracts, and/or borrowing in an effort to reduce or enhance ex-ante risk exposures to global assets.

The weight given to a particular criterion will depend upon the circumstances, and investments may not meet all of these criteria.

These investments may be speculative in nature and subject a portfolio's assets to certain risks, as further described in this section.

8. International Systematic Research Strategies

In choosing investments for our international systematic research strategy portfolios, we seek to invest in high-quality non-U.S. companies that meet our criteria of operating performance and have reasonable valuation and risk characteristics. We will invest across regions, sector, and capitalizations without regard to index weightings, in order to find the best opportunities and meet our objective. When making investment decisions, William Blair uses proprietary multifactor models, which are based on fundamental criteria, to rank companies and will invest in non-U.S. companies across the capitalization spectrum that meet minimum liquidity requirements.

- When constructing portfolios, William Blair ranks companies in order of attractiveness based upon the composite of our quality, operating performance and valuation models;
- Our portfolios reflect a rules-based construction methodology rather than an optimization structure; and
- Our strategy does not involve active management of sectors or regional exposure, although we will limit these to 40% and 50% of portfolio assets, respectively. Additionally, we limit individual countries to either the lesser of 2.5 times the benchmark weight or 25% or the greater of 2.5 times the benchmark weight or 4%.

9. Directional Multialternative Strategies

In choosing investments for our directional multialternative strategies, we allocate assets among sub-advisers that employ a variety of alternative investment (or hedge fund) strategies and direct investment management. We invest in affiliated or unaffiliated publicly or privately offered U.S. or non-U.S. funds, including hedge funds, commodity pools, and open- or closed-end funds. Underlying strategies include:

- Long/Short equity strategies that involve taking both long and short positions in equity securities that are deemed to be under or overvalued. Sub-advisers may specialize in a particular industry or geographic region, or they may diversify holdings across industries or geographic regions. Sub-advisers in this strategy usually vary the amount of market exposure in the portfolio based on their views of market direction;
- Event-driven strategies that include investments in securities of companies involved in potential corporate actions, such as mergers, acquisitions, restructurings, spinoffs, shareholder activism, or other special situations that may alter a company's financial structure or operating strategy; and
- Macro strategies that involve taking positions in anticipation of a broad market or a specific security's direction in asset classes such as in currencies, commodities, credit derivatives and equities. William Blair and the sub-advisers seek to analyze macroeconomic variables to identify dislocations and forecast future moves in global asset/securities prices on a directional or relative value basis.

These investments may be speculative in nature and subject a portfolio's assets to certain risks, as further described in this section.

10. Investment Counseling Investment Strategies

Our Counseling group offers custom wealth management based on each client's individual needs and objectives. In choosing investments for clients, we consider a broad array of securities and investment vehicles, including common stocks, corporate, government and municipal fixed income securities, affiliated and unaffiliated mutual funds, private funds and money market funds.

Our Counseling group has access to research provided by the Institutional Investment Management team. The Counseling group determines when or if to act upon research information received and can buy or sell securities that differ from when institutional portfolio management teams choose to act on information. Because our Counseling group has access to institutional research, all members of the group are considered Access Persons subject to IM compliance policies and procedures, including its Code of Ethics.

11. Private Client Advisors Investment Strategies

Our PCA division offers custom-designed portfolios based on each client's individual needs and objectives. In choosing investments for PCA clients, we consider a broad array of securities and investment vehicles including common stocks, corporate, government and municipal fixed income securities as well as affiliated and unaffiliated mutual funds and money market funds. Because we manage growth equities, stocks or equity mutual funds we select on behalf of clients often have a growth-oriented bias, provided such securities are consistent with each client's investment objectives.

12. William Blair Select Investment Strategies (IM and PCA Clients)

William Blair offers to clients William Blair Select, a diversified open architecture platform of investment strategies provided by affiliated and external investment managers, each with a focus on a particular asset class and style. In recommending investments for Select portfolios, we emphasize asset allocation to help manage risk and return in portfolios. In our research-driven investment process, we seek to find external investment managers who meet some or all of our criteria including the following:

- Expertise in a specific discipline;
- Investment philosophy based on sound capital markets theory;
- Repeatable investment process that supports the investment philosophy;
- Structured approach to managing risk;
- Stable organizational structure supportive of future growth;
- Track record consistent with successful implementation of the investment philosophy; and
- High level of organizational capability.

William Blair strategies or Funds that are included in Select portfolios are not subject to the same level of scrutiny as external investment managers.

Under the guidance of their financial advisor (either a William Blair employee or third party advisor), clients choose to invest in managers' strategies through one of several available investment vehicles that may include separately managed accounts, mutual funds and other pooled vehicles, exchange-traded funds and alternative investments. Financial advisors help clients select investments based on each client's unique objectives, risk tolerance and financial profile and provide ongoing advice to clients.

Please also refer to "Other Fees and Expenses" and "Mutual Fund and ETF Fees and Expenses" under Item 5 for a description of additional fees and expenses you may incur as a result of investments in mutual fund or exchange traded fund shares we may make on your behalf.

RISK OF LOSS

All investments in securities involve a risk of loss of your principal (invested amount) and any profits that have not been realized (i.e., the securities have not been sold to "lock in" the profit). Stock markets and bond markets fluctuate substantially over time, and performance on any investment is not guaranteed. There is no guarantee that any investment strategy will achieve its stated investment objectives. William Blair cannot guarantee any level of performance or that you will not experience a loss of account assets.

Common Risks Associated with Equity Investments

Investments in equity securities can expose you to certain specific risks such as the following:

- **Equity securities.** Equity securities (stocks) held in your portfolio may decrease in response to activities of companies or market and economic conditions.
- **Growth stocks.** Growth stocks may be more sensitive to market movements because their prices tend to reflect future investor expectations rather than just current profits and may underperform value stocks during given periods.
- **Value stocks.** Value stocks may perform differently from the market as a whole and may be undervalued by the market for a long period of time and may underperform growth stocks during given periods.
- **Small-capitalization companies.** Small cap stocks may exhibit erratic earnings patterns, competitive conditions, limited earnings history, and a reliance on one or a limited number of products.
- **Initial public offerings.** Initial public offerings (IPOs) are subject to high volatility and limited availability.
- **Private placements.** Private placements may be classified as illiquid and difficult to value.
- **Derivative securities.** Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses in your portfolio that substantially exceed the initial amount paid or received from the investment.

Common Risks Associated with Non-U.S. Investments

Investments in non-U.S. securities can expose you to certain specific risks, including risks associated with equity investments previously described above, as well as the following:

- **Current market conditions.** In recent years, debt and equity markets, domestic and foreign, have experienced increased volatility and turmoil, which can adversely impact your portfolio.
- **Liquidity in financial markets.** The financial markets in the U.S. and elsewhere have experienced a variety of difficulties and changed economic conditions, which could adversely impact the value of your portfolio's assets.
- **Government intervention and market disruptions.** The global financial markets recently have undergone fundamental disruptions that have led to extensive and unprecedented government intervention that could prove detrimental to the efficient functioning of the markets and adversely impacting your portfolio.
- **Derivative securities.** Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses that substantially exceed the initial amount paid or received.
- **Foreign markets.** Foreign markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.
- **Foreign securities.** Foreign stocks are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.
- **Foreign currency markets.** Investments in foreign securities expose a portfolio to fluctuations in currency exchange rates, which may adversely affect the value of investments in foreign securities held in your portfolio.
- **Emerging markets.** Securities traded in certain emerging markets may be subject to risks due to the inexperience of financial intermediaries, the lack of modern technology, the lack of a sufficient capital base to expand business operations, and the possibility of temporary or permanent termination of trading. Political and economic structures in many emerging markets may be undergoing significant evolution and rapid development, and emerging markets may lack the social, political and economic stability characteristics of more developed countries.
- **Asian countries.** The Asian region, and particularly China, Japan and South Korea, may be adversely affected by political, military, economic and other factors related to North Korea. The economies of many Asian countries differ from the economies of more developed countries in many respects, such as rate of growth, inflation, capital reinvestment, resource self-sufficiency, financial system stability, the national balance of payments position and sensitivity to changes in global trade.

Common Risks Associated with Chinese Investments

Investments in Chinese companies can expose you to certain specific risks, including risks associated with non-U.S. equity investments previously described above, as well as the following:

- **Liquidity risk.** The Chinese securities markets are emerging markets characterized by a relatively small number of equity issues and relatively low trading volume, resulting in substantially less liquidity and greater price volatility. These risks may be more pronounced for the A-share market than for Chinese securities markets generally.
- **Political, social and economic factors.** The laws, regulations, including the Investment Regulations allowing QFIIs to invest in China A Shares, government policies and political and economic climate in China may change with little or no advance notice. Any such change could adversely affect market conditions.
- **Inflation.** Economic growth in China can be accompanied by periods of high inflation, which can negatively impact the Chinese economy if effective anti-inflationary policy measures are not enacted by the Chinese authorities.
- **Tax changes.** The Chinese system of taxation is not as well settled as that of the United States. In addition, changes in the Chinese tax system may have retroactive effects.
- **Nationalization and expropriation.** After the formation of the Chinese socialist state in 1949, the Chinese government renounced various debt obligations and nationalized private assets without providing any form of compensation. There can be no assurance that the Chinese government will not take similar actions in the future.
- **Chinese securities markets.** The securities markets in China have a limited operating history and are not as developed as those in the United States. These markets tend to be smaller in size, have less liquidity and have greater volatility than markets in the United States and some other countries. In addition, there is less regulation and monitoring of Chinese securities markets.
- **Hong Kong policy.** As part of Hong Kong's transition from British to Chinese sovereignty in 1997, China agreed to allow Hong Kong to maintain a high degree of autonomy. Under the agreement, China does not tax Hong Kong, does not limit the exchange of the Hong Kong dollar for foreign currencies and does not place restrictions on free trade in Hong Kong. However, there is no guarantee that China will continue to honor the agreement.
- **Investment and repatriation restrictions.** Investments by the China A-Share Fund or a Series in the China A-Shares Fund and other Chinese

financial instruments regulated by the China Securities Regulatory Commission ("CSRC") and the State Administration of Foreign Exchange ("SAFE") are subject to governmental pre-approval limitations on the quantity that the China A-Share Fund or a Series may purchase or limits on the classes of securities in which the China A-Share Fund or a Series may invest.

- **Limited ability to liquidate investment in interests.** An investment in the China A-Share Fund and its Series cannot be immediately liquidated by a member. Interests may be transferred only under very limited circumstances, and no market for Interests will exist at any time.

Common Risks Associated with Fixed Income Investments

Investments in fixed income securities can expose you to certain specific risks such as the following:

- **Credit risk.** Fixed income securities (bonds) are subject to the risk that the bond issuers may not be able to meet interest or principal payments when the bonds come due.
- **Below investment grade rated securities.** Below investment grade bonds are subject to a higher probability that the issuers may not be able to meet payment of interest or principal on a timely basis or at all. These securities also may be less liquid than investment grade securities and experience higher price volatility. It may not be possible to sell these securities at the desired price and within a given time period.
- **Interest rates.** Interest rates may adversely affect the value of an investment. An increase in interest rates typically causes the value of bonds and other fixed income securities to fall. Interest rates continue to be at historic lows. Investments with longer maturities, which typically provide higher yields than securities with shorter maturities, may subject a portfolio to increased price changes resulting from market yield fluctuations.
- **Income risk.** The income received by a portfolio may decrease as a result of a decline in interest rates.
- **Prepayment risk.** There is a risk of prepayment in mortgage- and asset-backed securities. This risk arises when market interest rates are below the interest rates charged on the loans that comprise the securities. Elevated prepayment activity may result in losses in these securities.
- **Liquidity risk.** Investments that trade less can be more difficult or more costly to buy, or to sell, than more liquid or active investments. It may not be possible to sell or otherwise dispose of illiquid securities both at the price and within a time period deemed desirable. Securities subject to liquidity risk include emerging market securities,

Rule 144A securities, below investment grade securities and other securities without an established market.

- **Foreign investments.** Foreign investments often involve additional risks, including political instability, differences in financial reporting standards and less stringent regulation of securities markets.
- **Derivative securities.** Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses that substantially exceed the initial amount paid or received.
- **Rule 144A securities.** Rule 144A securities are not registered for resale in the general securities market and may be less liquid than registered securities.

Common Risks Associated with Alternative Investments

Investments in alternatives investment strategies, including our hedge fund and dynamic allocation strategy portfolios, can expose you to certain specific risks associated with the following:

- **Derivative securities.** Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses that substantially exceed the initial amount paid or received.
- **Short sales.** A short sale involves the risk of a theoretically unlimited increase in the market price of a security sold short, which could result in an inability to cover the short position and a theoretical unlimited loss.
- **Commodity and futures contracts.** Commodities futures markets (including financial futures) are highly volatile and are influenced by factors such as changing supply and demand, governmental programs and policies, national and international political and economic events and changes in interest rates. A high degree of leverage is typical in commodities futures trading, and as a result, a relatively small price movement may result in substantial losses.
- **High yield securities.** High yield securities are rated in the lower rating categories by the various credit agencies and are subject to greater risk of loss of principal and interest than higher rated securities. High yield securities generally are considered predominantly speculative with respect to the issuer's capacity to pay interest and repay principal.
- **Options.** Purchasing options involves the risk that the underlying instrument will not change price in

the manner expected, so an investor loses their premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security, which could result in a potentially unlimited loss.

- **Foreign securities.** Foreign stocks are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.
- **Foreign currency markets.** Investments in foreign securities expose a portfolio to fluctuations in currency exchange rates, which may adversely affect the value of investments in foreign securities held in your portfolio.
- **Currency risks.** Investments denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more currencies.
- **Interest rates.** Interest rates may adversely affect the value of an investment. An increase in interest rates typically causes the value of bonds and other fixed income securities to fall.
- **Leverage.** The use of borrowing (leverage) exposes an investor to additional levels of risk including greater losses from investments than would otherwise have been the case without borrowing; margin calls or changes in margin requirements may force premature liquidations of investments; and losses on investments where the investment fails to earn a return that equals or exceeds the cost of the leverage.
- **Lack of diversification.** The portfolio may not generally be as diversified as other investment vehicles. Accordingly, investments may be subject to more rapid change in value than would be the case if the portfolio were required to maintain a wide diversification among types of securities, geographical areas, issuers and industries.
- **Liquidity.** A portfolio's assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments.
- **Event-driven trading.** Event-driven trading involves the risk that the event identified may not occur as anticipated or may not have the anticipated effect, which may result in a negative impact upon the market price of securities held in the portfolio.

Common Risks Associated with International Systematic Research Investments

Investments in our international systematic research fund can expose you to certain specific risks, including risks associated with equity investments, non-U.S. investments and derivatives investments previously described above.

Potential Impact on Other William Blair Funds

Because we often invest in certain William Blair Funds on behalf of various clients, typically as part of model portfolios to gain exposure to certain markets such as emerging markets, for example, each Fund could experience large purchases or redemptions. This could, in turn, materially impact each Fund because reallocations may cause a Fund to either receive cash it cannot invest expeditiously or sell securities at times it would not otherwise do so (due to market or other conditions). Additionally, these purchases and sales typically increase each Fund's transactions costs.

Large Investor Risk

To the extent that a strategy is offered as a mutual fund or other pooled vehicle, and interests in such vehicle are held by large investors (e.g., institutional investors, asset allocation funds, or other discretionary advisors), the vehicle is subject to the risk that these investors will disrupt the vehicle's operations by purchasing or redeeming interests in large amounts and/or on a frequent basis.

The preceding is provided for your information. Please also refer to your portfolio's investment policy statement, fund prospectus or other offering documents for detailed information about risks or contact your client service representative or financial advisor to discuss risks specific to your investments.

ITEM 9 – DISCIPLINARY INFORMATION

The Swiss Financial Market Supervisory Authority (“FINMA”) found William Blair to have negligently failed to comply with Swiss securities regulations due to William Blair’s late filing of shareholding reports in two instances. Swiss regulations require that a person who acquires or sells shares of a company incorporated in Switzerland whose equity securities are listed in whole or in part in Switzerland and thereby attains, falls below or exceeds the threshold percentages of voting rights send notifications to FINMA and the company. Such notifications must be received by FINMA and the company within four trading days. In this case, William Blair exceeded the 3% threshold (the lowest threshold for reporting purposes) in two separate instances and reported such transactions three calendar days after the

deadline. FINMA deemed these matters to be simple negligence. However, William Blair was assessed a fine in the amount of CHF 9,000, which was approximately \$9,315 (USD) at exchange rates current at the time the fine was assessed. This amount corresponds to 0.9% of the maximum fine of CHF 1,000,000. William Blair was also assessed procedural costs of CHF 1,570, which was approximately \$1,625 (USD) at exchange rates current at the time the costs were assessed.

Our Form ADV Part 1A describes this and several disciplinary items relating to our business as a broker-dealer. Our Form ADV Part 1A is available for review on the SEC’s web site at www.adviserinfo.sec.gov.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

William Blair Funds

William Blair is the investment adviser, manager and distributor for the (“Funds”) and is paid by the Funds for services we provide. As investment adviser and manager, we manage the Funds’ investments, administer their business affairs, furnish office facilities and equipment, provide clerical, bookkeeping and administrative services, and provide shareholder and information services. Our partners and employees can serve (without compensation) as trustees or officers of the Funds if elected to such positions. As of March 31, 2015, investment management fees paid by the Funds ranged from 0.20% to 1.60% for all share classes. In addition to our investment advisory fee, each Fund pays the expenses of its operations, including a portion of the Funds’ general administrative expenses, allocated based on each Fund’s net assets. As of December 31, 2014, we managed over \$14 billion in assets for the Funds.

- William Blair Ready Reserves Fund
- William Blair Income Fund
- William Blair Bond Fund
- William Blair Low Duration Fund
- William Blair Growth Fund
- William Blair Small Cap Growth Fund
- William Blair Large Cap Growth Fund
- William Blair Small-Mid Cap Growth Fund
- William Blair Mid Cap Growth Fund
- William Blair Large Cap Value Fund
- William Blair Mid Cap Value Fund
- William Blair Small-Mid Cap Value Fund
- William Blair Small Cap Value Fund
- William Blair International Growth Fund
- William Blair International Equity Fund
- William Blair International Leaders Fund
- William Blair International Small Cap Growth Fund
- William Blair Emerging Markets Growth Fund
- William Blair Emerging Markets Leaders Fund
- William Blair Emerging Small Cap Growth Fund
- William Blair Institutional International Growth Fund
- William Blair Institutional International Equity Fund
- William Blair Global Leaders Fund
- William Blair Macro Allocation Fund
- William Blair Global Small Cap Growth Fund
- William Blair Directional Multialternative Fund (*a series of Trust for Professional Managers*)

In our role as an investment manager to clients, we are in a position to recommend mutual funds, including the Funds, to clients and receive asset-based investment management fees. As the Funds’ principal distributor, we also receive fees from the sale of Fund shares. These circumstances create a potential conflict because we

may be incented to recommend the purchase of affiliated mutual funds over other types of investments or funds. To help manage any conflict, we have implemented controls, including the following:

- We maintain a written Code of Ethics, which details our fiduciary duty to clients;
- We monitor client portfolios to ensure they are consistent with each client’s objectives and investment strategy;
- We typically solicit client consent to invest in affiliated mutual funds; and
- We offset investment management fees on a client’s assets held in affiliated mutual funds.

Additionally, partners of our firm also serve as trustees of the Funds. To mitigate potential conflicts, these partners are not compensated by the Funds for their role as Fund trustees.

Please also refer to the Funds’ prospectuses and statements of additional information, which are available at www.williamblairfunds.com or by calling 1-800-742-7272.

Investment Adviser/Sub-Adviser for Other Pooled Funds

William Blair serves as investment adviser or sub-advisor to other pooled funds including other U.S. mutual funds, Canadian trusts and/or funds, collective investment trusts and UCITS, as described below.

1. Unaffiliated Mutual Funds

William Blair is sub-advisor to other U.S. registered investment companies (mutual funds) and other pooled funds not related to William Blair, and we receive asset-based fees for our investment supervisory services.

2. UCITS

William Blair is investment adviser to William Blair SICAV (the “SICAV”), an undertaking for collective investment in transferrable securities (“UCITS”). The SICAV is a pooled investment vehicle consisting of several sub-funds that invest in a range of investment strategies. As of December 31, 2014, we manage over \$2 billion in assets for the SICAV. Current fund portfolios include the following:

- Dynamic Diversified Allocation Fund
- Emerging Markets Growth Fund
- Emerging Markets Leaders Fund
- Emerging Markets Small Cap Growth Fund
- Global Leaders Fund
- Global Small Cap Growth Fund

- U.S. All Cap Growth Fund
- U.S. Small-Mid Cap Growth Fund

The SICAV is registered in Luxembourg and offered solely to non-U.S. institutional investors. As the investment adviser, William Blair receives investment management fees from the SICAV based upon daily net assets under management. William Blair also has been appointed as global distributor of the SICAV and may receive commissions or other compensation based upon purchases of shares of the sub-funds.

3. Collective Investment Trusts

William Blair is investment adviser to collective investment trusts (“CITs”) for which Global Trust Company, an unaffiliated trust company, is the trustee. These CITs are pooled investment vehicles through which qualified client assets are commingled for investment purposes. These qualified clients include only employee benefit plans governed by ERISA and certain government-sponsored entities. The CITs are privately offered and are exempt from registration under the Investment Company Act of 1940. William Blair receives investment management fees based upon total assets under management for the CITs.

4. Canadian Trusts/Funds

William Blair is investment adviser and/or subadviser for certain Canadian trusts and/or funds. These Canadian trusts/funds are pooled investment vehicles through which various types of Canadian clients may commingle their assets for investment purposes. William Blair receives investment management fees based upon total assets under management.

5. Australian Trust/Funds

William Blair is investment adviser and/or subadviser for certain Australian trusts and/or funds. These Australian trusts/funds are pooled investment vehicles through which various types of Australian clients may commingle their assets for investment purposes. William Blair receives investment management fees based upon total assets under management.

Potential Conflicts of Interest Related to Investment Adviser/Sub-Adviser Activities

Similar to the Funds, a potential conflict of interest exists as we may be incented to recommend these pooled funds for purchase by our investment management clients, which may conflict with our fiduciary duty. To help manage conflicts, we have implemented controls, including the following:

- We maintain a written Code of Ethics, which details our fiduciary duty to clients;

- We manage portfolios to their strategy models; and
- We monitor client portfolios to ensure they are consistent with each client’s objectives and investment strategy.

Model Portfolio Provider

William Blair provides model portfolios to certain Program Sponsors (or their overlay managers) for unified managed accounts (“UMAs”). Each Program Sponsor (or overlay manager) retains investment discretion over the UMAs and may accept or reject our recommendations. The Program Sponsor also is responsible for effecting trades resulting from our recommendations. William Blair has no investment discretion over the Program Sponsor’s UMAs, has no responsibility for trading, and has no specific knowledge of the Program Sponsor’s clients or their circumstances. As further described in Item 12, we provide our model portfolios during the third tier of our trade rotation process.

As a model provider, we receive a fee from each Program Sponsor to which we provide model portfolios. Fees generally range from 0.11% to 0.45% annually (billed quarterly) based upon the Program Sponsor’s underlying assets managed to each model portfolio strategy. In some cases, William Blair pays a portion of the fee received from a Program Sponsor to registered investment adviser firms for discretionary model portfolio distribution support.

Commodities/Futures Registration

William Blair is registered with the Commodity Futures Trading Commission (“CFTC”) as a Commodity Trading Advisor (“CTA”) and a Commodity Pool Operator (“CPO”) and is approved as a Swaps Firm. William Blair also is a member of the National Futures Association (“NFA”).

As a CTA, the IM division provides investment management services on a discretionary basis to Private Funds that are either:

- Exempt from registration under Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940;
- Commodity pools regulated under the Commodities Exchange Act; or
- Commodity pools exempt from regulation as CPOs pursuant to Rule 4.13 under the Commodities Exchange Act; or
- Commodity pools exempt from certain financial reporting and disclosure requirements pursuant to Rule 4.7 under the Commodities Exchange Act.

As a CPO, we provide investment management services to mutual funds that invest in derivative instruments such as futures and swaps. William Blair affiliates, William Blair Advanced Strategies, LLC and William Blair Global Advanced Strategies also are registered with the CFTC and are CPOs for other Private Funds.

As a Swaps Firm, William Blair engages in investment management activities for pooled funds and separate accounts that involve swaps subject to the jurisdiction of the CFTC. William Blair's Debt Capital Markets group provides interest rate swap advisory services to municipal securities issuers in connection with the firm's municipal securities underwriting business. William Blair acts solely as a qualified independent representative and evaluates the pricing and the appropriateness of swap transactions for these issuers. William Blair does not act as a swap dealer or major swap participant nor does the firm act as a counterparty to swap transactions.

Private Investment Offerings

William Blair is the sponsor of the following limited partnerships and limited liability companies, which are Private Funds that are structured as hedge funds, funds-of-hedge funds, multi-advisor commodity pools or other pooled investment vehicles. William Blair offers the Private Funds only to accredited investors or qualified eligible purchasers.

- William Blair All Terrain Fund, L.P.
- William Blair All Terrain TE Fund, L.P.
- William Blair Black Terrain Fund, L.P.
- William Blair Black Terrain TE Fund, L.P.
- William Blair Blue Terrain Fund, L.P.
- William Blair Blue Terrain TE Fund, L.P.
- William Blair China A-Share Fund, LLC
- William Blair Dynamic Diversified Allocation Fund, LLC
- William Blair Global Commodity Specialist Fund LLC
- William Blair Global Opportunity Fund, LLC
- William Blair Green Terrain Fund, L.P.
- William Blair Green Terrain TE Fund, L.P.
- William Blair Green Terrain Disbursement Fund, LLC
- William Blair International Systematic Research Fund, LLC
- William Blair Macro Allocation Fund LLC
- William Blair Managed Futures Fund, L.P.
- William Blair Marble Place Fund, L.P.
- William Blair Marble Place TE Fund, L.P.

As a discretionary investment adviser, we are in a position to recommend securities, including affiliated Private Funds, to our clients. This creates potential conflicts of interest because we might be incented to select these securities for clients over other suitable investment options. To help manage conflicts, we make

these investments available solely to certain William Blair partners and employees as well as select qualified investors. Because we can receive performance fees for certain funds (as described in Item 6), we also may be incented to favor these accounts over other clients' accounts; however, this incentive is mitigated by the illiquid nature of these investments.

Corporate and Executive Services

William Blair provides strategic advice and solutions for companies and corporate executives. William Blair Examples of these services include the following:

- Corporate cash management
- Corporate share repurchases
- Directed share programs
- Retirement plans
- Investment banking services
- Cashless stock option exercise
- Restricted stock coordination and sales
- Officer and affiliate trading programs
- Equity risk management

Financial Planning and Advisory Services

William Blair provides financial planning and advisory services to high-net-worth individuals and families and works with you to help you determine the services that may be appropriate given your goals and circumstances. We may charge a fee for these services that is separate from any investment advisory fees and transaction charges. Examples of these services include the following:

- Asset allocation
- Retirement planning
- Estate planning
- Philanthropic strategies
- Advisory services for foundations and endowments

Securities Business

In addition to our registration with the SEC as an investment adviser under the Investment Advisers Act of 1940, William Blair also is registered with the SEC as a securities broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority (FINRA). In its broker-dealer capacity, the firm executes securities transactions for clients, underwrites securities, distributes the Funds and custodies client funds and securities. These activities present potential conflicts of interest, as described below and throughout this Brochure.

Investment Banking Activities

William Blair's Corporate Finance Department provides investment banking and financial advisory services to corporate clients. This creates potential conflicts of interest with our discretionary investment management clients. In the provision of investment banking services, our employees may come into possession of material, non-public information or other confidential information about a particular company, which if disclosed might affect a person's decision to buy, sell or hold a company's securities. The firm maintains policies and procedures as well as physical, technical and logical controls to mitigate unauthorized access to and/or use of non-public information. Because of these procedures (and related legal requirements), investment decisions related to these securities may be temporarily restricted in your account.

Sell Side Equity Research

William Blair's Equity Research Department provides investment analysis and recommendations of companies across various sectors. This creates potential conflicts of interest with our discretionary investment management clients because our employees may come into possession of material, non-public information or other confidential information about a particular company, which if disclosed might affect a person's decision to buy, sell or hold a company's securities. The firm maintains policies and procedures as well as physical, technical and logical controls to mitigate unauthorized access to and/or use of non-public information. Because of these procedures (and related legal requirements), investment decisions related to these securities may be temporarily restricted in your account.

Institutional Sales and Trading

William Blair's Institutional Sales and Trading Department provides trade execution, underwriting and sales to investors and issuers. This can create conflicts of interest with our discretionary investment management clients because our employees may come into possession of material, non-public information or other confidential information about a particular company, which if disclosed might affect a person's decision to buy, sell or hold a company's securities. The firm maintains policies and procedures as well as physical, technical and logical controls to mitigate unauthorized access to and/or use of non-public information. Because of these procedures (and related legal requirements), investment decisions related to these securities may be temporarily restricted in your account.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

William Blair's IM division has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 and 17j-1 under the Investment Company Act of 1940 that governs a number of potential conflicts of interest we have when providing our advisory services to you and to the Funds. We have designed our Code of Ethics to help ensure we meet our fiduciary obligation to our clients and to the Funds we manage as well as to emphasize a culture of compliance within our firm.

We distribute our Code to each employee at the time of hire and annually thereafter. We provide annual training and monitor employee activity on an on-going basis. According to our Code, employees must:

- Pre-clear most all personal securities transactions;
- Report their transactions in reportable securities quarterly and disclose reportable securities holdings annually;
- Disclose all securities accounts in which they have a beneficial interest (i.e., they are the account owner or have or have a present economic interest in the account);
- Adhere to prescribed holding period requirements for most all personal securities;
- Refrain from purchasing securities in an initial public offering (IPO) and obtain prior approval for participation in limited offerings;
- Receive approval prior to serving on any Board of Directors of a public company;
- Report gifts and business entertainment; and
- Certify on a periodic basis as to compliance with our Code.

If you would like a copy of IM's Code of Ethics, please contact our Investment Management Compliance team at imcompliance@williamblair.com or (312) 236-1600 or write to us at the following address:

William Blair & Company
Attn: IM Compliance
222 W. Adams St.
Chicago, IL 60606

Securities in which William Blair has a Financial Interest

Because of our diverse financial services activities, William Blair has financial interests in various securities including the Funds, William Blair SICAV, William Blair Private Funds as well as securities of corporations to which we provide investment banking and other corporate and executive services. We also have financial interests in securities for which we serve

as sub-advisor (such as other mutual funds or collective investment trusts).

In our position as an investment adviser, we sometimes recommend to our clients that they purchase or sell securities in which we have a financial interest, or in cases where we have investment discretion, we may purchase or sell those securities on behalf of our clients. This creates a potential conflict because we may be incented to promote these securities over others. A potential conflict also arises in situations where we may restrict or refrain from making investment recommendations on particular securities because we are actively engaged in investment banking activities for issuers of those corporate securities.

To help manage these conflicts, we rely on various compliance controls including the following:

- Our IM division maintains a Code of Ethics, which reinforces our fiduciary duty to clients, and conduct periodic training on our Code;
- We have written policies and procedures that clearly prescribe processes for employees when recommending investments for our clients;
- We utilize technological trading and compliance tools to monitor portfolio activities;
- We review portfolios to ensure investments are consistent with clients' guidelines and restrictions;
- We typically solicit client consent to invest in the Funds for their investment advisory accounts;
- In cases where we purchase the Funds in clients' investment advisory accounts, we do not charge additional investment advisory fees on the portion of assets invested in our Funds; and
- We have information barriers in place to prevent dissemination of material, non-public information between our various business groups.

Personal Securities Trading

Because William Blair permits employees to engage in personal securities transactions, our employees may buy or sell securities that we have recommended to clients for their own personal accounts in a manner that is inconsistent with our recommendations to clients. As an example, an employee may buy a particular security that we recently have sold for clients. This creates a potential conflict because employees could be motivated to favor their own investment interests over clients' interests. To help manage these conflicts, we rely on various compliance controls including the following:

- Our IM division maintains a Code of Ethics, which reinforces our fiduciary duty to clients;

- We require pre-clearance and reporting of personal transactions in covered securities for employees;
- In cases where we are purchasing or selling securities for clients' accounts, we routinely prohibit employees from transacting in the same securities for their own accounts until trades are completed for all client accounts;
- We monitor employees' personal securities transactions in an effort to identify patterns or improper activities; and
- We have holding period requirements for most all personal securities activities of our employees to deter short-term or frequent trading.

Same Securities Investments for William Blair Related Accounts

Although William Blair does not typically maintain and manage firm accounts (proprietary accounts), we may occasionally establish a proprietary account (typically for purposes of seeding a new investment strategy). Managing these sorts of accounts create a potential conflict with other investment advisory accounts as our portfolio managers may be incented to focus extra attention on or allocate select investment opportunities to these accounts. To manage these conflicts, we have implemented various compliance controls, including the following:

- Our Chief Compliance Officer must approve each proprietary account before opening;
- We require that trades for proprietary accounts be executed after the completion of trades involving the same securities for unrelated accounts (consistent with our practice for trades in employee-related accounts); and
- We typically do not compensate our portfolio managers based on individual account performance, which provides no additional incentive to focus excessively on any single account.

Political Contributions

We do not allow our employees to make or solicit political contributions to support political candidates or elected officials for the purpose of obtaining or retaining business with governmental entities. We permit employees to make personal contributions to support candidates for whom they are eligible to vote subject to contribution limits and reporting requirements.

ITEM 12 – BROKERAGE PRACTICES

Broker Selection and Best Execution

When we select broker-dealers to execute our clients' orders, we seek best execution. This means that we aim to obtain the best security price while also considering the quality of the brokerage and research services that we or our clients receive from that broker. We look at the individual transaction but also assess quality over multiple transactions. We consider a variety of factors such as the following:

- Commission rates charged by the broker in comparison to the charges of other brokers for similar transactions;
- Price of the security, including any mark-up or mark-down on the security;
- Access to the broker's trading desk and the familiarity of the broker with our business;
- Extensiveness of the broker's distribution network and its ability to fulfill more difficult orders;
- Ability of the broker to maintain confidentiality while executing trades to prevent the disclosure of our investment strategy or the details of an order in a way that will adversely affect market price;
- Extent to which the broker is willing to commit its own capital to fulfill difficult orders;
- Level of competence and infrastructure of the broker to handle complicated transactions such as derivatives;
- Broker's execution abilities, including the level of accuracy, speed of execution, and ability to obtain best net price;
- Broker's communications and administrative abilities, including efficiency of reporting, settlement, and correction of trade errors;
- Research capabilities (including research created or developed by the broker-dealer and that obtained from third parties) and the broker's ability to provide market information;
- The broker's trading expertise; and
- The broker's capital strength and financial stability.

Conflicts arise when selecting brokers because we do not simply seek the lowest possible commission (cost). We may be motivated to use commissions (instead of cash) to pay for services or to select a broker based on the services they provide rather than the quality of their execution. This also may cause you to pay commissions that are higher than commissions charged by brokers who do not provide the above benefits. However, we believe that in return for paying fair and reasonable commissions, our clients will benefit. We make every effort to allocate the benefits to the accounts generating

these commissions, but some accounts that did not directly pay for the benefits also will gain.

To manage these conflicts, our IM division has developed detailed policies and procedures and implemented several controls including the following:

- We maintain a list of approved brokers and review the list at least annually;
- We have established compliance policies and procedures relating to brokerage practices that include the creation of a Brokerage Research/Commission Committee to review best execution; and
- We routinely review commission rates, trade execution, and settlement services.

Foreign Currency Exchange Transactions

For transactions involving securities traded on exchanges outside of the U.S. (or the client's base currency, if not U.S. Dollars), foreign currency exchange transactions are necessary to convert foreign currency into U.S. Dollars (or the client's base currency, if not U.S. Dollars), and vice versa, to complete purchases and sales of foreign securities. The cost of engaging in foreign currency transactions can be substantial and varies with such factors as the currency involved, the size of the transaction, and prevailing market conditions.

It is frequently the responsibility of a client's custodian to handle foreign currency transactions for client accounts. However, when requested, as an accommodation to clients, we have the ability to execute certain foreign exchange transactions required to settle securities transactions in your account. We can currently execute foreign exchange in the following unrestricted currencies on your behalf on a negotiated basis:

- Australian Dollar (AUD);
- Canadian Dollar (CAD)
- Swiss Franc (CHF)
- Czech Koruna (CZK);
- Danish Krone (DKK);
- European Union Euro (EUR);
- British Pound Sterling (GBP);
- Hong Kong Dollar (HKD)
- Hungarian Forint (HUF)
- Israeli Shekel (ILS)
- Japanese Yen (JPY);
- Mexican Nuevo Peso (MXN);
- Norwegian Krone (NOK);
- New Zealand Dollar (NZD);
- Polish Zloty (PLN);

- Romanian Leu (RON)
- Swedish Krona (SEK)
- Singapore Dollar (SGD)
- Yeni Turk Lirasi (TRY); and
- South African Rand (ZAR).

The foregoing list is subject to change and updates can be provided upon request.

If you desire to have us execute the foreign exchange transactions that are required to settle securities transactions in the listed currencies for your account, please contact us. If so requested, we will monitor the rates at which such transactions are executed and provide reporting to you.

We do not execute transactions in any other currencies. We also do not execute foreign exchange transactions for corporate actions such as mergers, offerings of rights and warrants, cash dividends, and interest income denominated in a non-U.S. currency involving repatriation of interest and dividends due to the nature and frequency of such transactions. All such transactions will be executed on your behalf by your custodian or third party as described below.

If you have not requested us to execute the foreign currency transactions, those transactions will typically be executed on your behalf by your custodian pursuant to standing instructions communicated to the custodian when the account is established or at the time settlement instructions are sent to the custodian for a particular transaction. In that case, it is your responsibility to negotiate the terms for execution of foreign currency transactions, including the rates and times at which they are executed. Even if you elect to have us execute foreign currency transactions for your account, any trades in currencies other than those listed above will need to be sent directly to the custodian or sub-custodian for execution in the local market. In these cases, we can monitor that the foreign currency is available to complete equity transactions executed on your behalf on a standing instruction basis. However, we do not evaluate the quality of execution received on such foreign exchange transactions.

Transacting with dealers other than your custodian causes you to incur additional fees, such as wire fees for each currency transaction that are not charged if the foreign exchange transaction is executed through your custodian. Additionally, there may be operational advantages to using your custodian, such as contractual settlement and systematic communication between your custodian's currency trading operations and its equity settlement operations, which may reduce settlement risk. Most clients have found after considering the costs and operational issues that their interests are best served by having the custodian execute many of their foreign currency exchange transactions, such as in the case of corporate actions.

Use of Derivative Instruments

Certain investment strategies managed by William Blair may utilize over-the-counter derivatives, such as interest-rate swaps, credit default swaps, non-deliverable forward currency contracts and other derivative instruments. Partly as a result of certain changes to applicable laws, rules and regulations, investing in these instruments involve certain specific operational and other requirements and risks. First, derivative trading counterparties may require William Blair and/or its clients on whose behalf William Blair enters into derivative transactions to sign various documents and enter into agreements (including ISDA agreements and credit support annexes). For clients invested in strategies that utilize currency forwards, which currently do not require collateral to be posted, William Blair requests that each account adhere to an industry-wide protocol called the Dodd-Frank Protocol so, among other things, William Blair can trade with its preferred counterparties. With respect to derivatives that require collateral, William Blair typically trades as an authorized agent under ISDA agreements and credit support annexes on behalf of clients, a process which requires individual credit approval of such clients by William Blair's preferred counterparties.

ISDA documents will require the client, or William Blair on its behalf, among other things, to make certain representations and warranties that the counterparties must obtain for them to comply with those laws, rules and regulations and/or to satisfy their own internal policies and procedures. William Blair may not have the necessary information about its clients to make those representations and warranties, and therefore may require such clients to either, sign the applicable documents and enter into the applicable agreements, or to provide backup certifications to allow William Blair to do so. If William Blair is not able to satisfactorily meet a counterparty's specific requirements, it may not be able to enter into derivative transactions on behalf of the client.

In addition, any client on whose behalf William Blair enters into a derivative transaction (except for certain forward contracts) may be required to post collateral for those transactions. The collateral is often referred to in two parts, "initial margin" and "variation margin." The initial margin is typically a fixed amount that is required to be designated and maintained at a specified level, regardless of whether the mark-to-market exposure on the derivative instrument, if closed, would require a payment to the client. The variation margin is a daily-calculated amount established by the counterparty and depends on a number of factors, including the type of derivative transaction, the marked-to-market exposure of the client and the determination regarding the credit risk associated with the client. The variation margin may therefore change from day to day. Any client on whose behalf William Blair may enter into derivative transactions will need to cooperate with William Blair, and instruct its custodian to cooperate with William Blair, to establish the

necessary arrangements to satisfy collateral requirements. Any action taken by the client or the custodian that causes insufficient collateral to be posted may cause the counterparty to issue a margin call, seize the collateral, close out the related derivative transaction or take other action as permitted by the transaction documents. Any of these actions could result in a loss to the client.

Execution for Funds-of-Hedge Funds and Multi-Advisor Commodity Pools

William Blair does not typically use broker-dealers when effecting transactions for its fund-of-hedge funds or multi-advisor commodity pools since we typically acquire securities for these strategies through private placements with the issuer or utilize separate accounts managed by selected third-party advisers. If we were to trade directly in publicly available securities, we would seek best execution as described above. Separate account advisers also are expected to seek best execution.

Brokerage for Sales of Mutual Fund Shares

We do not consider a broker's sales of mutual fund shares when determining whether to select a particular broker to execute mutual fund portfolio transactions.

Research and Other Soft Dollar Benefits

William Blair uses broker-dealers that provide us research to execute client transactions, and we may pay higher commissions to receive such research. These kinds of arrangements are referred to as "soft dollar" arrangements. Section 28(e) of the Securities Exchange Act of 1934 permits us to pay higher commissions if we can demonstrate the commissions are reasonable in relation to the research or brokerage services we receive.

William Blair receives research products and services from broker-dealers and third parties such as the following:

- Written reports on individual companies and industries of particular interest to us;
- General economic conditions, pertinent federal and state legislative developments and changes in accounting practices;
- Direct access by telephone or meetings with leading research analysts throughout the financial community, corporate management personnel, and industry experts;
- Comparative performance and evaluation and technical measurement services for issuers, industries and the market as a whole;
- Access to and monitoring of equity valuation models; and

- Services from recognized experts on investment matters of particular interest.

To the extent William Blair wishes to use commission dollars to purchase research, we must use the commission dollars generated from accounts that have granted discretion to us as to brokerage placement. Accordingly, commission dollars generated from accounts that grant brokerage placement discretion to William Blair are likely to be used to purchase research that also benefits accounts that do not grant us discretion.

In some cases, the above services may require the use of or be delivered by computer systems whose software components may be provided to William Blair as part of the services. In a few instances, we may share the use of a research service or product with other departments within William Blair. In this event, we make a good faith effort to allocate the use of this research, and commissions may defray the portion of the cost attributable to the Investment Management division.

We may not use all products and services for the sole benefit of the clients whose commission dollars paid for the products and services. Research we obtain from commissions paid by one account may be used to benefit all accounts. This creates conflicts because some clients may get the benefit of research or services received due to another client's commission dollars. In most instances, William Blair Counseling accounts, William Blair Select accounts, wrap accounts, model delivery accounts, and other accounts that have not provided us with discretion as to brokerage do not contribute (or contribute relatively less than accounts that have provided us with brokerage discretion) to third-party research and services paid for with client commissions. However, such accounts receive the research benefits from those accounts that have granted us discretion as to brokerage placement. For example, wrap fee program accounts may benefit from services provided by brokerage commissions of other accounts, while the non-wrap fee accounts do not receive the same benefits from brokerage commissions of wrap accounts. Additionally, our Counseling group has access to research provided by the Institutional Investment Management team, and Counseling client accounts benefit from research received.

We have various controls in place to manage these conflicts including the following:

- We periodically review our soft dollar practices to determine, in good faith, that commissions used to acquire research products and services were reasonable in relation to the value of research or services received;
- We periodically review commission rates relative to our peers;
- We periodically review products and services acquired by soft dollar commissions to assess their potential benefit to client accounts;

- Our Chief Compliance Officer serves as a member of our Brokerage Research/Commission Committee responsible for oversight of our soft dollar practices; and
- All IM employees, including members of the Counseling group, are considered Access Persons subject to IM compliance policies and procedures, including its Code of Ethics..

Generally, William Blair does not commit to any broker-dealer a specified amount of commission dollars as compensation for furnishing research services. Rather, we assess the value of research received from a broker-dealer and compensate that broker-dealer with the amount of commission dollars we believe is reasonable (within the context of commissions generated) for the services provided.

William Blair also has agreements with several broker-dealers wherein we agree to direct a specified amount of commission dollars to broker-dealers as compensation for the research services (described above) received from third parties. We do not pay cash to meet any shortfall if we do not meet the specified amount of commissions.

Client Commission Arrangements

William Blair also participates in “commission sharing arrangements” and “client commission arrangements” (collectively, “CSAs”). We also execute transactions through Electronic Communication Networks and other alternative trading platforms (collectively “ECNs”). The ECN or broker that administers the CSA receives a portion of the commission while another portion is credited to a pool to be used to pay for research services we receive from other firms.

With respect to broker-dealers we use for CSAs, we negotiate a base execution commission rate plus an additional research commission rate (sometimes referred to as “cost plus pricing”). The CSAs, as well as the research we receive in connection with the arrangements, are designed to comply with Section 28(e) of the Securities Exchange Act.

We believe that our participation in CSAs provides benefits such as the following:

- Helps us consolidate payments for research we obtain through multiple channels using accumulated client commissions or credits from transactions executed through a particular broker-dealer or ECN;
- Strengthens our relationships with our key broker-dealers; and
- Allows us to receive research services on an ongoing basis while facilitating best execution in the trading process.

We believe research services are useful in our investment decision-making process because they provide access to a variety of high quality research and individual analysts that might not be available to us without such arrangements. Research we receive under a CSA can include proprietary research and third party research.

The CSAs are structured as traditional soft dollar arrangements, which obligates the broker-dealer to pay for a specific research product or are structured in a way that allows us to designate broker-dealer payments to other research providers based on the broker vote and existing commission credits with the executing broker-dealers. The latter arrangements enable us to separate trade execution from research.

A Brokerage Research/Commission Committee consisting of our Investment Management division’s management and trading personnel routinely reviews the quality of research and execution services of the various broker-dealers used by Investment Management. This committee also reviews the commission rates charged by the various brokers to make a good faith determination that they are reasonable in relation to the value of the products and services provided.

Mixed Use Services

In limited instances, certain services we receive from brokers or other service providers may have administrative, marketing or other uses that do not constitute (in whole or in part) research or brokerage services within the meaning of Section 28(e) of the Securities Exchange Act. Such services are generally known as “mixed use” services. We evaluate the use within the firm of any “mixed-use” services, if any, and allocate the cost of such services between research/brokerage and non-research/brokerage uses based on the number of people, the purpose used, and the time that different personnel use the service.

In making such an allocation, a potential conflict of interest arises in determining the cost allocation of mixed-use items between research and non-research portions of the products. William Blair pays hard dollars for any portion of the mixed-use services that is allocated to the non-research / brokerage portion. Although the allocation between commissions and hard dollars will not always be a precise calculation, we make a good faith effort to reasonably allocate such services. To the extent that any such “mixed use” services/products are obtained, we prepare records detailing the research, services and products obtained and the allocation between the research and non-research portions, including payments made by commissions and hard dollars.

While we negotiate commissions and prices with certain broker-dealers with the expectation that such broker-dealers will be providing us brokerage or research services, we will not enter into any agreement

with any broker-dealer that would obligate us to direct a specific amount of brokerage transactions or commissions in return for such services. However, we consider the research services as a factor in determining the amount of commissions to be allocated to a specific broker. Also, certain broker-dealers state in advance the amount of brokerage commissions they require for certain services. If we do not meet the amount required to obtain a particular desired product, we may direct excess research commissions as part of a CSA with an executing broker to pay the research provider or we may pay hard dollars to make up the difference.

Client Directed Brokerage

In some instances, clients direct us to place their order or a portion of their brokerage orders through specific broker-dealers, including William Blair. This direction may include “expense reimbursement” and “commission recapture” arrangements, where certain broker-dealers will rebate a portion of a client’s brokerage commissions (or spreads on fixed income or principal trades) directly to their account, or apply the amount to an account’s expenses. In some instances, clients may direct us to place their order or a portion of their brokerage orders through “discount brokers.” We may deny client requests to direct brokerage, and we must accept direction before it will be effective.

In selecting the directed broker, the client is solely responsible for negotiating commission rates and other transaction costs with the directed broker. We are not required to execute any transaction through the directed broker if we reasonably believe that doing so could result in a breach of our fiduciary duty.

By instructing us to execute transactions through the directed broker (including expense reimbursement and commission recapture arrangements), the client may not necessarily obtain commission rates and execution as favorable as those that would be obtained if we were able to place transactions with other brokers. The client also may forego benefits that we may be able to obtain for our other clients through, for example, negotiating volume discounts or block trades. In addition, directed brokerage can distract us from our normal trading process and represents a potential conflict of interest in our efforts to obtain best execution for all clients and to obtain adequate research. Also, if the directed broker played a role in introducing or referring the client to our firm, we face a potential conflict of interest that could be seen as reducing our incentive to obtain a lower commission. If the brokerage firm to which William Blair is directed by the client to execute trades is not on our approved list of brokers, the client may be subject to additional credit and settlement risks.

Trade Order Aggregation and Trade Rotation

Our Investment Management division has adopted a Trade Order Aggregation and Trade Allocation Policy. Under this policy, we process orders on a first-in, first-

out basis, unless there are multiple orders from portfolio managers in the same security on the same day. In these cases, we may aggregate orders for efficiency and negotiability purposes, so long as the aggregation is consistent with best execution principles and the clients’ advisory contracts. When we have more than one client order in the same security, we seek to, but are not obligated to, aggregate (bunch) orders or execute orders sequentially (rotate) in an order determined by a “randomizer.” We take into account the trader’s judgment on the trading characteristics of the security, specific client direction, and the pursuit of best execution.

We may aggregate fixed income trades for a client with trades in the same security for other clients. We determine whether aggregation of a transaction is appropriate and allocate securities among participating accounts with similar investment guidelines.

The trade rotation process presents issues that include detrimental market impact (i.e., earlier trades may move the market causing subsequent trades to receive inferior prices), “signaling” concerns (i.e., broker-dealers anticipate additional trades in the same security and use this information to the detriment of the manager’s client), and timing differences that result in clients obtaining different execution prices and performance dispersion among accounts. Such concerns are mitigated where the securities involved have significant trading volume and high liquidity.

We will not aggregate orders if we believe that aggregation would cause clients’ costs of execution to be increased under the circumstances. We believe, however, that in the appropriate circumstances, aggregating client orders for the same security permits all clients in the order to participate equitably in purchases and sales. For all clients, we utilize a multi-tiered trade aggregation (“bunching”) or trade rotation policy that seeks to execute the securities transactions of our clients and disseminate model portfolios to our model portfolio clients in a fair and equitable manner. The various tiers are as follows:

1. First Tier

We include clients that do not direct us to use specified broker-dealers, unless such directed broker-dealers accept step-outs on the trade in question, in the first tier (“Free to Trade Accounts”). In addition, if a client requests that a certain percentage of its trades be directed to a specified broker-dealer, any trades not required to meet the percentage requirement are eligible, but not required, to be included in the first tier as Free to Trade Accounts. (For example, if a client directs that at least 30% of its trades should be directed to a specified broker-dealer, the remaining 70% of its trades are eligible, but not required, to be included in the first tier.)

2. Second Tier

We generally include clients that direct us to utilize specified broker-dealers, broker-sponsored/custodied platforms, and wrap-fee program clients in the second tier. A client's decision to utilize a broker as the custodian of its account (e.g. participation in a wrap fee program) may, even in the absence of an express direction to use that broker for executing securities transactions, have the same practical effect as a direction depending on the broker's capabilities and charges. Second tier accounts will be traded on a randomized rotation basis after the first tier clients have completed their transactions. Further, wrap-fee program clients will be traded in a sequential manner.

3. Third Tier

We include model portfolio clients in the third tier. Model portfolios are disseminated to third tier clients on a randomized rotation basis after the first and second tier clients have completed their transactions.

We decide to bunch or rotate (or both) primarily based on a particular security's average liquidity, market conditions, and the relative size of the shares to be traded versus that liquidity. For thinly traded securities, such as many small and mid-cap securities, the ability of a trader to choose the execution destination is an important factor in minimizing market impact, and therefore an intangible element of trading costs. Where liquidity is of concern, we typically bunch and trade First Tier accounts together. Once a bunched trade is executed with the broker or dealer chosen to provide best execution, a portion of the trade may be "stepped out" to brokers, in the judgment of the traders, in order to accommodate clients' directed brokerage or certain wrap-fee programs or research providers. However, if in the trader's judgment, the use of step-outs on a particular trade is not practical or compromises best execution, we will not bunch orders and instead will randomly rotate the order of execution between the various directed blocks of stock and model portfolio program sponsors.

We typically wait to trade Second Tier accounts until the "bunched" First Tier trade is completed. We then will execute trades for Second Tier accounts in order according to the results of a randomizer. As discussed above, wrap fee program clients will then be traded in a sequential manner.

Third Tier accounts will typically wait until the First Tier and Second Tier trades are completed. Model portfolios will then be disseminated to model portfolio program sponsors based on the results of a randomizer. All clients (except those participating in certain transactions in certain emerging markets) participating in a bunched trade receive the same average execution price for the day. For example, trades in the over-the-counter market and on the New York Stock Exchange

will receive the same average price with those accounts being billed by the executing broker paying the same commission rate. Those orders for accounts with directed brokerage agreements and most retail accounts, when the trades are executed away from William Blair that receive the same average share price from the executing broker, and are subject to the step-out provisions or accounts traded and settled via omnibus accounts, are billed at the agreed-upon rates with their respective brokers.

If, in the judgment of the trading desk, there are significant time lapses between individual managers' orders and/or significant price changes for the security, subsequent orders will typically begin to participate on executions from the time at which they were submitted to the trading desk. If a security is being traded under the provisions of a full randomized rotation, and time delays or price movements are significant, the traders will complete the blocks under the initial randomizer results, and then run a new randomization for all subsequent blocks.

Wrap Fee Accounts

With regard to wrap fee accounts, we typically direct trades to the broker-dealer acting as or affiliated with the program sponsor to prevent the client from incurring additional transactions charges outside of the wrap fee. We are not able to obtain consistent execution between client accounts at different program sponsors due to our inability to aggregate trades across all clients. For trades executed with broker-dealers acting as or affiliated with the program sponsor, we do not monitor if these broker-dealers obtain best execution. We may also elect to use step-out trades with executing broker-dealers other than the program sponsor and step out the trade to the program sponsor if we determine that doing so is necessary to satisfy our obligation to seek best execution of trades for our clients. For example, we may step out a trade if we believe that a broker-dealer other than the program sponsor will be able to provide more timely execution. When a trade is stepped out, the client may incur commission expenses in addition to the wrap fee paid to the program sponsor, thereby increasing the total expense to the client. We believe the increased expense is offset by the potential for better execution prices and more timely execution than could have been otherwise obtained by trading through the program sponsor.

When trades are directed to program sponsors, we aggregate transactions for client accounts within the same wrap program. Accounts in an aggregated transaction will receive the same average price per share. However, clients in different wrap fee programs will receive different execution prices for transactions in the same security. We utilize a trade rotation to prevent any single program sponsor relationship from consistently trading first or last.

Trade Allocation

When the full amount of a bunched equity order is not executed, partially executed orders will typically be allocated among the participating client accounts on a pro rata basis in a fair and equitable manner in accordance with William Blair's policies and procedures. In cases where we receive only a de minimis number of shares, we may determine it is not in the overall best interest of clients to allocate shares on a pro rata basis and instead will allocate on a randomized basis. In certain emerging markets, the executing broker may require a pre-allocation prior to trading. In such instances, the allocations will typically be determined by the executing broker.

In cases where we seek to participate in an IPO or secondary offering, we determine the total number of shares to request from the offering syndicate based on a pre-allocation of all eligible client accounts, subject to cash constraints and investment restrictions, established during the order generation process. If we receive an allotment of shares of an IPO or a secondary offering in a quantity that, in our judgment, is significant enough to permit a meaningful allocation to all accounts in the pre-allocation, our trading system allocates the shares on a pro rata basis based on each account's percentage participation in the order. When we allocate shares of an IPO or a secondary offering but receive fewer shares of the offering than requested, we allocate shares on a pro rata basis according to requested order size subject to certain minimum share increments that are applied in our judgment. Only client accounts that are eligible to participate in IPOs or secondary offerings can receive an allocation.

Allocation of Small Capitalization Stocks

In some instances, access to certain small market capitalization stocks will be limited and allocation preference will be given to those strategies that focus on small cap securities instead of those with a more generalized focus (e.g., an all-capitalization strategy).

Allocation of Investment Opportunities for Fund of Funds and Multi-Advisor Commodity Pools

In cases where we identify opportunities that we believe are suitable for more than one of our funds-of-hedge-funds or multi-advisor commodity pools, we generally allocate purchase and sale opportunities on a pro rata basis in proportion to the amounts desired to be purchased or sold at the same time for multiple accounts. In cases where pro rata allocation is not possible, or where we believe pro rata allocation is not in the best interest of our investors, we seek to allocate these opportunities on a basis that we, in good faith, believe is fair and equitable to each fund light of existing facts and circumstances (e.g., length of time of available cash, amount of available cash or investment minimums).

Allocation of Investment Quota and Repatriation Proceeds for William Blair China A-Share Fund

Access to quota and repatriation proceeds through the China A-Share Fund is a limited opportunity, and purchases and redemptions of interests of the China A-Share Fund are allocated in accordance of Appendix A to the William Blair & Company, L.L.C. Investment Management Trade Order Aggregation and Trade Allocation Policy.

If the aggregate amount of subscription requests exceeds the aggregate net asset value of interests available for purchase, interests will generally be allocated among eligible investors on a pro rata basis according to requested subscription amount.

Redemptions of interests are subject to the redemption procedures and restrictions described in the China A Share Fund's Private Placement Memorandum. To the extent total subscription and currency repatriation proceeds are less than the aggregate amounts of redemptions, redemption requests will be processed on a first-in, first out basis. Additional restrictions may apply as a result of repatriation restrictions imposed by the Chinese regulatory authorities. For additional information please see Item 8, Methods of Analysis, Investment Strategies and Risk of Loss.

Trade Errors

William Blair employs a standard of care in the placement, execution and settlement of trades for clients' accounts and generally considers any deviation from this standard a trade error. We do not consider reckless or intentional misconduct or good faith errors in judgment in making investment decisions for clients to be trade errors.

When we cause a trade error, we take prompt action to resolve the error with the objective to return the client's account to the position that it would have been in had there been no error. We pay to correct an error and reimburse a client for any loss resulting from the error. We do not permit the use of soft dollars to correct trading errors. To ensure trade errors do not adversely affect a client's portfolio, the Chief Compliance Officer reviews each trade error and routinely reviews our trade error log.

Cross Trades

We may effect securities transactions between two advisory clients, (which are commonly referred to as "cross trades.") William Blair receives no compensation for effecting the transactions and will do so in an objective manner and only if it can ensure it has a reasonable basis for believing the price is fair to both buyers and sellers. For cross transactions in mutual fund accounts, William Blair shall comply with rule 17a-7 under the Investment Company Act of 1940. William Blair does not effect cross trades in ERISA accounts.

ITEM 13 – REVIEW OF ACCOUNTS

Account Reviews

William Blair reviews clients' accounts for appropriateness and relative value of investments. We meet periodically to discuss current developments and relative merits of particular investments. We appraise account holdings monthly and review accounts for accuracy from an administrative, accounting and investment viewpoint. A member of IM senior management or PCA compliance reviews the appropriateness of investment holdings on an ongoing basis.

We determine the frequency, depth and nature of reviews based on the terms of each client's advisory agreement, mandate and particular needs as they may be communicated to us by the client. We may review accounts during other periods based upon certain trigger factors including significant market events, changes in a client's investment objectives or guidelines or expected or unexpected material cash flow in an account.

Portfolio managers, product specialists or client relationship managers typically conduct account reviews. In our IM division, portfolio managers, product specialists and client relationship managers conduct the account reviews. In our PCA division, financial advisors conduct the reviews. The compliance department also routinely assesses client accounts via electronic compliance monitoring systems.

We use technological tools (as noted above) to assist with our reviews on both an account-by-account basis and on a securities holdings basis, as well as performance exceptions and other bases. We conduct reviews to determine if an account's holdings are consistent with the client's selected investment strategy and restrictions imposed by the client. We rely on portfolio management teams to construct the majority of our investment mandates, resulting in the development of model portfolios. We manage institutional client accounts in the IM division in accordance with these model portfolios, subject to client imposed restrictions and investment guidelines. For our wealth management clients (IM and PCA), portfolio managers or financial advisors typically construct custom portfolios based on a client's unique objectives and restrictions and manage and review portfolios based on individualized parameters. In addition to the assigned portfolio management team, certain representatives of our IM Compliance team periodically spot check accounts and model portfolios to review performance and compliance with investment guidelines.

Account Reports

William Blair provides written reports to clients at least on a quarterly basis. These reports typically include commentary about the investment strategy, and more broadly about the market, as well as portfolio performance and portfolio positioning as of the end of the period. We will include additional detail related to transactions or other information as may be requested by clients. We also will provide reports on a monthly or other interim basis upon client request. For clients in wrap fee programs or other programs where the client has requested that a report not be sent because a report is being sent by the consultant, wrap program sponsor, or broker, we do not send a statement.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Solicitation Payments

On occasion, we enter into an agreement with unaffiliated third party solicitors in order to pay cash compensation to the solicitor for referring advisory clients to our firm. Solicitors must provide clients referred to us through such arrangements a disclosure document describing the terms and conditions of the solicitation arrangement, including the compensation paid to the solicitor. The advisory fees paid by referred clients to us generally are based upon the revenue generated by the referred clients' accounts, and the clients' advisory fees are not higher than they would otherwise be because of the referral fees paid.

Placement Fees

William Blair indirectly compensates certain financial institutions for placing qualified investors in our Private Funds (i.e., our funds-of-hedge funds and multi-advisor commodity pools). We have entered into agreements with financial institutions whereby we pay the financial institution a portion of our management fee and performance fee (further described in Item 6 of this Brochure) for investments made by their clients in our Private Funds. This fee, also known as a "placement fee" can range from five to 50 percent (5 – 50%) of the management fee and performance fee as described in the Private Fund's Partnership Agreement. The General Partner/Managing Member of each Private Fund has waived its right to receive the portion of the performance fee that the Private Fund pays to these financial institutions (i.e., "placement agents").

Other Payments and Contributions

Many of our clients and prospective clients retain investment consultants, or in some cases financial advisors, to advise them on the selection and review of investment managers. As a firm, we also may have other business relationships with these third parties. To the extent allowed under applicable law and our policies, we may contribute toward expenses related to educational seminars, training programs, conferences or meals and entertainment incurred by third parties, financial advisors, and firms that use our firm as a sub-advisor or include us on a list of recommended investment advisers (including consultants). We also may pay travel and lodging expenses relating to

financial advisors' attendance at our due diligence meetings. We may make charitable contributions or underwrite or sponsor charitable events at the request of others, including those who may be affiliated with clients or Program Sponsors or consultants that may have referred clients to the firm.

From time to time we also may buy from third parties certain services or products used in our investment advisory business (such as research services) or pay registration or other fees toward or assist in sponsoring such parties' industry forums, seminars or conferences. We pay these contributions and payments out of our own resources. The amount of payments and the value of items and benefits may or may not be substantial. These payments, items and benefits could give the recipients incentives to favor our investment management services and other William Blair-affiliated investment products and services over those of investment management firms that do not provide the same payments, items and benefits. However, these payments are subject to our internal policies that address and, in some cases, limit payments with the overall aim to avoid compromising advice or recommendations given to clients by special incentives or compensation arrangements.

Asset-Based Compensation

William Blair employees, including when the employees are acting in their role as registered representatives with an affiliated broker-dealer, receive compensation for their clients' investment in securities or other investment products, including asset-based compensation when the clients invest in mutual funds, including the Funds. This practice constitutes a potential conflict of interest for the William Blair employee (and indirectly, William Blair) in that it may give the employee an incentive to recommend investment products based on the compensation received. As always, clients have the option to purchase recommended investment products through other brokers or agents that are not affiliated with William Blair. In addition, clients should review the prospectuses for the Funds. The Funds' prospectuses are available on the Funds' website at www.williamblairfunds.com or by calling 1-800-742-7272.

ITEM 15 - CUSTODY

Because William Blair is also registered as a securities broker-dealer, we are deemed to have custody of certain of our clients' assets. In addition, we are deemed to have custody of certain of our client's assets because our affiliates are general partners to Private Funds to which we serve as investment adviser.

You should receive at least quarterly statements from the broker-dealer (including, in some instances, William Blair), bank or other qualified custodian that holds and maintains your investment assets. Investors in Private Funds will receive audited financial statements. Our statements will vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. For tax and other purposes, your custodial statement is the official record of your account(s) and assets.

We urge you to carefully review your custodian statements and compare them to the account statements that we may provide to you as your investment manager.

ITEM 16 – INVESTMENT DISCRETION

Investment Discretion

William Blair maintains discretionary authority for the majority of assets we manage. We typically receive an executed investment management agreement from the client providing the authority to manage their account assets, subject to certain limitations that are set forth in the agreement's investment guidelines. The investment guidelines may restrict our discretion, for example, with respect to the securities of a particular country or industry. We typically request clients provide changes to their investment guidelines to us in writing and will confirm in writing any verbal changes provided by the client. We also may request certain documentation in addition to an executed investment management agreement as may be needed (for example, to verify a client's authority over the assets).

Aggregate Ownership of Securities

We monitor the aggregate ownership of equity securities across accounts and have adopted limits placed on aggregate ownership levels based on firm and regulatory considerations. The limits we place on aggregate ownership of securities across accounts can cause performance dispersion among accounts with similar investment guidelines if a security's aggregate ownership has reached prescribed limits. This tends to be more common with accounts invested primarily in small and mid-capitalization stocks. In cases where a security has reached its ownership limit, portfolio managers may seek to either substitute a similar security or omit the security and reallocate the portfolio.

ITEM 17 – VOTING CLIENT SECURITIES

Proxy Voting Practices

In cases where William Blair has proxy voting authority, we will vote the proxies of our clients solely in the interest of our clients' participants and beneficiaries and for the exclusive purpose of providing benefits to them. We act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. We are not responsible for voting proxies we do not receive in a timely manner. In some instances, we may agree to implement a client's own proxy voting policy.

Generally, William Blair relies upon a Proxy Administrator to facilitate our proxy voting activities. Our Proxy Administrator reviews all proxies received, subject to the requirement that all votes shall be cast solely in the best interest of the clients in their capacity as shareholders of a company. The Proxy Administrator votes the proxies according to the firm's voting guidelines (domestic or international), which are designed to address matters typically arising in proxy votes.

We do not intend our voting guidelines to be exhaustive; hundreds of issues appear on proxy ballots and it is neither practical nor productive to fashion a guideline for each. Rather, our voting guidelines are intended to cover the most significant and frequent proxy issues that arise. For issues not covered or to be voted on a "case-by-case" basis by the voting guidelines, the Proxy Administrator will consult the Proxy Policy Committee. The Proxy Policy Committee will review the issues and will vote each proxy based on information from the company, our internal analysts and third party research sources, in the best interests of the clients in their capacity as shareholders of a company. The Proxy Policy Committee consists of certain representatives from the Investment Management division, including management, portfolio manager(s), analyst(s), operations, as well as a representative from the IM Compliance team. The Proxy Policy Committee reviews the proxy voting policy and procedures annually and revises its guidelines as events warrant.

In the event that any potential conflicts of interest arise in the firm's voting of proxies, the Proxy Policy Committee will vote all proxies for that company according to our predetermined procedures. If our voting guidelines indicate a vote "for" or "against" a

specific issue we will continue to vote according to the voting guidelines. If our voting guidelines have no recommendation or indicate a vote on a "case-by-case" basis, we will vote consistent with the voting recommendation provided by Institutional Shareholder Services (ISS), an independent third party research provider that analyzes each vote from the shareholder vantage point. As stated above, ISS provides proxy voting, maintenance, reporting, analysis and record keeping services for William Blair for clients where William Blair has proxy voting authority. If a client expressly directs in writing how a solicitation should be voted, the vote will go in front of the Proxy Policy Committee. If there is no potential conflict of interest, we cast the vote with respect to such solicitation in the manner directed by the client.

Share-Blocking Policy for International Markets

In international markets where share blocking applies, we typically will not, but reserve the right to, vote proxies due to liquidity constraints. Share blocking is the "freezing" of shares for trading purposes at the custodian/sub-custodian bank level in order to vote proxies. Share blocking typically takes place between 1 and 20 days before an upcoming shareholder meeting, depending on the market. While shares are frozen, they may not be traded. Therefore, the potential exists for a pending trade to fail if trade settlement falls on a date during the blocking period. We do not subordinate the interests of participants and beneficiaries to unrelated objectives.

How to Obtain Proxy Records and Voting Policy

We will make available to our clients a report on proxy votes cast on their behalf upon their request. Clients can contact us at 312-236-1600 or imcompliance@williamblair.com for this information.

Clients and prospects also can obtain a copy of our proxy voting policies and procedures upon request by contacting us at (312) 236-1600 or imcompliance@williamblair.com.

For information regarding how proxies were voted for the Funds, please refer to the Funds' website at www.williamblairfunds.com and select *Proxy Voting Information*. The Funds' proxy voting records also are available on the SEC's EDGAR website at www.sec.gov/edgar.

ITEM 18 – FINANCIAL INFORMATION

As described in Item 15, because we are registered as a securities broker-dealer (in addition to our registration as an investment adviser), we may serve as a qualified custodian of clients' securities and funds. We also are deemed to have custody of clients' assets because we have the ability to debit some of our clients' accounts for investment management fees. In addition, we are deemed to have custody of the assets of our Private Funds.

William Blair has no known financial condition that we believe is likely to impair our ability to meet our commitments to our investment advisory clients. Additionally, we have not been the subject of any bankruptcy petition during the past ten years. You can obtain a copy of our most recent financial statement on our website at www.williamblair.com under *Statement of Financial Condition*.