

Summary & Outlook

All Cap Growth SMA Strategy

Market Overview

The third quarter of 2025 delivered strong, broad-based gains in U.S. equity indices, building upon the rebound that began in early April. Market sentiment was buoyed by subsiding trade tensions, strong corporate earnings, easing monetary policy and continued enthusiasm surrounding artificial intelligence (AI). As the quarter progressed, the Federal Open Market Committee (FOMC) reduced its benchmark Fed Funds rate in September by 25 basis points to a range of 4.00% to 4.25%. This pivot came despite Core PCE (Personal Consumption Expenditures) inflation remaining above target and was prompted by softening labor signals and a need to balance the Fed's dual mandate. Investors continue to anticipate a path of monetary easing, with the potential for additional rate cuts in 2025 and 2026.

Equity returns in 2025 have been extremely volatile. Following an acute, tariff-driven sell-off from late February through early April, the subsequent rally that began on April 9th has strongly favored risk-on assets and momentum-driven themes. This environment has generally created a headwind for quality-oriented managers, who have struggled to keep pace as many less proven business models and speculative companies have sharply outperformed.

Performance

The William Blair All Cap Growth SMA Strategy underperformed its benchmark, the Russell 3000 Growth Index, during the third quarter.

The All Cap Growth SMA strategy trailed the Russell 3000 Growth Index during the third quarter, primarily driven by stock-specific dynamics. Selection in the Information Technology sector, including our underweight to Apple, detracted from performance. Other top detractors included Chipotle Mexican Grill (Consumer Discretionary), Alphabet (Communication Services), ACV Auctions (Industrials) and Baldwin Insurance Group (Financials). Shares of Chipotle Mexican Grill, a best-in-class restaurant company that operates a chain of fast-casual, fresh Mexican food restaurants, retreated as same store sales growth fell short of expectations, driven by a decline in transactions, and management lowered forward-looking revenue guidance. Alphabet, a leading technology company known for its dominant internet search engine, cloud services, and

position as an industry leader in online advertising, reported strong quarterly results while our underweight position was a headwind to relative performance. Not owning Tesla (Consumer Discretionary) was also a headwind to relative performance. The top contributors to performance included Pure Storage (Information Technology), Carlyle Group (Financials), Vital Farms (Consumer Staples), Oracle (Information Technology) and Broadcom (Information Technology). Shares of Pure Storage, a provider of flash-based data storage solutions, rose as the company reported strong earnings results, driven by healthy enterprise momentum, accelerating subscription adoption and traction in its newer offerings. Carlyle Group, an alternative asset manager, reported robust earnings results that exceeded expectations, driven by upside in both fee-related and performance-related earnings. Not owning Netflix (Communication Services) and Eli Lilly (Health Care) were also tailwinds to relative performance.

Outlook

Our investment philosophy centers on identifying companies with superior management teams, sustainable business models and solid financials whose stock prices are not fully appreciated by the market. Market environments like the current one, where our focus on durable businesses with compelling risk-reward profiles is temporarily out of favor, have historically been challenging given our quality-oriented approach. Despite the current market headwinds, we remain committed to our long-standing philosophy of owning high-quality, durable businesses that have compelling long-term risk/reward profiles. This disciplined, time-tested approach has delivered strong results over time, and we remain focused on continually enhancing our investment process to drive the best long-term outcomes for the portfolio.

Composite Performance (%)	Qtr	YTD	1 Yr	Annualized			Since Inception (Oct 1 99)
				3 Yr	5 Yr	10 Yr	
All Cap Growth SMA (Gross of fees)	6.86	12.03	16.95	27.47	14.79	16.17	9.55
All Cap Growth SMA (Net of fees)	6.08	9.56	13.53	23.77	11.43	12.78	6.35
Russell 3000 Growth Index	10.41	16.82	24.79	30.76	17.03	18.26	8.99

https://williamblair.com/~media/Downloads/IM/Composite_Disclosures.pdf

IMPORTANT DISCLOSURES

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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.

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Index

The Russell 3000® Growth Index is an unmanaged index registered to Russell/Mellon. It measures those Russell 3000 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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