William Blair

INFORMATION ABOUT INVESTMENT PROPOSAL TOOLS AND HYPOTHETICAL PERFORMANCE

This information is provided to help you understand the investment proposal or report you will receive from your William Blair & Company, L.L.C. (William Blair) financial professional.

What is an investment proposal tool?
An investment proposal tool is an interactive tool that generates potential investment strategies or portfolios and helps you and your financial professional analyze those strategies or portfolios and to make investment decisions. The tool uses information you and your financial professional input into the tool, including but not limited to, your assets, your risk tolerance, your investment objectives and your investment timeline. Based on your input and simulations and statistical analysis (as described more fully below), the tool generates projections regarding the likelihood of various investment outcomes over different time periods and market conditions. The investment projection tool generates a custom report that will be discussed with your financial professional.

You will not achieve the same investment results as reflected in the proposal tool's report. An investment proposal tool does not indicate or guarantee any specific investment return. The tool is designed to show a statistical simulation using mathematical models of the likelihood of different investment outcomes. Results shown in a report or analysis will vary because of different market conditions and changes in investment variables. Results potentially vary with each use and over time. The use of a proposal tool can't determine the investments you should make. All investing carries the risk of loss including the risk of loss of your entire investment.

What is hypothetical performance?
Hypothetical performance is performance results that were not actually achieved by any William Blair portfolio or group of accounts. The projections and other information generated by an investment analysis tool are hypothetical in nature and do not reflect actual investment results and are not guarantees or indications of future results. Simulations or calculation of how a proposed portfolio of investments would have performed in the past or may perform in the future is hypothetical when it is not based on an actual funded portfolio and the results weren't actually achieved. Projected performance can't accurately predict future market conditions or resulting performance.

Hypothetical past performance is back-tested and has certain inherent limitations. Hypothetical past performance is created with the benefit of hindsight and can be manipulated by choosing better performing investments that your financial professional was not recommending to or utilizing in actual client accounts. In addition, it does not represent the impact that material economic and market factors might have on a financial professional's decision-making process, or the client's ability to withstand losses and assumes investments would not have changed over time. As hypothetical results were not actually achieved by any client account, these results are not indicative of the ability or skill of your financial professional. Importantly, because of the inherent inability to predict future returns and the limitations on hypothetical past performance, do not rely on the presentation of hypothetical performance as the primary basis for your investment decisions.

How are projections generated by the proposal tool?
Most proposal tools use a Monte Carlo simulation (also referred to as multiple probability simulation). A Monte Carlo simulation is a model used to predict the probability of a variety of outcomes when the potential for random variables is present. The proposal tool runs thousands of simulations that produce predicted future investment results based on statistical methodologies and probability distributions.

Capital market assumptions are used in the proposal tool. Capital markets assumptions are used to estimate the forward-looking risk return and correlation expectations for each major asset class. A full description of the methodology underlying all capital market assumptions is contained in the generated report. Performance predictions are dependent on the accuracy of the data and your information as input into the tool. In addition, predictions are also based on a series of assumptions that will not be true for an actual client account. For example, the fees and expenses in the proposal are different than fees and expenses actually charged. Predictions also assume you will hold the proposed investments over the entire period shown, will not make different investments and will not add or withdraw assets from the account.

Proposal tools typically generate hypothetical past performance by calculating the aggregate historical performance of the individual investments in the proposed portfolio. The tool calculates net performance using an investment advisory fee equal to either the fee for your proposed account or the highest fee that is charged by William Blair but the proposal does not reflect all of the expenses that will be charged to your account and that reduces performance returns. Some tools use substitute performance for investments that do not have a performance history over a report's entire period (i.e., a report shows ten years of performance history, but a mutual fund has only been in existence for three years). Substituted holdings (such as another mutual fund or an investment index or benchmark) are approximations for illustrative purposes only and further reduces the accuracy of the projected results displayed in the report. For example, using an index for substituted holdings leads to overstated hypothetical past performance because index returns do not reflect fees and expenses of an actual investment product (clients can't invest in an index). Most tools will compare investment results to a benchmark, often a securities index. Discretion to choose which benchmark a proposal report is compared against can make investment returns look comparatively more favorable than if a different benchmark was chosen.

Do fees affect a proposal?
Yes. Fees and expenses reduce investment returns. The effect of fees on your long-term investment returns are compounding; higher fees will cause you to earn relatively less on your investment over time. For example, with a portfolio value of $1,000,000, in 10

years: (1) 0.50% annual fees reduces the portfolio by approximately $24,000 compared to a portfolio with a 0.25% annual fee; (2) 1.0% annual fees reduces the portfolio by approximately $71,000 compared to a portfolio with a 0.25% annual fee; and (3) 2.0% annual fees reduces the portfolio by approximately $158,000 compared to a portfolio with a 0.25% fee.

What questions should I ask my financial professional?

- What assumptions and limitations are involved in the proposal tool?
- What input and data about my financial situation was used in the proposal tool?
- How did these data inputs affect the outcomes generated by the proposal tool?
- Does my report contain substituted holdings and, if so, how does it impact the outcomes generated?
- How would the returns look against a different benchmark? Is the benchmark used the most appropriate?

More information about William Blair is available on www.williamblair.com/Private-Wealth-Management/Form-CRS-Relationship-Summary or on the SEC's website at www.sec.investor.gov/CRS. Please review our Form ADV Part 2A (Brochure), Form ADV Part 2A-Appendix 1 (Wrap Brochure) or Guide to Brokerage Services and Products.