

# Q3 UPDATE

*William Blair*

## William Blair Small Cap Growth Fund – Class I

### KEY FUND FACTS AND STATISTICS<sup>1</sup>

Ticker Symbol WBSIX

CUSIP 093001485

**Morningstar Overall Rating™** ★★★

As of September 30, 2011, out of 661 Small Growth Funds. Based on risk-adjusted returns. Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar rating metrics.

Total Net Assets (\$Million) \$524

Number of Holdings 85

Wgtd. Avg. Market Cap (\$Billion) \$1.2

Unwgted. Median Market Cap (\$Billion) \$0.9

P/E Ratio (Next 12 Months) 14.9

EPS Growth (Projected) 17.9%

Trailing 1-Year Turnover 101.9%

Cash 4.3%

Inception Date 12/27/99

Minimum Purchase Amount \$500,000

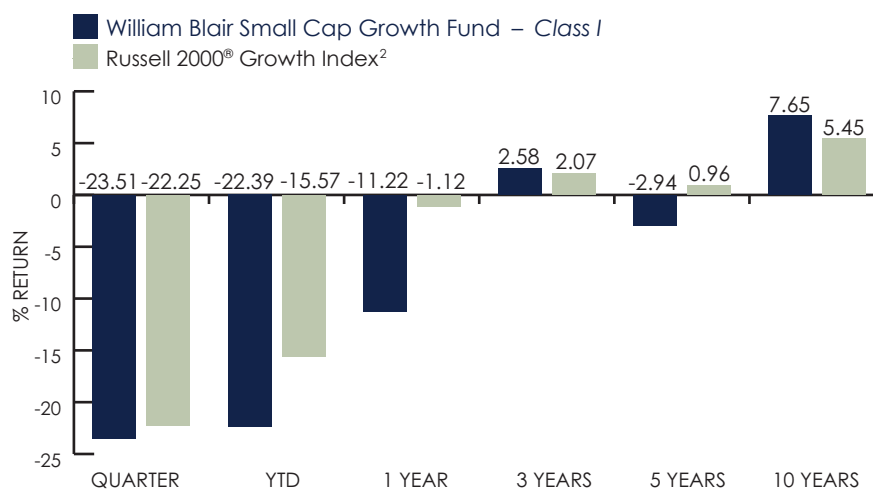
Gross Expense Ratio 1.36%

Capped Expense Ratio 1.25%  
Until 4/30/12

### INVESTMENT PERFORMANCE (Period ending 9/30/11)

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
William Blair Small Cap Growth Fund	-23.51%	-22.39%	-11.22%	2.58%	-2.94%	7.65%
Russell 2000® Growth Index <sup>2</sup>	-22.25%	-15.57%	-1.12%	2.07%	0.96%	5.45%
Morningstar Small Growth Category	-22.32%	-15.03%	-0.92%	2.48%	0.30%	5.16%
Morningstar Quartile Ranking	—	—	4	2	4	1
Fund's Rank / # of Funds in Category	—	—	713/745	333/661	511/564	34/358
Morningstar Rating	—	—	—	★★★	★★	★★★★

### AVERAGE ANNUAL TOTAL RETURNS



The Fund's Adviser has agreed to cap the Fund's Expense Ratio until 4/30/12. After that date, there is no assurance that the Fund's expenses will be limited. The Fund's net expenses paid may be different. Please refer to the most recent Semi-Annual Report for more information on the Fund's expenses.

Performance cited represents past performance. Past Performance does not guarantee future results and current performance may be lower or higher than the data quoted. Results shown are average annual returns, which assume reinvestment of dividends and capital gains. Investment returns and principal will fluctuate with market and economic conditions and you may have a gain or loss when you sell shares. For the most current month-end performance information, please call 1-800-742-7272, or visit our Web site at [www.williamblairfunds.com](http://www.williamblairfunds.com). Class I shares are available to the general public without a sales load.

Investing in smaller companies involves special risks, including higher volatility and lower liquidity.

The Morningstar Small Growth Category represents the average annual composite performance of all mutual funds listed in the Small Growth Category by Morningstar. Morningstar Quartile Rankings are based on Morningstar Percentile Ranking in Morningstar Category, where 1% - 25% = first quartile (1); 26% - 50% = second quartile (2); 51% - 75% = third quartile (3), and 76% - 100% = fourth quartile (4).

Morningstar Ratings™ are as of 9/30/11 and are subject to change every month. The ratings are based on a risk-adjusted return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the middle 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted-average of the performance figures associated with its three-, five-, and ten-year (if applicable) Morningstar Rating metrics.

## TOP TEN HOLDINGS<sup>4&5</sup>

Company	Industry	% of Fund
iShares Russell 2000 Growth	Exchange-Traded Funds	3.1%
ValueClick, Inc.	Internet Software & Services	2.4%
TriMas Corporation	Machinery	2.1%
Amerigon Incorporated	Auto Components	2.1%
Kensey Nash Corporation	Health Care Equipment & Supplies	2.0%
First Cash Financial Services, Inc.	Consumer Finance	1.9%
Internet Capital Group, Inc.	Capital Markets	1.9%
TeleTech Holdings, Inc.	IT Services	1.9%
NxStage Medical, Inc.	Health Care Equipment & Supplies	1.8%
Clean Harbors, Inc.	Commercial Services & Supplies	1.7%
<b>Total Top 10</b>		<b>20.9%</b>



**Mike Balkin**

EDUCATION:  
BA, Northwestern Univ.



**Karl Brewer, CFA**

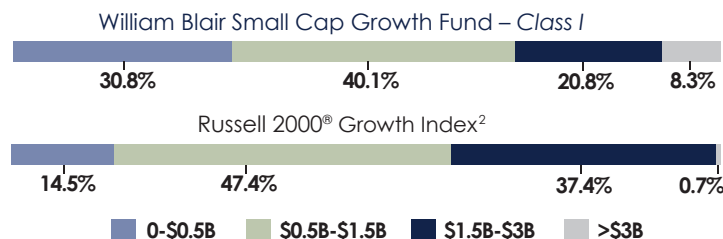
EDUCATION:  
MBA, Northwestern Univ.  
BA, Washington & Lee Univ.

## FUND MANAGERS AND STRATEGY

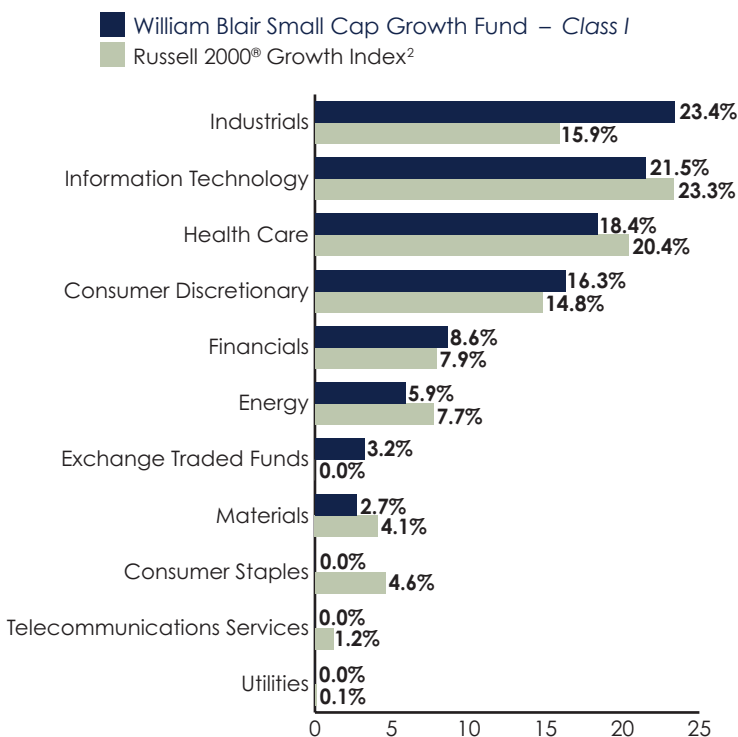
The William Blair Small Cap Growth Fund seeks long-term capital appreciation.

The Fund invests primarily in common stocks of quality small domestic companies that are expected to have solid growth in earnings. The Fund invests at least 80% of its assets in small cap stocks. The Fund considers a company to be a small cap company if it has a market cap no larger than the largest cap company included in the Russell 2000® Index. The investment process relies on thorough, in-depth fundamental research of a company, its competitors, suppliers and/or customers. The advisor invests in companies that meet some or all of the following investment criteria: market leadership, unique products or processes, strong marketing capability, value to customer and rapid industry growth.

## MARKET CAP DIVERSIFICATION<sup>4&5</sup>



## SECTOR DIVERSIFICATION<sup>4&5</sup>



<sup>1</sup> **Weighted Average Market Capitalization:** Market capitalization refers to the total market value of each company's outstanding shares. The Weighted Average Market Capitalization for a portfolio is calculated as the average market capitalization of the stocks within the portfolio, weighted by the amount of each stock owned.

**Weighted Median Market Capitalization:** This calculation represents the median market capitalization of the stocks in the portfolio, weighted by the amount of each stock owned. **P/E (Price/Earnings) Ratio:** This ratio is a measure of valuation. It relates the price of the stock to the earnings per share (EPS) of the company. A stock with a higher P/E ratio would be considered more expensive relative to another stock with a lower P/E. An investor may pay a higher P/E for a stock for several reasons including, but not limited to, an expectation that the company possesses higher returns on invested capital, less economic sensitivity, higher consistency of earnings and/or higher earnings growth potential. **EPS (Earnings Per Share) Growth Rate (Projected):** This measure represents the weighted average of forecasted growth in earnings expected to be experienced by the stocks within the portfolio over the next year. From a portfolio perspective, the portfolio P/E ratio and EPS Growth Rate are weighted averages of the individual holdings' P/E ratios and EPS Growth Rates. **Trailing 1-Year Turnover:** This figure reflects the portfolio's trading activity by calculating the amount of the portfolio's holdings bought or sold over the prior year, expressed as a percentage of the portfolio's average market value. Turnover figures may be related to the amount of trading costs experienced by the portfolio.

<sup>2</sup> The Russell 2000® Growth Index consists of small-capitalization companies with above average price-to-book ratios and forecasted growth rates.

<sup>3</sup> The Russell 2000® Index is an unmanaged composite of the smallest 2000 stocks of the Russell 3000® Index.

<sup>4</sup> Top ten holdings are shown as % of total net assets. Sector and market cap diversification exclude cash equivalents.

<sup>5</sup> Information about the Fund's holdings should not be considered investment advice. There is no guarantee that the Fund will continue to hold any one particular security or stay invested in any one particular sector. Holdings are subject to change at any time.

**Please carefully consider the Fund's investment objective, risks, charges, and expenses before investing. This and other information is contained in the Fund's prospectus, which you may obtain by calling 1-800-742-7272. Read it carefully before you invest or send money.**  
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