

## Summary & Outlook

# Large Cap Growth SMA Strategy

### Market Overview

Amid a highly volatile backdrop, U.S. equity indices rebounded from first quarter losses to deliver broad based gains in the second quarter. Investor consternation, fueled by tariff policy and its potential economic and geopolitical ramifications, led markets sharply lower through early April. However, new trade agreements, which included temporary exemptions and tariff delays with key countries, coupled with resilient corporate earnings and a renewed fervor around artificial intelligence, spurred a sharp rebound in stocks. Other events that helped buoy market returns in the second quarter included favorable consumer spending trends, cooler inflation metrics, a weaker dollar, and a notable sell-off in crude oil. The Federal Open Market Committee (FOMC) kept its federal funds target range unchanged at 4.25% to 4.50% in the second quarter maintaining a “wait and see” approach amid mixed economic signals and uncertainty around tariffs. However, the Fed’s latest dot plot, which continues to be fluid, indicates two 25 bps rate cuts by the end of 2025.

### Performance

The William Blair Large Cap Growth SMA Strategy underperformed its benchmark, the Russell 1000 Growth Index, during the second quarter.

Relative performance was driven by stock-specific dynamics. The top contributors to performance came from stock selection in Information Technology, including our positions in Broadcom, NVIDIA and Datadog, as well as our underweight to Apple. Shares of Broadcom, a leading provider of semiconductor and infrastructure software solutions, outperformed driven by strong demand for its chips which was fueled by continued investment in AI infrastructure. The company is also seeing increased inference activity among key customers, further supporting growth. NVIDIA, a leading fabless semiconductor firm specializing in high-performance GPUs and software systems, outperformed on robust AI infrastructure demand, particularly from rising inferencing workloads. Other top contributors included Meta Platforms (Communication Services) and not owning Eli Lilly (Health Care). The top detractors for the period included UnitedHealth Group (Health Care), O’Reilly Automotive (Consumer Discretionary), Copart (Industrials), Agilent (Health Care) and Linde (Materials). Shares of UnitedHealth Group, a diversified healthcare company, declined as its quarterly results fell short of expectations primarily due to underperformance in Optum

Health and Medicare Advantage. O’Reilly Automotive, one of the largest specialty retailers of automotive aftermarket parts, tools, supplies, equipment and accessories in the United States, retreated as earnings came in modestly below expectations, in part due to higher-than-expected operating expenses, transitory weather headwinds and a delay of tax refunds. Not owning Netflix (Communication Services) was also a headwind to performance in the period.

### Outlook

Our investment philosophy centers on identifying companies with superior management, sustainable business models and solid financials whose stock prices do not reflect their long-term fundamentals. Moreover, our focus on durable businesses with compelling risk-reward profiles positions us to navigate an array of prospective economic regimes.

While the underlying economy remains stable supported by steady economic growth and favorable employment trends, tariff uncertainty and geopolitical strife may cause investor sentiment to abruptly shift. We will continue to monitor these ever-changing dynamics and look for opportunities to best position the portfolio for long-term success.

Composite Performance (%)	Qtr	YTD	1 Yr	3 Yr	5 Yr	Annualized	
						10 Yr	Since Inception (Jul 1 01)
Large Cap Growth SMA (Gross of fees)	17.79	6.01	11.14	23.56	15.66	16.53	10.26
Large Cap Growth SMA (Net of fees)	16.95	4.44	7.87	19.96	12.27	13.12	7.04
Russell 1000 Growth Index	17.84	6.09	17.22	25.76	18.15	17.01	10.26

[https://williamblair.com/~media/Downloads/IM/Composite\\_Disclosures.pdf](https://williamblair.com/~media/Downloads/IM/Composite_Disclosures.pdf)

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### Past performance is not indicative of future returns.

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### Performance & Fees

Past performance is not indicative of future returns. Performance is shown in U.S. dollar unless otherwise noted. Returns for periods greater than one year are annualized. Performance results assume the reinvestment of dividends and capital gains and are net of transaction costs. Net investment performance represents the deduction of a model fee equal to the highest separate account management fee. Investment management fees are described in William Blair's Form ADV Part 2A. Net of fees performance are net of all fees charged directly or indirectly to the accounts. Net of fee results are calculated using the wrap program's maximum fee of 3.00%. This bundled (wrap) fee includes investment advisory fees, financial consultant fees, custodial fees, and trading expenses.

### Attribution Analysis

The attribution analysis contained herein is calculated by William Blair and is intended to provide an estimate as to which elements of a strategy contributed (positively or negatively) to a portfolio's performance. Attribution is based on the strategy's representative portfolio. Attribution analysis is not a precise measure and should not be relied upon for investment decisions.

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### Index

The Russell 1000® Growth Index is an unmanaged index registered to Russell/Mellon. It measures those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. It is a capitalization-weighted index as calculated by Russell on a total return basis with dividends reinvested. It is not possible to directly invest in an unmanaged index.

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