

City of Jacksonville Police & Fire Pension Fund

Small Cap Value

May 20, 2016

Chad M. Kilmer, CFA, CPA, Partner
ckilmer@williamblair.com
+1 312 364 8676

David S. Mitchell, CFA, Partner
dmitchell@williamblair.com
+1 312 364 8219

Kevin Fetzer, CFA
kfetzer@williamblair.com
+1 312 364 8863

William Blair

Contents

SECTION I
Overview

SECTION II
Philosophy and Process

SECTION III
Performance Characteristics

SECTION IV
Appendix

Overview

A Tradition of Research

COMMITTED TO CLIENT SUCCESS
SINCE 1935

- Independence: A collegial, entrepreneurial culture – broad-based ownership. 100% active-employee owned.
- Performance: Dedication to a research-focused investment process designed for consistent long-term returns.
- Relationships: Commitment to client success encompasses performance, process development, communication, and responsiveness.

Assets Under Management

\$64.3 billion in assets under management

As of March 31, 2016

US Strategies: \$26.2 billion		
Large Cap Value	\$3 million	David Hone
Mid Cap Value	\$3 million	Chad Kilmer Mark Leslie David Mitchell
Small-Mid Cap Value	\$58 million	Chad Kilmer Mark Leslie David Mitchell
Small Cap Value	\$1.6 billion	Chad Kilmer Mark Leslie David Mitchell
All Cap Growth	\$3.4 billion	David Fording John Jostrand
Large Cap Growth	\$1.7 billion	James Golan David Ricci
Mid Cap Growth	\$5.0 billion	Dan Crowe Robert Lanphier David Ricci
Small-Mid Cap Growth	\$5.2 billion	Karl Brewer Dan Crowe Robert Lanphier
Small Cap Growth	\$682 million	Mike Balkin Karl Brewer
Tax-Efficient Strategies	\$172 million	Mark Fuller Jackie Moss Greg Pusinelli
Custom Portfolios	\$7.1 billion	
Fixed Income	\$1.2 billion	Christopher Vincent Todd Kurisu Kathy Lynch Paul Sularz

Non-US Strategies: \$35.0 billion	
International Growth (closed 6/12)	\$15.3 billion
International Leaders	\$3.6 billion
International Developed Plus	\$1.3 billion
ADR Growth	\$291 million
Intl. Small Cap Growth (closed 3/11)	\$2.8 billion
Emerging Markets Growth (closed 6/11)	\$4.2 billion
Emerging Markets Leaders	\$3.8 billion
Emerging Markets Small Cap Growth (closed 10/13)	\$1.2 billion
Global Leaders	\$2.5 billion

Hedge Fund Strategies: \$532 million
Multi Strategy
Hedged Equity
Non-Directional
Global Commodity Specialist
Directional Multialternative
Dynamic Allocation Strategies: \$2.5 billion
Macro Allocation
Global Opportunity
Dynamic Diversified Allocation

As used in this document, "William Blair" refers to William Blair Investment Management, LLC and the Investment Management division of William Blair & Company, L.L.C. unless otherwise noted. For more information about William Blair, please see <http://www.williamblair.com/About-William-Blair.aspx>.

Representative Client List

Corporate	Public Plans and Taft-Hartley
<ul style="list-style-type: none"> • Air Products & Chemical, Inc.* • AT&T • Bank of America • Boeing Company* • Consolidated Communications • Deluxe Corporation • Dow Chemical Company • PGA TOUR, Inc. 	<ul style="list-style-type: none"> • Arizona State Retirement System • City of Lansing ERS & PFRS • City of Orlando Pension Plans • City & County of San Francisco ERS • Construction Laborers Pension Trust of Greater St. Louis • Contra Costa County Employees' Retirement Association • County Employees' Annuity and Benefit Fund of Cook County • El Paso Firemen and Policemen's Pension Fund* • Employees' Retirement System of the City of Milwaukee • Firemen's Annuity & Benefit Fund of Chicago • Florida State Board of Administration • Illinois State Board of Investment • Illinois Municipal Retirement Fund • Iowa Judiciary • Jacksonville (FL) City Retirement System* • Laborers' Annuity and Benefit Fund of Chicago • Municipal Employees' Annuity & Benefit Fund of Chicago • Municipal Police Employees' Retirement System of Louisiana • Orange County ERS • Oregon State Treasury • Pensionskasse SBB (Swiss Federal Railway) • Policemen's Annuity and Benefit Fund of Chicago • Sacramento County ERS • State of Connecticut Retirement Plans and Trust Funds • Tulare County Employees' Retirement Association • Washington State Investment Board • Wisconsin Laborers • Workplace Safety and Insurance Board of Ontario
Endowment/Foundation	Sub Advisory
<ul style="list-style-type: none"> • The Carle Foundation • The College of William and Mary Foundation • Denison University • Indiana University Foundation • Landmarks Financial Corporation • McGill University • Toledo Museum of Art* • Truth Initiative • University of California, Irvine Foundation • W.K. Kellogg Foundation 	<ul style="list-style-type: none"> • Charles Schwab • Fidelity • Goldman Sachs • Lombard Odier Darier Hentsch • Northern Trust • Northwestern Mutual • The Principal Financial Group • Prudential • Russell Investment Group • SEB Group • SEI* • UBS • Vanguard
Healthcare & Not-For-Profit	
<ul style="list-style-type: none"> • Advocate Healthcare • Albert Einstein Medical Center • Banner Health • Catholic Health Initiatives • Children's Hospital of New Orleans • Clerics of St. Viator • Kaiser Permanente • NorthShore University HealthSystem • OhioHealth • Rush University Medical Center • SKL Investment Group, LLC 	

*Denotes Small Cap Value clients.

William Blair selected clients for inclusion in this list to indicate the scope of clients served using the following criteria: category, geographic location, size, investment style and name recognition. Inclusion on this list is not to be construed as approval or disapproval of William Blair or its advisory services.

Overview – Small, Small-Mid, and Mid Cap Value Team

Chad Kilmer, CFA, CPA, Partner – Portfolio Manager



- 16 years in industry
- MBA, Yale University School of Management
- BSB, University of Minnesota
- Sector coverage: Consumer Discretionary, Industrials, Utilities

Jim Karlis, CFA, Partner – Associate Portfolio Manager



- 15 years in industry
- BS, University of Illinois Urbana Champaign
- Sector coverage: Information Technology, Generalist

Mark Leslie, CFA, Partner – Portfolio Manager



- 25 years in industry
- BS, University of New Hampshire
- Sector coverage: Consumer Staples, Consumer Discretionary, Healthcare, Materials

Steve Livingston, CFA – Associate Portfolio Manager



- 12 years in industry
- MBA, University of Chicago Booth School of Business
- BSBA, Ohio State University
- Sector coverage: Financials, Generalist

Dave Mitchell, CFA, Partner – Portfolio Manager



- 32 years in industry
- MBA, Northwestern University
- BA, Knox College
- Sector coverage: Financials, Energy

Brian Early, CFA – Research Analyst



- 8 years in industry
- MBA, University of Iowa Tippie School of Management
- BBA, University of Iowa
- Sector coverage: Generalist

Matt Neska, CFA – Product Specialist



- 19 years in industry
- BBA, University of Minnesota, Duluth
- BA, University of Minnesota, Duluth

Annelise Docel – Research Associate



- 2 years in industry
- BS, University of Illinois
- Sector coverage: Generalist

As of March 31, 2016.

Philosophy and Process

Investment Philosophy: Disciplined Value Framework

Valuation

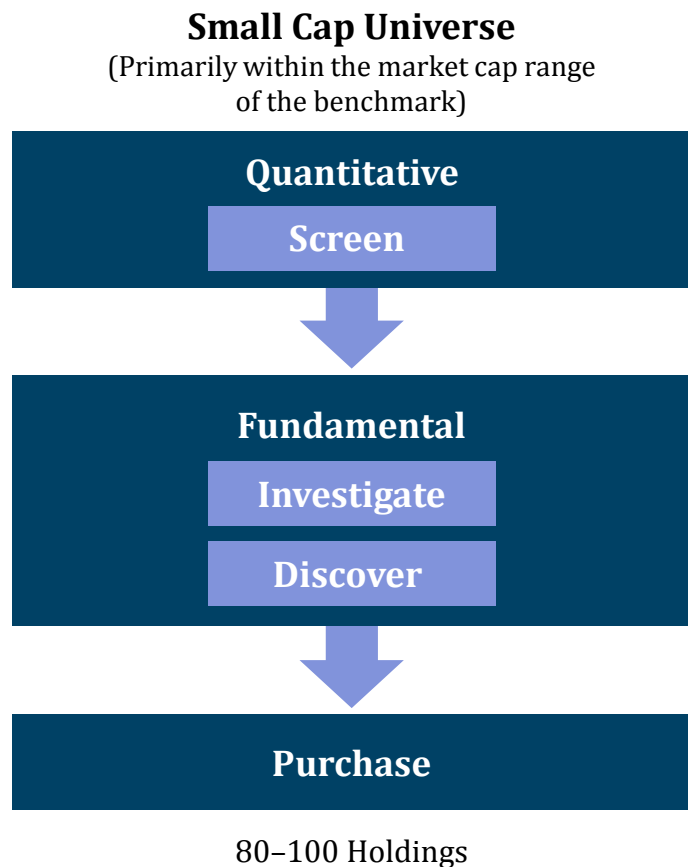
- Free Cash Flow Based
- Peer and Historical Comparisons
- Industry Transaction Comparisons
- Forecast Future Financial Results
- Downside Risk Assessment
- Proprietary “Free Cash Flow ROIC”

Fundamentals

- Superior Cash Flow Generation
- Improving/Sustainable ROIC
- Shareholder-Value Focused Management
- Strict Corporate Governance
- Defensible Competitive Position

We believe the key to successful investing is striking a balance between attractive valuations and solid fundamentals. We look for this balance in two separate but somewhat overlapping categories: *quality companies at discount prices* and *corporate transformation opportunities*. We also feel it is critical to assess stock-specific downside risk. Our investment success is dependent on the consistent application of this philosophy.

Investment Process: Stock Selection



Screen Investable Universe (3,000+ stocks)

- 25 factor, sector neutral model
- Valuation and fundamental scores

Fundamental Step 1: Preliminary Due Diligence

- Preliminary examination of financial characteristics and general attributes
- Read company filings, research reports, conference call transcripts

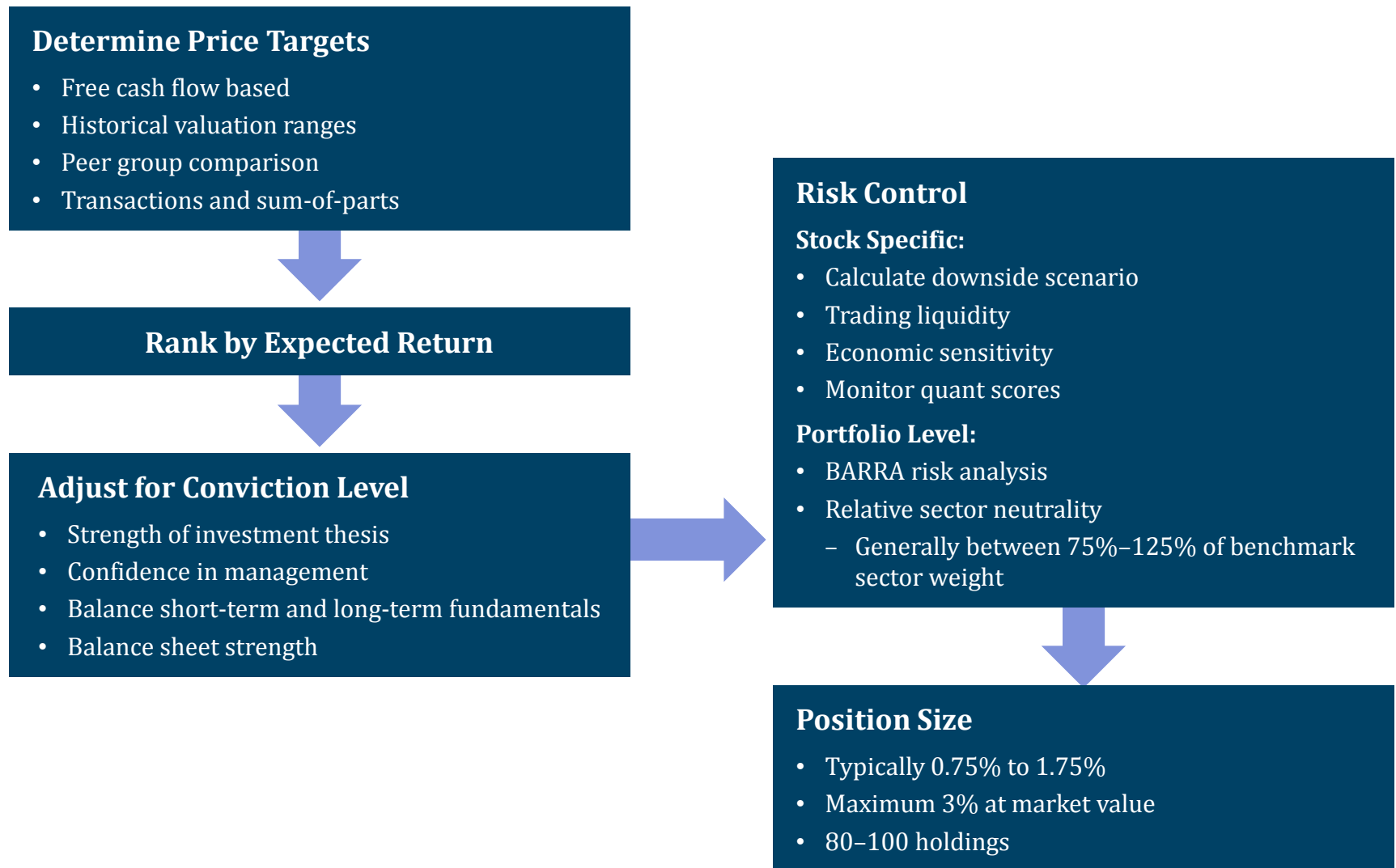
Fundamental Step 2: Comprehensive Due Diligence

- Scrutinize management through direct vetting
- Build financial models to forecast future results
- Valuation work / Proprietary “Free Cash Flow ROIC”

Unanimous Decision Making

- Purchase at $\approx 70\%$ of one-year price target (margin of safety)

Investment Process: Portfolio Construction



Investment Process: Sell Discipline

Investment thesis still valid?

- Intensified competitive environment
- Unexpected management change
- Change in long-term growth drivers

Valuation / fundamentals intact?

- Quantitative scores deteriorate
- Erosion of company fundamentals
- Stock price approaching price target

Portfolio Construction

- Sector neutrality
- Market cap > 2x largest benchmark stock
- Position size > 3%

Small Cap Value Portfolio Characteristics

March 31, 2016

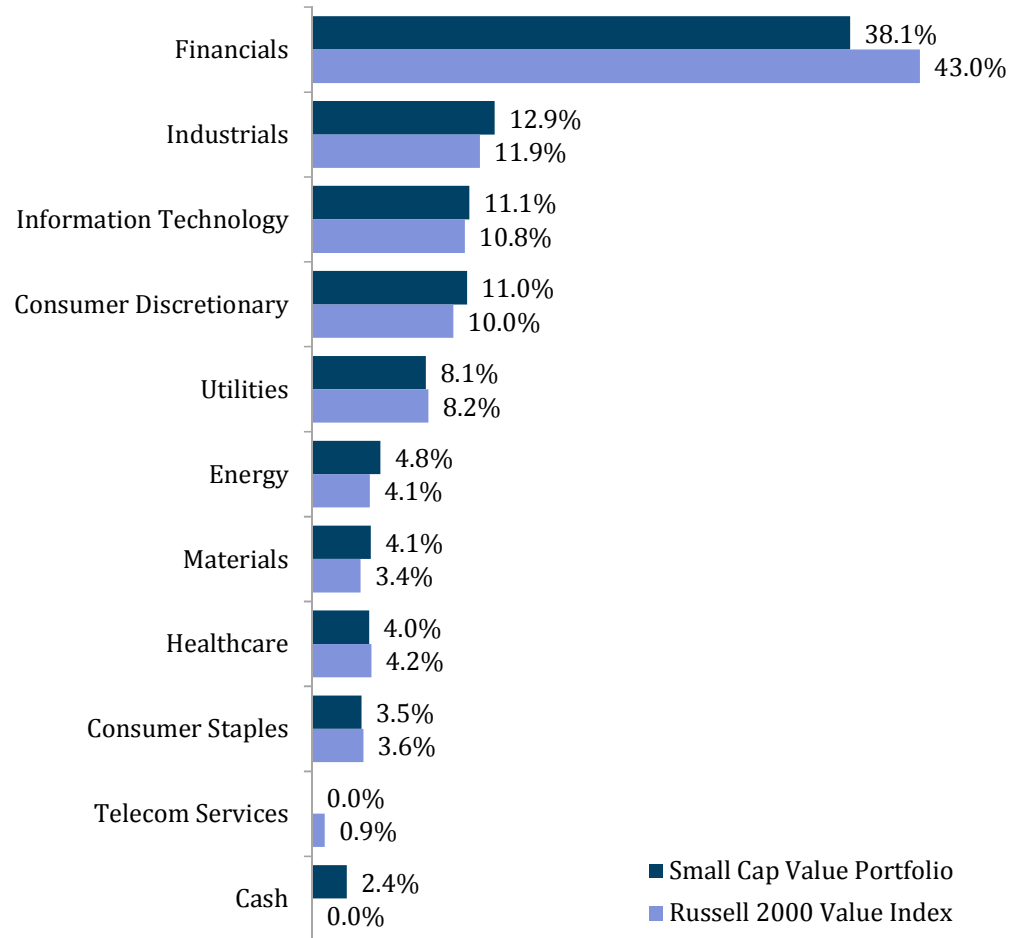
	Small Cap Value Portfolio	Russell 2000 Value Index
Valuation		
P/E (1-year forecast)	18.6x	17.7x
Price/Sales	2.3x	2.4x
Quality		
Return on Equity	9.0%	5.4%
Debt to Total Capital	39.5%	40.0%
Growth		
EPS Growth Rate (LT forecast)*	12.4%	10.5%
Capitalization (\$B)		
Weighted Average Market Cap	\$2.5	\$1.8
Unweighted Median Market Cap	\$2.1	\$0.6
>\$3 billion	32.7%	15.5%
\$1.5-\$3 billion	39.6%	37.0%
\$500 million to \$1.5 billion	23.2%	35.7%
<\$500 million	4.5%	11.8%
Portfolio Positions		
Number of Securities	98	1,325

The data shown above is based on the strategy's representative portfolio. Calculated in FactSet; Market cap calculated in Eagle. The projected P/E value is calculated using First Call Data.

*This measure represents the weighted average of forecasted growth in earnings expected to be experienced by stocks within the portfolio over the next 3-5 years. This projected earnings growth should not be considered an indication of future performance. 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.

Portfolio Weights

March 31, 2016



Based on Global Industry Classification Sectors (GICS). Calculated in Eagle.

Performance Characteristics

Small Cap Value Performance

Performance for periods ending March 31, 2016

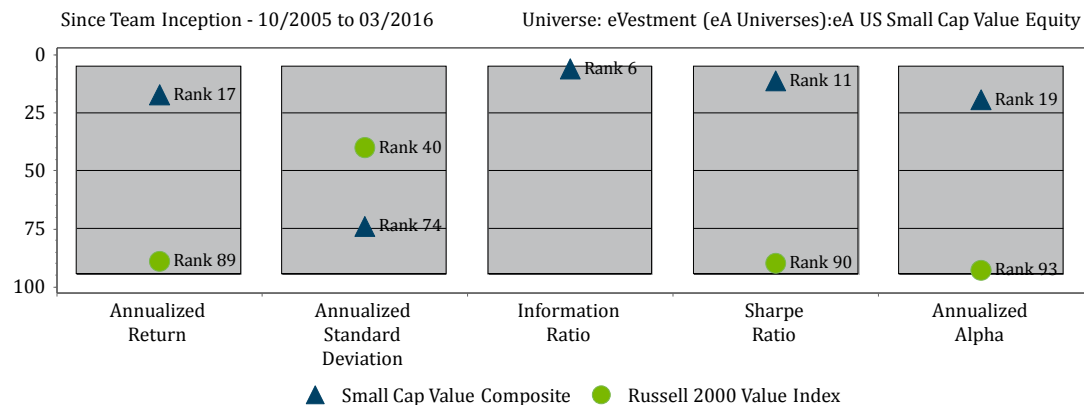
Performance (%)	1Q 16	1 Yr	Annualized				
			3 Yr	5 Yr	10 Yr	Team Inception ¹ (9/30/05)	Strategy Inception (12/31/96)
Small Cap Value Composite	3.60	-3.13	9.19	8.75	7.81	9.28	11.13
Russell 2000 Value Index	1.70	-7.72	5.73	6.67	4.42	5.54	8.64
Relative Performance	1.89	4.59	3.47	2.09	3.39	3.74	2.50

Calendar Year Performance (%) ¹	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	4Q2005
Small Cap Value Composite	-4.31	6.11	40.86	13.86	-5.65	32.64	27.60	-25.50	-4.11	23.35	6.94
Russell 2000 Value Index	-7.47	4.22	34.52	18.05	-5.50	24.50	20.58	-28.92	-9.78	23.48	0.66
Relative Performance	3.16	1.89	6.33	-4.19	-0.15	8.14	7.02	3.42	5.67	-0.13	6.28

¹Represents the 10.5-year period since inception of the current portfolio management team.

Past returns are no guarantee of future performance. Investment performance assumes reinvestment of dividends and capital gains and is gross of investment management fees and net of transaction costs. Performance results will be reduced by the fees incurred in the management of the account. For example, on an account with a 1% fee, and gross performance of 20% over one year, the annual total return on a net of fee basis will result in performance of 18.85%. A \$1,000,000 initial investment would grow to approximately \$1,440,000 gross of fees, versus \$1,412,532 net of fees, over a two year period, assuming an annual return of 20%. Investment management fees are described in William Blair's Form ADV Part 2A. Past performance is not indicative of future returns. Returns for periods greater than one year are annualized. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. It is a capitalization-weighted index as calculated by Russell on a total return basis with dividends reinvested. This benchmark is a comparable market proxy. Composite consists of considerably fewer securities.

Small Cap Value Performance Statistics* – Since Team Inception



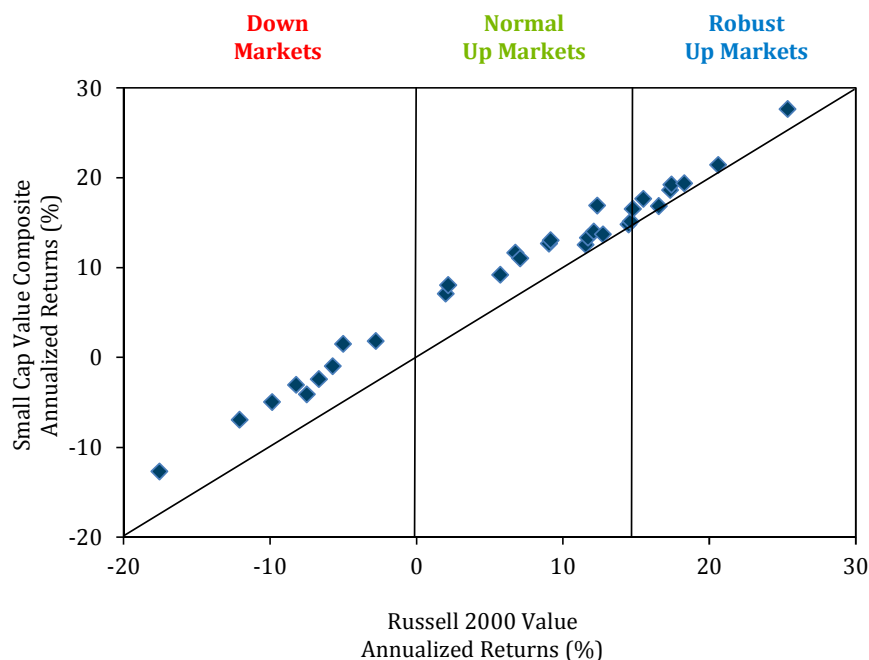
	Annualized Return	Annualized Standard Deviation	Information Ratio	Sharpe Ratio	Annualized Alpha
5th Percentile	10.46	22.90	0.98	0.53	5.44
25th Percentile	8.95	20.29	0.64	0.41	3.66
50th Percentile	7.80	18.99	0.38	0.35	2.62
75th Percentile	6.57	18.16	0.15	0.27	1.36
95th Percentile	4.96	16.64	-0.06	0.18	-0.20
Small Cap Value Composite	9.28	18.16	0.96	0.44	3.94
Russell 2000 Value Index	5.54	19.56	--	0.22	0.00
Number of Managers	169	169	169	169	169

*Represents the 10.5-year period since inception of the current portfolio management team. Data above is provided as a supplemental reference to be accompanied by the full composite disclosure statement.

eVestment Alliance standard deviation reflects annualized calculation of monthly returns. eA Universe Construction Methodology Small Cap Value Universe - U.S. Equity products that invest primarily in small capitalization stocks with fundamental characteristics showing them to be under-priced or in slower growing economic sectors. The expected benchmarks for this universe would include the Russell 2000, or Russell 2000 Value. Managers in this category will typically indicate a "Primary Capitalization Emphasis" equal to Small Cap and a "Primary Style Emphasis" equal to Value. Investment performance assumes reinvestment of dividends and capital gains and is gross of investment management fees and net of transaction costs. Performance results will be reduced by the fees incurred in the management of the account. For example, on an account with a 1% fee, and gross performance of 20% over one year, the annual total return on a net of fee basis will result in performance of 18.85%. A \$1,000,000 initial investment would grow to approximately \$1,440,000 gross of fees, versus \$1,412,532 net of fees, over a two year period, assuming an annual return of 20%. Investment management fees are described in William Blair's Form ADV Part 2A. Past performance is not indicative of future returns. Returns for periods greater than one year are annualized. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. It is a capitalization-weighted index as calculated by Russell on a total return basis with dividends reinvested. This benchmark is a comparable market proxy. Composite consists of considerably fewer securities.

Small Cap Value Batting Average

Rolling 3-Year Returns Since Team Inception (9/30/05)¹



Market Environment	
<u>Down Markets (<0% return)</u>	
Small Cap Value	-3.54
Russell 2000 Value	<u>-8.37</u>
Relative Performance	4.83
<u>Normal Up Markets (0-15% return)</u>	
Small Cap Value	12.64
Russell 2000 Value	<u>9.76</u>
Relative Performance	2.88
<u>Robust Up Markets (>15% return)</u>	
Small Cap Value	20.11
Russell 2000 Value	<u>18.73</u>
Relative Performance	1.39

As of March 31, 2016.

*Represents the 10.5-year period since inception of the current portfolio management team. Composite Inception is 12/31/96.

Rolling 3-year returns graph calculated using quarterly data. Market environment returns reflect average annualized returns for rolling 3-year periods within each market environment category. Overall batting average reflects the percentage of rolling 3-year periods in which Small Cap Value outperformed the Russell 2000 Value Index. Investment performance assumes reinvestment of dividends and capital gains and is gross of investment management fees and net of transaction costs. Performance results will be reduced by the fees incurred in the management of the account. For example, on an account with a 1% fee, and gross performance of 5% over one year, the annual total return on a net of fee basis will result in performance of 3.97%. A \$1,000,000 initial investment would grow to approximately \$1,102,500 gross of fees, versus \$1,080,905 net of fees, over a two year period, assuming an annual return of 5%. Investment management fees are described in William Blair's Form ADV Part 2A. Past performance is not indicative of future returns. Returns for periods greater than one year are annualized. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. It is a capitalization-weighted index as calculated by Russell on a total return basis with dividends reinvested. This benchmark is a comparable market proxy. Composite consists of considerably fewer securities.

Appendix

Small Cap Value Fee Schedule

Account Size	Annual Investment Management Fee
First \$10 million	1.00%
Next \$20 million	0.95%
Next \$20 million	0.90%
Next \$50 million	0.85%
Over \$100 million	0.80%

Minimum Separate Account Size: \$5 million

All fees shown are annual, payable quarterly in arrears, based on the appraised total market value of the account(s) including accrued interest and dividends but excluding the current anticipated balance invested with any other William Blair strategy. Fee schedule effective March 2007.

Holdings: Small Cap Value

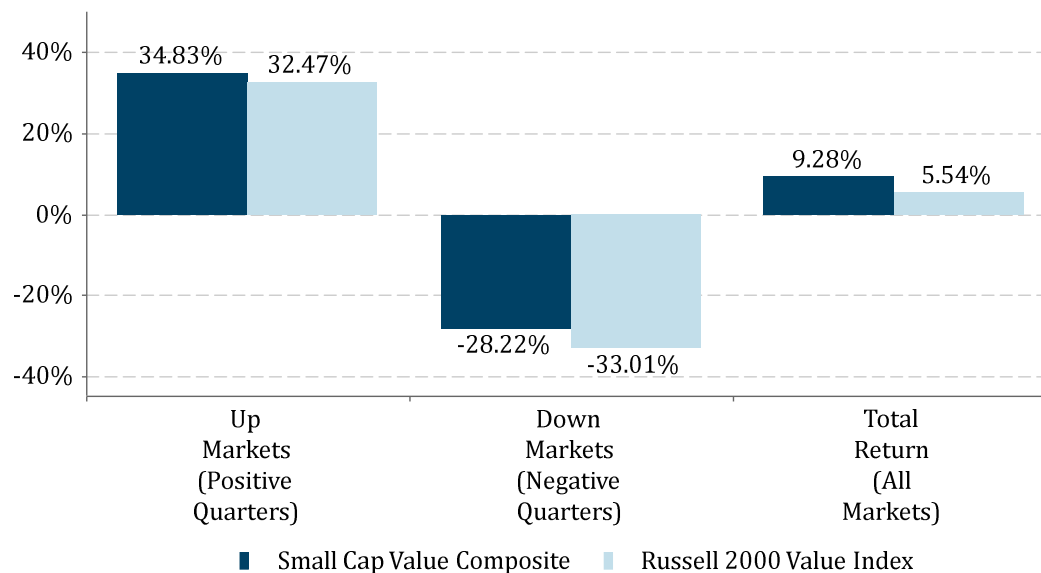
March 31, 2016

	Portfolio Weight	Benchmark Weight		Portfolio Weight	Benchmark Weight		Portfolio Weight	Benchmark Weight
CONSUMER DISCRETIONARY	10.95	9.98	FINANCIALS (Continued)			INDUSTRIALS (Continued)		
Children's Place Inc/The	1.46	0.15	American Assets Trust Inc	1.21	0.02	Interface Inc	1.10	0.00
Vail Resorts Inc	1.26	0.00	Renasant Corp	1.19	0.15	Matson Inc	1.00	0.02
Krispy Kreme Doughnuts Inc	1.23	0.00	Iberiabank Corp	1.18	0.23	Kadant Inc	0.92	0.05
Express Inc	1.15	0.02	First American Financial	1.18	0.50	Circor International Inc	0.91	0.10
Meredith Corp	0.90	0.21	Douglas Emmett Inc	1.17	0.00	Standex International Corp	0.88	0.03
Genesco Inc	0.83	0.19	Pacwest Bancorp	1.15	0.00	Fti Consulting Inc	0.77	0.16
Churchill Downs Inc	0.81	0.00	Acadia Realty Trust	1.15	0.29	Lydall Inc	0.69	0.04
Cavco Industries Inc	0.78	0.02	Cobiz Financial Inc	1.14	0.05	Barnes Group Inc	0.68	0.23
Ethan Allen Interiors Inc	0.74	0.10	Bank Of The Ozarks	1.11	0.00	Northwest Pipe Co	0.37	0.01
Wolverine World Wide Inc	0.65	0.00	Prosperity Bancshares Inc	1.09	0.39	INFORMATION TECHNOLOGY	11.12	10.79
Dana Holding Corp	0.64	0.12	Home Bancshares Inc	1.08	0.05	Axciom Corp	1.92	0.20
Brunswick Corp	0.49	0.00	Radian Group Inc	1.07	0.28	Cadence Design Sys Inc	1.53	0.00
CONSUMER STAPLES	3.49	3.60	Yadkin Financial Corp	1.03	0.12	Inphi Corp	1.25	0.00
J & J Snack Foods Corp	1.29	0.00	Pebblebrook Hotel Trust	1.02	0.25	Belden Inc	1.24	0.00
Spartannash Co	1.23	0.14	Sunstone Hotel Investors Inc	0.97	0.35	Booz Allen Hamilton Holdings	1.21	0.00
Darling Ingredients Inc	0.97	0.26	Berkshire Hills Bancorp Inc	0.96	0.10	J2 Global Inc	1.14	0.00
ENERGY	4.82	4.07	Eastgroup Properties Inc	0.85	0.19	Littelfuse Inc	0.99	0.05
Parsley Energy Inc-Class A	0.91	0.17	Equity Commonwealth	0.71	0.00	Adtran Inc	0.66	0.12
Pdc Energy Inc	0.90	0.29	Equity One Inc	0.70	0.25	Intralinks Holdings Inc	0.64	0.02
Memorial Resource Development	0.87	0.00	National Bank Hold-Cl A	0.70	0.07	Commscope Holding Co Inc	0.55	0.00
Tetra Technologies Inc	0.62	0.06	Cascade Bancorp	0.66	0.02	MATERIALS	4.13	3.43
Archrock Inc	0.51	0.07	Safeguard Scientifics Inc	0.63	0.03	Sensient Technologies Corp	1.08	0.13
Exterran Corp	0.48	0.06	Boston Private Finl Holding	0.58	0.11	Polyone Corporation	1.04	0.00
Helix Energy Solutions Group	0.46	0.07	Cvb Financial Corp	0.54	0.22	Minerals Technologies Inc	1.03	0.01
Ring Energy Inc	0.06	0.01	Care Capital Properties Inc	0.52	0.00	Silgan Holdings Inc	0.99	0.00
FINANCIALS	38.08	43.01	HEALTH CARE	4.01	4.17	TELECOMMUNICATION SERVICES	0.00	0.88
American Campus Communities	1.46	0.00	Conmed Corp	1.15	0.14	UTILITIES	8.05	8.21
Hanover Insurance Group Inc	1.42	0.00	Healthsouth Corp	1.05	0.00	Southwest Gas Corp	1.37	0.37
Education Realty Trust Inc	1.42	0.32	Greatbatch Inc	1.00	0.11	Pnm Resources Inc	1.32	0.32
Cno Financial Group Inc	1.39	0.40	Magellan Health Inc	0.81	0.20	Idacorp Inc	1.30	0.45
Selective Insurance Group	1.32	0.25	Nuvectra Corp	0.00	0.01	Portland General Electric Co	1.19	0.42
Western Alliance Bancorp	1.28	0.17	INDUSTRIALS	12.91	11.85	Laclede Group Inc/The	1.05	0.35
Highwoods Properties Inc	1.26	0.54	G & K Services Inc -Cl A	1.69	0.05	Allete Inc	1.05	0.33
Glacier Bancorp Inc	1.26	0.23	Toro Co	1.41	0.00	Chesapeake Utilities Corp	0.78	0.11
Epr Properties	1.23	0.46	Curtiss-Wright Corp	1.25	0.41	Cash	2.44	0.00
Umpqua Holdings Corp	1.22	0.42	Emcor Group Inc	1.23	0.37	Total	100.00	100.00
Wfsf Financial Corp	1.22	0.11						

The data shown above is based on the strategy's representative portfolio. Holdings include cash. Individual securities listed in this report are for informational purposes only. Holdings are subject to change at any time. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the securities listed.

Small Cap Value Performance

Annualized Up/Down Market Returns Since Team Inception Through March 31, 2016¹



Up Markets Capture Ratio	1.07	Up Markets Quarters	28
Down Markets Capture Ratio	0.85	Down Markets Quarters	14

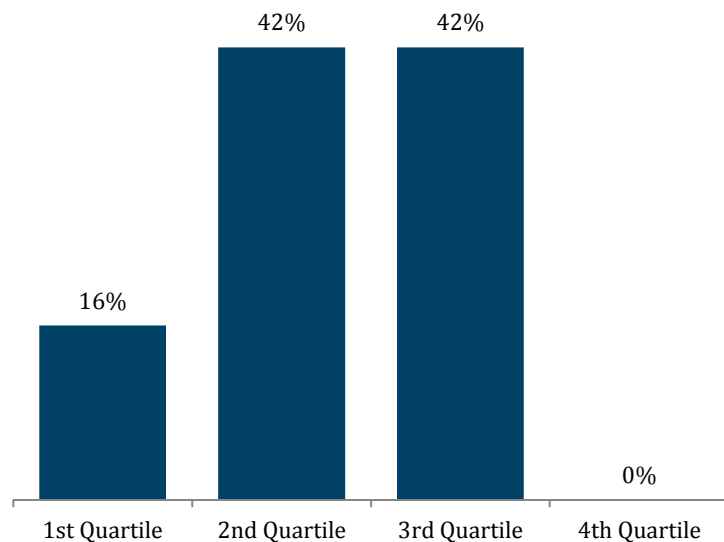
Calculated using quarterly, annualized data.

¹Represents the 10.5-year period since inception of the current portfolio management team.

Investment performance assumes reinvestment of dividends and capital gains and is gross of investment management fees and net of transaction costs. Performance results will be reduced by the fees incurred in the management of the account. For example, on an account with a 1% fee, and gross performance of 20% over one year, the annual total return on a net of fee basis will result in performance of 18.85%. A \$1,000,000 initial investment would grow to approximately \$1,440,000 gross of fees, versus \$1,412,532 net of fees, over a two year period, assuming an annual return of 20%. Investment management fees are described in William Blair's Form ADV Part 2A. Past performance is not indicative of future returns. Returns for periods greater than one year are annualized. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. It is a capitalization-weighted index as calculated by Russell on a total return basis with dividends reinvested. This benchmark is a comparable market proxy. Composite consists of considerably fewer securities.

Small Cap Value Performance

During the tenure of our team, the Small Cap Value Composite has ranked above the universe median 58% of the time, with no appearances in the bottom quartile.



Ranking within eVestment Alliance US Small Cap Value Equity Universe
Rolling 3-Year Annualized Returns (%) Since Team Inception
(9/30/05 to 3/31/16)*

	1st Quartile	2nd Quartile	3rd Quartile	4th Quartile
Small Cap Value Composite				
Number of Periods in Each Quartile	5	13	13	0
Percentage of Periods in Each Quartile	16%	42%	42%	0%

Calculated using rolling quarterly, annualized data

*Represents the 10.5-year period since inception of the current portfolio management team. Data above is provided as a supplemental reference to be accompanied by the full composite disclosure statement. For the time periods shown above, the average number of managers in the eVestment Alliance US Small Cap Value Equity Universe is 256.

eA Universe Construction Methodology Small Cap Value Universe - U.S. Equity products that invest primarily in small capitalization stocks with fundamental characteristics showing them to be under-priced or in slower growing economic sectors. The expected benchmarks for this universe would include the Russell 2000, or Russell 2000 Value. Managers in this category will typically indicate a "Primary Capitalization Emphasis" equal to Small Cap and a "Primary Style Emphasis" equal to Value. Investment performance assumes reinvestment of dividends and capital gains and is gross of investment management fees and net of transaction costs. Performance results will be reduced by the fees incurred in the management of the account. For example, on an account with a 1% fee, and gross performance of 20% over one year, the annual total return on a net of fee basis will result in performance of 18.85%. A \$1,000,000 initial investment would grow to approximately \$1,440,000 gross of fees, versus \$1,412,532 net of fees, over a two year period, assuming an annual return of 20%. Investment management fees are described in William Blair's Form ADV Part 2A. Past performance is not indicative of future returns. Returns for periods greater than one year are annualized. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. It is a capitalization-weighted index as calculated by Russell on a total return basis with dividends reinvested. This benchmark is a comparable market proxy. Composite consists of considerably fewer securities.

Quantitative Screen



- Sector specific and sector neutral model
- Focuses on key drivers of stock performance by sector
- Parallels characteristics evaluated during fundamental research
- Efficient and effective tool to identify names for further fundamental investigation
- NOT a “black box” – no short cut for quality fundamental research
- Enhances sell discipline and “disaster avoidance”

Fundamental Due Diligence

Fundamental Step 1: Preliminary Due Diligence

- Evaluate historical record of capital stewardship
 - Review earnings, cash flows and returns on invested capital from previous five years
 - If poor stewardship evidenced historically, evaluate what, if any, change has occurred and discern if positive outcome likely
- Conduct precursory valuation review
- Investigate the main challenges to a positive investment thesis
 - Team discussion of the initial thesis, opinions about management, upside potential/downside risk, and the major issues to investigate

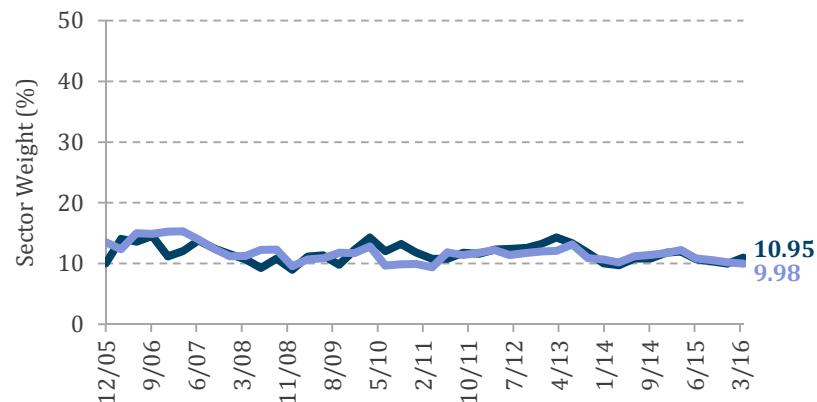
Fundamental Step 2: Comprehensive Due Diligence

- Perform detailed financial statement analysis using proprietary models
 - Emphasis on trailing 12-month trends in organic revenue growth, changes in profit margins, asset utilization ratios, individual components of free cash flow and resultant “Free Cash Flow Return on Invested Capital”
- Query senior management – preferably at company headquarters/facilities
- Build mosaic of competitive landscape through discussions with competitors, suppliers, and customers
- Review proxy materials and overall corporate governance policies
- Forecast next 2–3 years of financial results, assign reasonable valuation multiples, determine 1–2 year price targets
 - Team debates forecasts, valuation conclusions, and comes to consensus on appropriate price targets

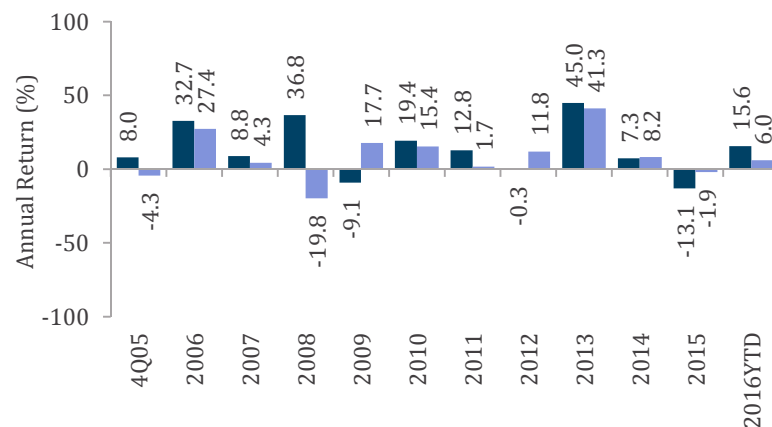
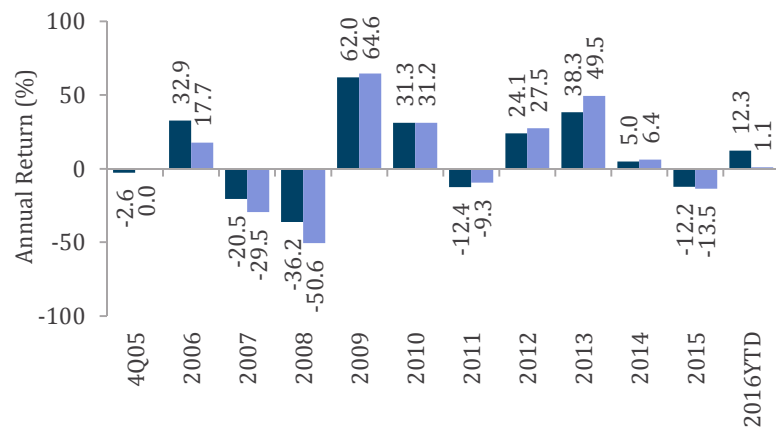
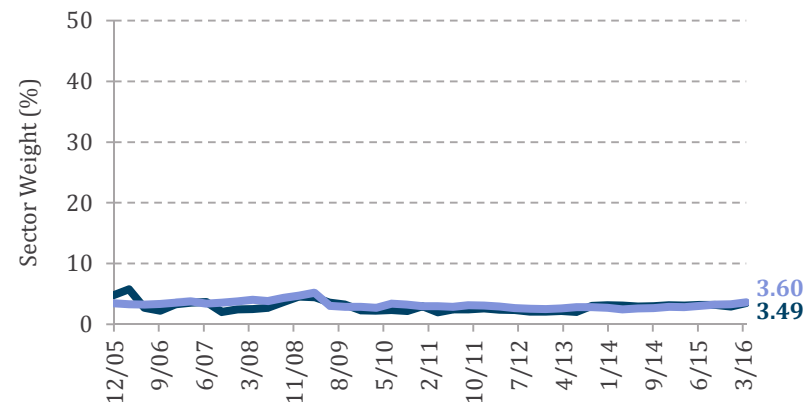
Small Cap Value Sector Weights and Performance*

March 31, 2016

Consumer Discretionary



Consumer Staples



■ Small Cap Value Representative Portfolio ■ Russell 2000 Value Index

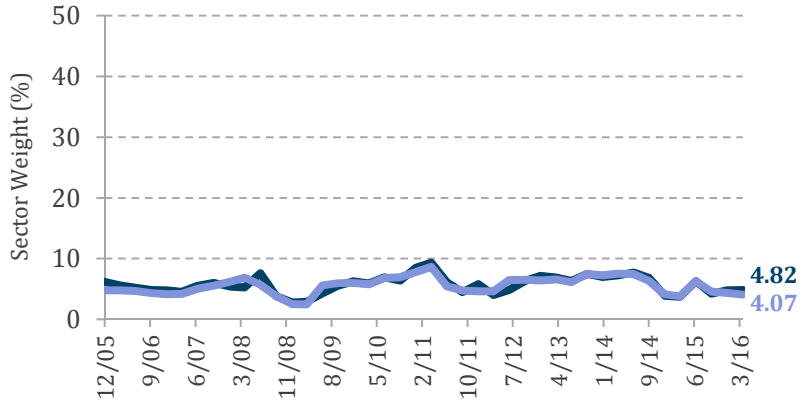
*Represents the 10.5 year period since inception of the current portfolio management team.

The data shown above is based on the strategy's representative portfolio. Cash is a residual of the total sector allocation. Calculated in Eagle based on Global Industry Classification Sectors (GICS). Past returns are no guarantee of future performance.

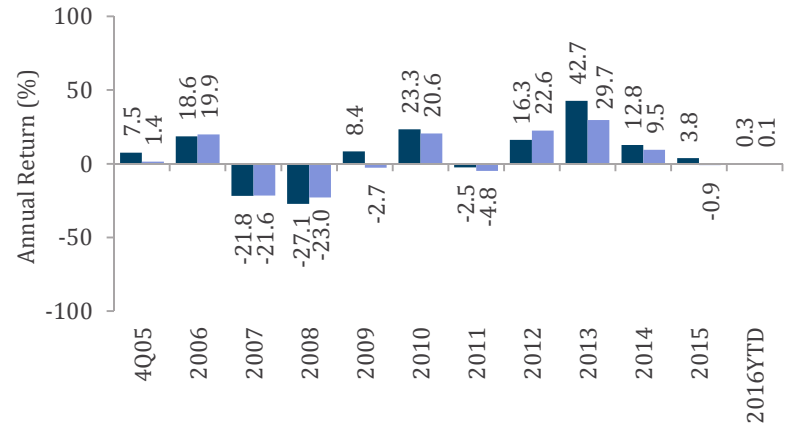
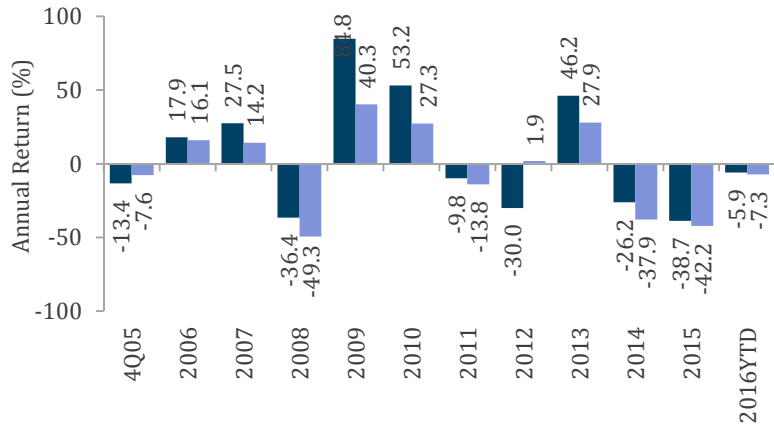
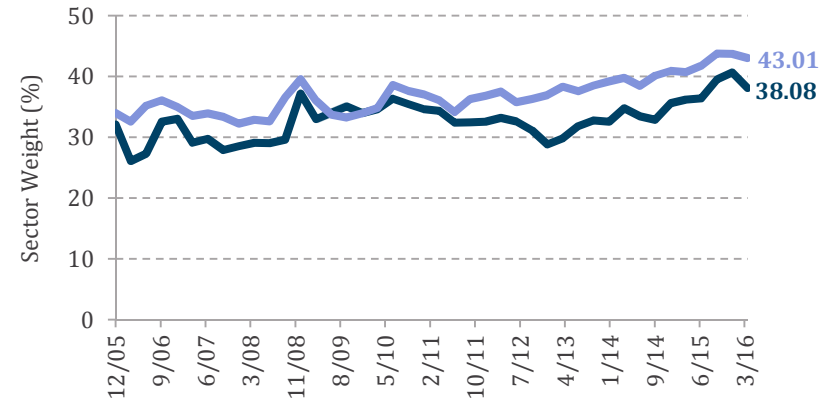
Small Cap Value Sector Weights and Performance*

March 31, 2016

Energy



Financials



■ Small Cap Value Representative Portfolio ■ Russell 2000 Value Index

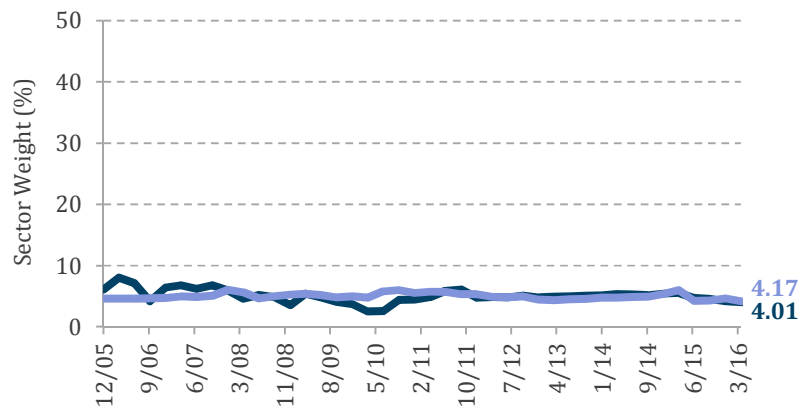
*Represents the 10.5 year period since inception of the current portfolio management team.

The data shown above is based on the strategy's representative portfolio. Cash is a residual of the total sector allocation. Calculated in Eagle based on Global Industry Classification Sectors (GICS). Past returns are no guarantee of future performance.

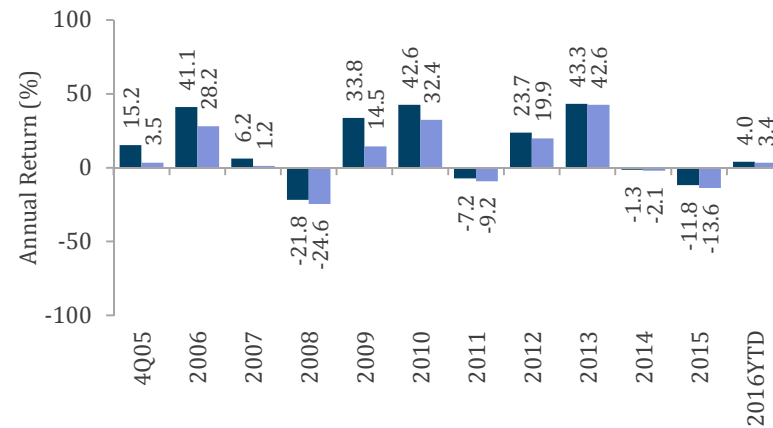
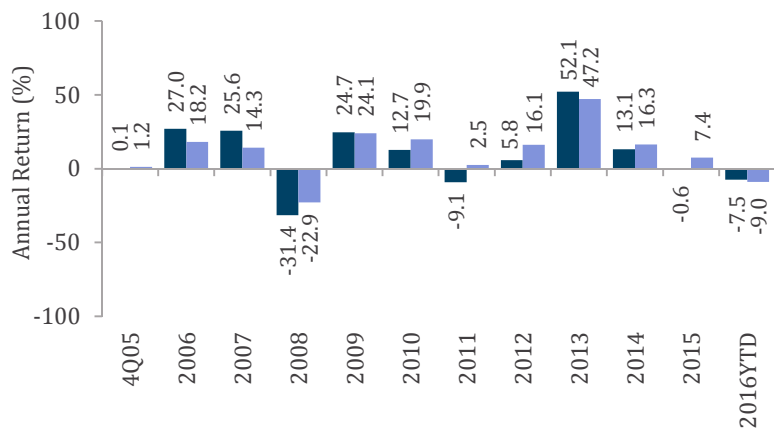
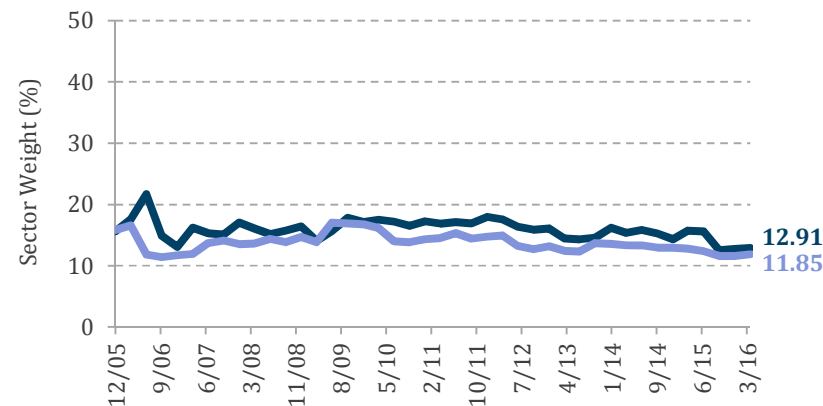
Small Cap Value Sector Weights and Performance*

March 31, 2016

Healthcare



Industrials



■ Small Cap Value Representative Portfolio ■ Russell 2000 Value Index

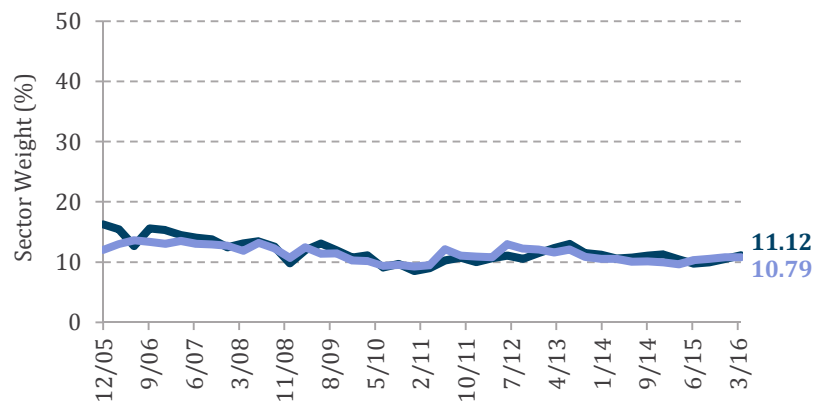
*Represents the 10.5 year period since inception of the current portfolio management team.

The data shown above is based on the strategy's representative portfolio. Cash is a residual of the total sector allocation. Calculated in Eagle based on Global Industry Classification Sectors (GICS). Past returns are no guarantee of future performance.

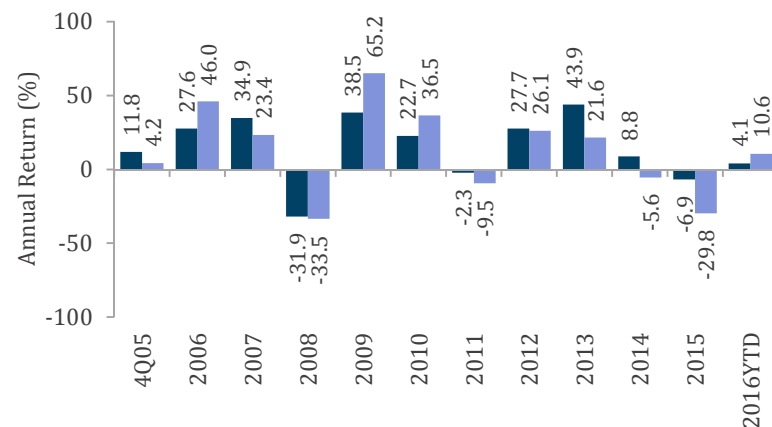
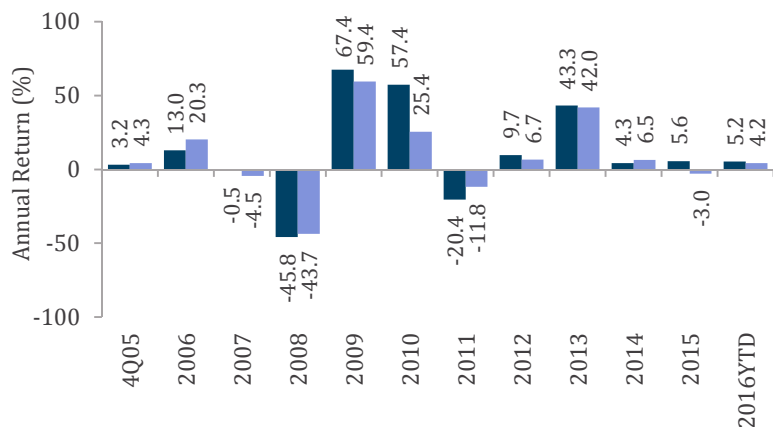
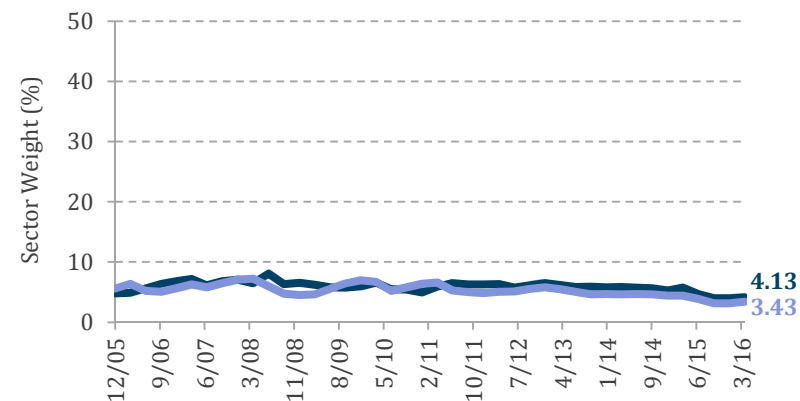
Small Cap Value Sector Weights and Performance*

March 31, 2016

Information Technology



Materials



■ Small Cap Value Representative Portfolio ■ Russell 2000 Value Index

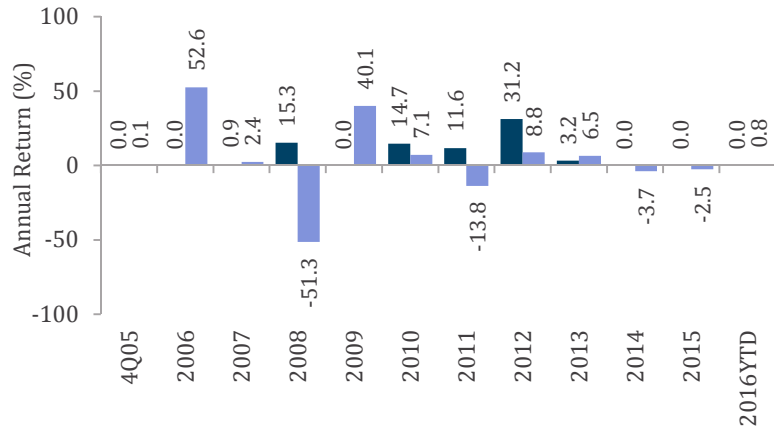
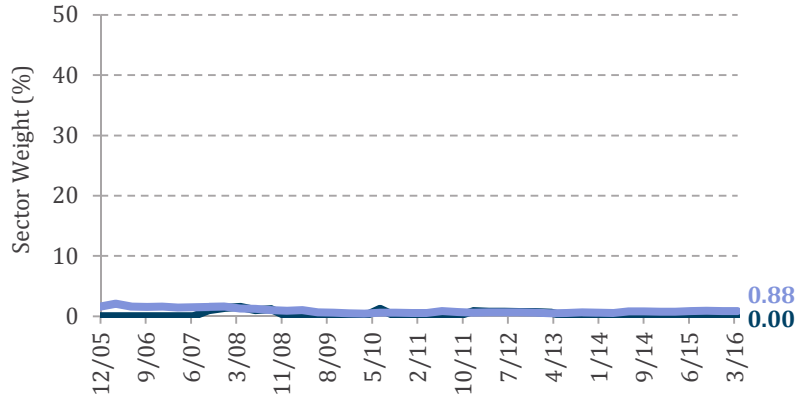
*Represents the 10.5 year period since inception of the current portfolio management team.

The data shown above is based on the strategy's representative portfolio. Cash is a residual of the total sector allocation. Calculated in Eagle based on Global Industry Classification Sectors (GICS). Past returns are no guarantee of future performance.

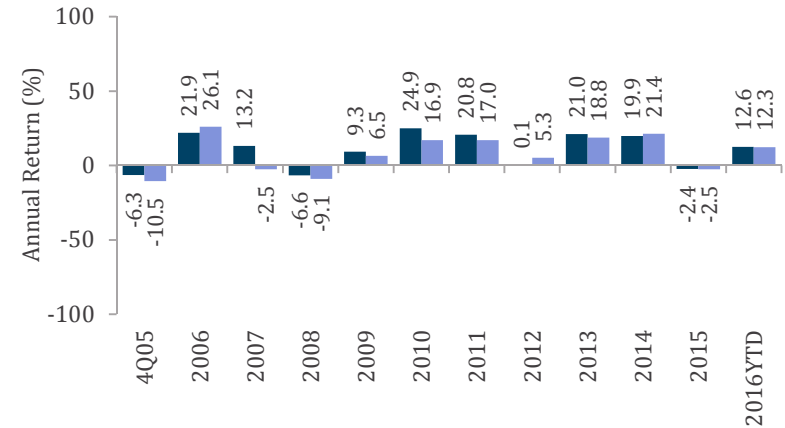
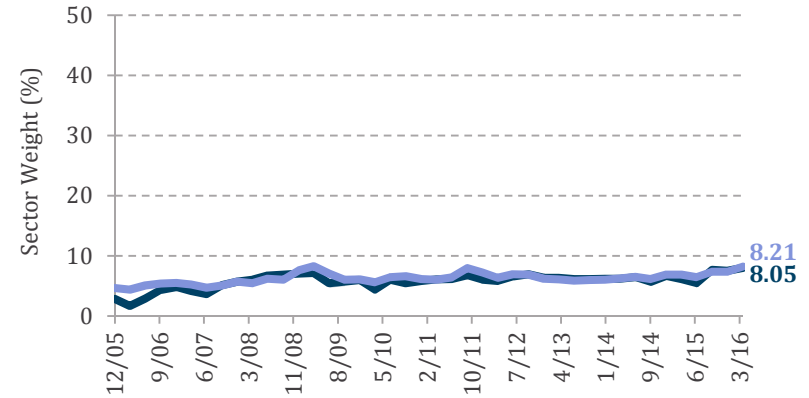
Small Cap Value Sector Weights and Performance*

March 31, 2016

Telecommunication Services



Utilities



■ Small Cap Value Representative Portfolio ■ Russell 2000 Value Index

*Represents the 10.5 year period since inception of the current portfolio management team.

The data shown above is based on the strategy's representative portfolio. Cash is a residual of the total sector allocation. Calculated in Eagle based on Global Industry Classification Sectors (GICS). Past returns are no guarantee of future performance.

Small Cap Value Performance

Small Cap Value Composite* vs. Russell 2000 Value Index Quarterly and Annual Returns (%)

	Composite	Index	Relative Performance
2005 Q4	6.94	0.66	6.28
Q1	11.93	13.51	-1.58
Q2	-2.37	-2.70	0.33
Q3	4.81	2.55	2.26
Q4	7.71	9.03	-1.32
2006	23.35	23.48	-0.13
Q1	2.74	1.46	1.28
Q2	4.41	2.30	2.10
Q3	-6.22	-6.26	0.04
Q4	-4.68	-7.28	2.60
2007	-4.11	-9.78	5.67
Q1	-5.23	-6.53	1.30
Q2	-0.02	-3.55	3.53
Q3	2.45	4.96	-2.51
Q4	-23.26	-24.89	1.63
2008	-25.50	-28.92	3.42

	Composite	Index	Relative Performance
Q1	-15.44	-19.64	4.19
Q2	18.15	18.00	0.15
Q3	20.87	22.70	-1.84
Q4	5.67	3.63	2.04
2009	27.60	20.58	7.02
Q1	9.46	10.02	-0.56
Q2	-7.70	-10.60	2.89
Q3	14.21	9.72	4.49
Q4	14.95	15.36	-0.41
2010	32.64	24.50	8.14
Q1	4.63	6.60	-1.95
Q2	-1.69	-2.65	0.96
Q3	-21.00	-21.47	0.47
Q4	16.11	15.97	0.14
2011	-5.65	-5.50	-0.15
Q1	10.11	11.59	-1.48
Q2	-3.68	-3.01	-0.67
Q3	3.77	5.67	-1.90
Q4	3.46	3.22	0.24
2012	13.86	18.05	-4.19

	Composite	Index	Relative Performance
Q1	13.79	11.63	2.16
Q2	4.03	2.47	1.56
Q3	9.08	7.59	1.48
Q4	9.09	9.30	-0.21
2013	40.86	34.52	6.33
Q1	1.63	1.78	-0.15
Q2	2.11	2.38	-0.27
Q3	-7.34	-8.58	1.24
Q4	10.35	9.40	0.95
2014	6.11	4.22	1.89
Q1	2.33	1.98	0.35
Q2	-0.82	-1.20	0.38
Q3	-7.98	-10.73	2.75
Q4	2.46	2.88	-0.42
2015	-4.31	-7.47	3.16
Q1	3.60	1.70	1.89
Q2			
Q3			
Q4			
2016	3.60	1.70	1.89

*Represents the 10.5-year period since inception of the current portfolio management team.

Investment performance assumes reinvestment of dividends and capital gains and is gross of investment management fees and net of transaction costs. Performance results will be reduced by the fees incurred in the management of the account. For example, on an account with a 1% fee, and gross performance of 20% over one year, the annual total return on a net of fee basis will result in performance of 18.85%. A \$1,000,000 initial investment would grow to approximately \$1,440,000 gross of fees, versus \$1,412,532 net of fees, over a two year period, assuming an annual return of 20%. Investment management fees are described in William Blair's Form ADV Part 2A. Past performance is not indicative of future returns. Returns for periods greater than one year are annualized. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. This benchmark is a comparable market proxy. Composite consists of considerably fewer securities. Investing in smaller companies involves special risks, including higher volatility and lower liquidity.

Biographies – Small Cap Value Team

Chad M. Kilmer, CFA, CPA, Partner

Chad Kilmer is a portfolio manager on William Blair's Small, Small-Mid, and Mid Cap Value strategies. He joined William Blair in his current role in 2006. Previously, Chad spent two years at U.S. Bancorp Asset Management, where he was most recently lead portfolio manager of the First American Small Cap Value Fund. Before that, he was an analyst with the Small Cap Value product at Gabelli Woodland Partners, a subsidiary of Gabelli Asset Management, for three years. Chad is a member of the CFA Institute and the CFA Society of Chicago. Education: B.S.B., Accounting, University of Minnesota; M.B.A., finance emphasis, Yale University School of Management.

Mark T. Leslie, CFA, Partner

Mark Leslie is a portfolio manager on William Blair's Small, Small-Mid, and Mid Cap Value strategies. He joined William Blair in his current role in 2005. Previously, he was lead portfolio manager of the First American Small Cap Value Fund and co-portfolio manager of First American Mid Cap Value Fund at U.S. Bancorp Asset Management for eight years. Before becoming a portfolio manager, Mark was an equity analyst at U.S. Bancorp. Before that, he was a sell-side analyst with Dain Bosworth for five years. Mark is a member of the CFA Institute and the CFA Society of Chicago. Education: B.S., business and economics, cum laude, University of New Hampshire.

David S. Mitchell, CFA, Partner

Dave Mitchell is a portfolio manager on William Blair's Small, Small-Mid, and Mid Cap Value strategies. He joined William Blair in his current role in 1996. Previously, he was a partner in the U.S. equity group at Brinson Partners, Inc. and a member of the Post-Venture Portfolio management team. Before that, he was co-manager of Thomas Paine Investors, LP, a private fund that invested in small-cap stocks, after working as a senior equity analyst on NBD's Woodward Opportunity Fund. Before that, he was an equity analyst and portfolio manager at Connecticut National Bank and, before graduate studies, an equity trader and money market portfolio manager. For more than a decade, Dave served as a director at Reading In Motion (formerly Whirlwind), which partners with teachers to improve urban children's language-arts and learning skills through the arts. Dave is a member of the CFA Institute and the CFA Society of Chicago. Education: B.A., Knox College; M.B.A., Northwestern University's Kellogg Graduate School of Management.

Jim Karlis, CFA, Partner

Jim Karlis is an associate portfolio manager on William Blair's Small, Small-Mid, and Mid Cap Value strategies. He joined the team as a research analyst in 2007. Previously, he served for two years as a research associate in William Blair's sell-side research group, covering the technology sector. He joined William Blair in 2005. Previously, he was a research analyst focused primarily on the technology, telecom, and media sectors at Lincoln Capital Management for three years. Before that, he worked at Lehman Brothers and ABN AMRO. Jim is a member of the CFA Institute and the CFA Society of Chicago. Education: B.S., finance, University of Illinois Urbana-Champaign.

Stephen Livingston, CFA

Stephen Livingston is an associate portfolio manager on William Blair's Small, Small-Mid, and Mid Cap Value strategies. He joined the team as a research analyst in 2009. Previously, he spent two years as a research associate on the domestic equity growth research team covering the financials and industrials sectors. Before that, Stephen worked as a research associate in William Blair's sell-side research group covering the technology sector. He joined William Blair in 2006. Before joining the firm, he worked in the investment industry at both FTN Midwest and UBS. Stephen is a member of the CFA Institute and the CFA Society of Chicago. Education: B.S.B.A., finance, Ohio State University; M.B.A., University of Chicago's Booth School of Business.

Brian Early, CFA

Brian Early is a research analyst on William Blair's Small, Small-Mid, and Mid Cap Value strategies. He joined William Blair as a research associate in 2011. Previously, Brian spent two years as an Associate Trader at Van Kampen Investments. Brian is a member of the CFA Institute and the CFA Society of Chicago. Education: B.B.A., finance, University of Iowa; M.B.A., investment management, University of Iowa's Tippie School of Management.

Biographies – Small Cap Value Team

Annelise Docel

Annelise Docel is a Research Associate on the Small, Small-Mid, and Mid Cap Value teams. She joined William Blair in 2015. Previously, Annelise spent two years as a Private Client Associate at Bernstein. Education: B.S., Bioengineering, University of Illinois Urbana-Champaign

M. Matthew Neska, CFA

Matt Neska is the domestic equity specialist for the firm's U.S. value equity strategies. He joined William Blair in 2013 to work with the firm's domestic equity value teams. Previously, Matt was a manager research consultant with Mercer. Before his role at Mercer, Matt was an equity research analyst with RBC Global Asset Management. Matt is a member of the CFA Institute and the CFA Society of Chicago. Education: B.B.A., finance, University of Minnesota; B.A., economics, University of Minnesota.

Biography

Kevin Fetzer, CFA

Kevin Fetzer is responsible for consultant relations and institutional business development in the Midwest and Southeast regions of the United States at William Blair. He joined William Blair's business development team in 2010 to assist clients and their investment consultants as they seek to fulfill investment objectives. Before joining the firm, Kevin worked for UBS Global Asset Management as a client relationship manager and consultant relations associate. He began his career as a commercial credit analyst for Regions Financial. Kevin serves as an advisory group member for the CFA Society of Chicago and is an active volunteer for Imerman's Angels (a cancer support network). Kevin is a member of the CFA Institute and CFA Society of Chicago. Education: B.S. in finance, Florida State University; M.B.A. with a concentration in investment management, DePaul University's Kellstadt Graduate School of Business.

Glossary – Terms

Active Share: A measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index.

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

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

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

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

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

EPS (Earnings Per Share) Growth Rate (Projected): This measure represents the weighted average of forecasted growth in earnings expected to be experienced by the stocks within the portfolio over the next year. From a portfolio perspective, the portfolio EPS Growth Rate is a weighted average of the individual holdings' EPS Growth Rate.

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

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

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

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

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

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

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

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

Sortino Ratio: A modification of the Sharpe ratio that differentiates harmful volatility from general volatility by taking into account the standard deviation of negative asset returns, called downside deviation. The Sortino ratio subtracts the risk-free rate of return from the portfolio's return, and then divides that by the downside deviation. A large Sortino ratio indicates there is a low probability of a large loss.

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

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

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

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

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

Glossary – Indices

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

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

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

Barclays Intermediate Govt./Credit Bond Index (formerly the Lehman Index): A fixed-rate government and corporate bonds rated investment grade or higher.

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

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

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

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

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

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

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

MSCI EAFE Index: A free float-adjusted market capitalization index which captures large and mid cap representation across Developed Markets countries around the world, excluding the U.S. and Canada.

MSCI EAFE IMI Index: A free float-adjusted market capitalization index which captures large, mid and small cap representation across Developed Markets countries around the world, excluding the U.S. and Canada.

MSCI EAFE Growth Index: A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

MSCI All Country World ex-US Index: An unmanaged index that includes developed and emerging markets, excluding the U.S.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A direct investment in an unmanaged index is not possible.

Composite Presentation Report

Institutional Small Cap Value Team

Calendar Year	Composite Gross Return (%)	Composite Net Return (%)	Russell 2000 Value Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Portfolios	Dispersion (%)	Composite Assets End of Period \$(mm)	Percentage of Total Firm Assets (%)
2006	23.35	22.15	23.48	12.36	12.33	5/Fewer	N/A**	155.29	0.36
2007	-4.11	-5.06	-9.78	11.96	12.59	5/Fewer	N/A**	51.84	0.11
2008	-25.50	-26.26	-28.92	17.59	19.14	5/Fewer	N/A**	49.09	0.19
2009	27.60	26.33	20.58	22.96	25.62	5/Fewer	N/A**	78.76	0.21
2010	32.64	31.32	24.50	25.74	28.37	5/Fewer	N/A**	195.80	0.44
2011	-5.65	-6.59	-5.50	23.58	26.05	11	N/A**	695.49	1.69
2012	13.86	12.73	18.05	18.69	19.89	11	0.16	724.54	1.46
2013	40.86	39.45	34.52	15.68	15.82	23	0.08	1,087.70	1.75
2014	6.11	5.05	4.22	12.97	12.79	25	0.05	1,154.90	1.83
2015	-4.31	-5.27	-7.47	13.76	13.46	33	0.05	1,544.83	2.38

Disclosures:

William Blair Investment Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. William Blair Investment Management has been independently verified for the periods January 1, 1993 through December 31, 2014. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Institutional Small Cap Value Team Composite has been examined for the periods presented through December 31, 2014. The verification and performance examination reports are available upon request. For purposes of compliance with GIPS, the Firm is defined as all accounts managed by William Blair Investment Management. William Blair Investment Management includes William Blair Investment Management, LLC and some accounts managed by William Blair & Company, L.L.C. William Blair Investment Management, LLC and William Blair & Company, L.L.C. are investment advisers registered with the United States Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training.

Institutional Small Cap Value Team invests in quality equity securities of small companies believed to offer long-term investment value. The companies must be able to demonstrate the ability to improve profitability and have a strong management team in place.

The benchmark that best reflects the composite's investment style is the Russell 2000 Value Index, which measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth rates.

Portfolios must have an initial market value greater than or equal to \$1 million to be included in the composite. New accounts are added to the composite at the beginning of the month following the first full calendar month under management. Prior to July 2007, new accounts were added to the composite at the beginning of the quarter following two full calendar months under management. Portfolios will be excluded from their composite the first month immediately following their last complete month of authorized management by the Firm. Beginning May 2013, portfolios are removed from this composite, in the event of a significant cash flow, for the month during which the flow occurs. Portfolios are typically added back into the composite the following month. A portfolio is determined to have a significant cash flow if the accumulated net external flows of cash and/or securities during a month total more than 25% of the beginning of month portfolio market value. Additional information regarding the treatment of significant cash flows is available upon request.

Portfolio and composite returns are calculated daily. Prior to January 2009, portfolio returns were calculated monthly using a time-weighted monthly linked return formula with adjustments for cash flows and composites were calculated monthly by weighting portfolio returns based on beginning of month market value. Valuations and returns are denominated in U.S. Dollars. Composite dispersion measures represent the consistency of a firm's composite performance with respect to the individual portfolio returns within a composite. The dispersion of annual returns is measured by the asset-weighted standard deviation of the gross returns in the composite. Dispersion includes only those portfolios that have been included in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. This statistic is not presented until there are 36 months of performance available.

Performance results are stated gross and net of max investment advisory fees. The management fee schedules are as follows:

First \$10,000,000: 1.00%
 Next \$20,000,000: 0.95%
 Next \$20,000,000: 90%
 Next \$50,000,000: 0.85%
 Over \$100,000,000: 0.80%
 The maximum fee is 1.00%.

The Institutional Small Cap Value Team Composite was created in October, 2001.

A complete list and description of firm composites is available upon request. Additional information regarding policies for valuing portfolios, calculating performance and preparing compliant presentations is also available upon request. Past performance is not indicative of future results.

**Five or fewer portfolios were included in the composite for the entire year.