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# FORM ADV PART 2A – Appendix 1 (Wrap Fee Program Brochure)

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This wrap fee program brochure provides information about the business practices of William Blair & Company, L.L.C. If you have questions about the contents of this wrap fee program brochure, please contact us at [pwmcompliancegroup@williamblair.com](mailto:pwmcompliancegroup@williamblair.com) or (312) 236-1600. The information in this wrap fee program brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about William Blair & Company, L.L.C. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

William Blair & Company, L.L.C. is registered as an investment adviser with the SEC. Our registration as an investment adviser does not imply a certain level of skill or training.

## ITEM 2 – MATERIAL CHANGES

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William Blair & Company, L.L.C. (“William Blair” or “firm” or “we”) has updated our Wrap Brochure (also known as Form ADV Part 2A-Appendix 1) as of October 9, 2023. Our last update was as of April 21, 2023. This Brochure contains material updates to Item 9 – Additional Information.

As a reminder, we may at any time update our Wrap Brochure and will either send you a copy or offer to send you a copy (either electronically or in hard copy) as may be necessary or required. If you would like another copy of this Wrap Brochure, you may download it from the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), or you may contact our Compliance team at (312) 236-1600 or [pwmcompliancegroup@williamblair.com](mailto:pwmcompliancegroup@williamblair.com).

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## ITEM 4 – SERVICES, FEES AND COMPENSATION

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### Wrap Fee Program Services

William Blair serves as sponsor and investment manager for the William Blair Comprehensive Fee Program (also known as the Wrap Fee Program)<sup>1</sup>. William Blair offers this Wrap Fee Program to our Private Wealth Management (“PWM”) clients. We collectively refer to our advisors in PWM as “PWM Advisors.”

PWM Advisors typically manage the accounts in our Wrap Fee Program according to each client’s investment objectives, financial circumstances, and risk considerations. According to a client’s investment objectives and subject to reasonable investment restrictions, a PWM Advisor may elect to allocate all or a portion of that discretionary advisory client’s assets to one or more William Blair proprietary models (“William Blair Proprietary Home Office Models”), through fee-based platforms, including through William Blair’s affiliate, SYSTM Wealth Solutions, LLC (“SYSTM”), an investment adviser registered with the Securities and Exchange Commission.

Under this Wrap Fee Program, clients pay a single fee for discretionary investment management services and trade execution costs and, in certain instances, other services such as custody, recordkeeping and reporting. You do not pay separately for commissions for each trade we execute in this type of account. Instead, we incur the cost of executing securities transactions. This creates a conflict of interest because William Blair is incented to initiate fewer trades in your Wrap Program Fee Account to minimize expenses for William Blair. To manage this conflict of interest, we monitor account activity to help identify inactivity. For the avoidance of doubt, William Blair Wrap Fee Program client accounts will incur certain fees and expenses (including but not limited to SEC transaction fees) which are disclosed in confirmations and/or account statements.

William Blair receives compensation from clients whose assets are held in Wrap Fee Program Accounts. William Blair and its PWM Advisors have a conflict of interest when they recommend that a prospective client or a current brokerage client open a Wrap Fee Advisory Account that will generate ongoing fees instead of no fees (for a prospective client) or transaction-based fees for a brokerage client.

To participate in the Wrap Program, an advisory client must maintain a brokerage account with William Blair, as introducing broker-dealer. As described more fully below, Fidelity Investments and/or its various affiliates including but not limited to National Financial Services and Fidelity Brokerage Services (collectively, “NFS”) acts as clearing broker and provides custodial, brokerage and certain other services for William Blair Wrap Program advisory clients. Clients are not required to use William Blair, as introducing broker-dealer, and NFS for clearing and custodial services. However, if a client chooses not to hire William Blair and NFS in these capacities, they will not participate in this Wrap Program and should see the William Blair Form ADV Part 2A (“William Blair Brochure”) or contact their PWM Advisor for more information.

In effecting transactions for Wrap Fee Program clients, all trades are directed to William Blair’s sell-side broker-dealer trade desk for execution through various trading venues. In effecting these transactions, William Blair takes all reasonable steps to seek best execution of orders. William Blair’s sell-side broker dealer has policies and procedures that are designed to obtain the best possible execution result, subject to the nature of the order, any restrictions placed upon us in filling the order and the market in question. William Blair’s sell-side broker dealer takes into consideration a range of different factors which includes price but may also include such other factors as timely execution, the liquidity of the market, the cost of the transaction and the nature of the financial transaction. In some

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<sup>1</sup> As of January 1, 2021, for clients with a William Blair client Fee & Discount Commission advisory agreement, William Blair no longer charges a commission and these agreements as well as Comprehensive Fee agreements are considered under the Wrap Fee Program.

markets, price volatility may mean that the timeliness of the execution is a priority, where other markets that have low liquidity may mean the execution itself may constitute the best execution.

For the William Blair Proprietary Home Office Models, William Blair uses either a third-party provider or SYSTM to generate orders, which will route trades according to SYSTM's trade allocation policies, and may include William Blair's broker-dealer trade desk for execution as described more fully above. After all trades are completed for accounts in the Proprietary Home Office Models, the underlying investment recommendations and allocations are disseminated to PWM Advisors who have the discretion to accept, reject or modify these recommendations for custom managed accounts.

While a Wrap Fee Program client is not charged an additional fee for either the third-party service provider or SYSTM in connection with Proprietary Home Office Models, William Blair retains a larger portion of the advisory fee to cover the administrative cost of this third-party provider or SYSTM and the PWM Advisor retains less of the advisory fee. This creates an incentive for the PWM Advisor NOT to utilize the Proprietary Home Office Models. In addition, if a PWM Advisor does utilize a service provider in connection with Proprietary Home Office Models, the PWM Advisor is incented to use SYSTM so that SYSTM will earn the fee to cover the administrative costs. In addition, WBC Holding, L.P., and certain employees, officers and directors of William Blair, have a direct or indirect ownership interest in all of the minority investors of SYSTM. Accordingly, all of these parties are further incented to increase the revenue of SYSTM by utilizing SYSTM instead of an unaffiliated, third-party service provider.

To help manage conflicts, we have implemented various controls including the following:

- We maintain our Code, which details our fiduciary duty to put our clients' interests ahead of our own and conduct annual training on our Code;
- We monitor portfolio holdings to ensure they are consistent with each client's objectives;
- Amount of revenue retained by William Blair to utilize SYSTM or a third -party provider in connection with Proprietary Home Office Models is not material;
- Clients do not need to authorize the use of Proprietary Home Office Models through a Platform provider, including SYSTM; Client's consent can be revoked, in writing, at any time;
- Amount of revenue paid by PWM Advisor to utilize SYSTM or a third-party provider in connection with Proprietary Home Office Models is not material; and
- Conflicts of interest are disclosed in this Wrap Brochure, Form CRS, SYSTM's Form ADV, Part 2A, SYSTM's Form ADV, Part 2A and in the investment advisory agreement.

As described in Item 6, for our Wrap Fee Program portfolios, we consider a broad array of securities and investment vehicles including equity securities, debt securities, mutual funds or other investments that we consider suitable for a client based on their particular circumstances.

Some PWM Advisors utilize programs established through asset management platforms, including SYSTM ("Platforms") that provide access to investment advisors, including our affiliate William Blair Investment Management, LLC, ("Sub-Managers"); such Platform programs are NOT included in the Wrap Fee Program.

In some instances, PWM Advisors may recommend to certain clients that they establish a separate investment advisory account managed by our affiliate, William Blair Investment Management, LLC. ("WBIM Separate Accounts"). In these instances, PWM's clients are free to accept or reject our recommendation. If a PWM client accepts our recommendation, the client would enter into a separate investment advisory agreement with William Blair Investment Management, LLC setting forth all fees (including an investment management fee) and expenses (including execution costs). WBIM Separate Accounts are NOT included in the Wrap Fee Program.

Additionally, William Blair has entered into a Sub-Management Agreement with its affiliate, William Blair Investment Management, LLC. If authorized by the client, William Blair has the discretion to hire its affiliate, William Blair

Investment Management, LLC as a sub-adviser to manage those allocated assets (“Allocated Assets”), with discretion (“WBIM Sub-Advisory Accounts”). William Blair Investment Management, LLC does not execute transactions through William Blair as introducing broker. Instead, William Blair Investment Management, LLC effects trades through third party broker-dealers. Therefore, WBIM Sub-Advisory Allocated Sleeve transactions will be charged separately for commissions and other costs and are NOT included in the Wrap Fee Program.

William Blair has established the “MB Investments Program” to provide select clients with access to certain investment opportunities generated through William Blair’s proprietary, global relationship network. The MB Investments Program is NOT included in the Wrap Fee Program.

### **Account Fees**

William Blair charges a single comprehensive fee for the provision of services to Wrap Fee Program Clients. The comprehensive fee includes investment advisory services and trade execution costs (including costs involved in purchasing and selling no-load mutual funds) for an account. Under certain limited circumstances, William Blair, as a broker or dealer, may accept unsolicited orders from clients and may charge a commission on any unsolicited order initiated by the client. We can charge up to a 2.00% annual fee on all assets, subject to negotiation. Fees are negotiable. William Blair may, but is not obligated to, aggregate assets under management across multiple accounts when determining the amount of advisory fee charged to Wrap Fee Program Clients.

Our compensation under our Wrap Fee Program may be lower than our standard fee schedule; however, the overall cost of a wrap arrangement may be higher than a client otherwise would pay if the client paid our standard fee schedule and negotiated transaction costs and any other services (e.g., custody, recordkeeping and reporting) through a broker-dealer. William Blair’s wrap program fees and standard advisory fees are negotiable. The wrap program advisory fee charged may vary based on the underlying holdings in the client’s accounts (for example, a client may have an account with only fixed income securities that may be charged a lower advisory fee than that same client’s account with only equity securities). Based on this wrap fee program advisory fee differential, William Blair and its PWM Advisors have a conflict of interest when purchasing securities.

We customarily bill fees quarterly, in advance, based on the market value of portfolio assets (including dividends and interest) as of the last day of the prior quarter. When charged in advance, fees are calculated on the total market value of each account (including on assets invested in cash and cash equivalents and on accrued interest and dividends) on the last day of the prior quarter. When charged in arrears, fees are calculated on the total market value of each account (including on assets invested in cash and cash equivalents and on accrued interest and dividends) on the last day of the current quarter. NFS, as client’s custodian, shall be responsible for valuing all assets in a client’s account; valuation is not the responsibility of William Blair. Securities without a readily available market price shall be valued as determined in good faith by NFS, as appropriate, to reflect its fair value. William Blair will cooperate with NFS in its good faith efforts to determine fair market value. With respect to client’s account assets in a private fund (including a William Blair Private Fund, as described more fully below), the alternative investment managers and underlying vehicles are responsible for providing NFS with valuation in accordance with applicable laws.

Please note that any fees due to William Blair Investment Management, LLC for a WBIM Separate Account are not part of the Comprehensive Fee Program. Sub-Managers, Platforms and Platform service providers may or may not be billed separately to the client depending on the type of Investment Advisory Agreement.

We do not charge clients in the Comprehensive Fee Program account level advisory fees on the William Blair Funds, William Blair Private Funds (as defined more fully below) or any assets agreed to by the client and William Blair to be held in the account as an accommodation and not subject to supervision held in Wrap Fee Program accounts.

Ongoing fees reduce the value of an investment portfolio over time. Because of the fees you pay, you have a smaller amount invested that is earning a return whether the fee is paid separately or debited from a portfolio’s assets. You are encouraged to discuss the impact of fees with your PWM Advisor.

## Other Fees and Expenses

In addition to, and separate from, the investment management fee, our clients pay other costs and charges in connection with their accounts or certain securities transactions payable to William Blair or its affiliates or payable to parties other than us, including but not limited to the following:

- Auction fees;
- Taxes, duties and other governmental charges, such as transfer taxes;
- Costs associated with international exchange transactions;
- Electronic fund, wire transfer and other transfer fees;
- Fees imposed in connection with certain custodial, trustee or other account services;
- Account maintenance or service fees;
- Fees in connection with transferring your account to another investment adviser or broker-dealer (also known as ACAT exit fees);
- Regulatory transaction fees;
- Securities lending fees;
- Multi-margin fees;
- Non-purpose loan fees;
- Access fees for certain private funds;
- Mutual fund redemption fees if shares are sold before the designated time period as set forth in the prospectus;
- Fees and expenses associated with mutual funds (funds (including William Blair Funds), exchange traded funds and other commingled products (such as William Blair Private Funds) as well as unaffiliated private funds;
- Pass-through or other fees associated with American Depositary Receipts;
- Activity assessment fee;
- Charges mandated by law or regulation; and
- Fees in connection with the establishment, administration, maintenance, or termination of accounts (including retirement or profit-sharing plans or trust accounts).

Further information regarding the fees and expenses are found in your investment advisory agreement with William Blair as well as in other documents such as, William Blair Customer Relationship Summary (“Form CRS”), mutual fund and private fund offering documents. For more information regarding fees and expenses, please discuss with your PWM Advisor.

### Fees and Expenses Related to Private Funds

Private fund investments may be held in a brokerage account, investment advisory account, directly (if the client meets the private fund’s minimum investment) or through a private fund platform. If you hold a private fund investment in a brokerage account, you will typically pay an upfront placement agent fee plus the underlying costs of the private fund investments (which in some cases includes a platform access fee). If a client chooses to hold a private fund in an advisory account (including a William Blair Wrap Program account), you will pay an investment advisory fee to William Blair plus the underlying costs of the private fund investment (which in some cases includes a platform access fee).

Private funds are highly illiquid and cannot be sold or transferred and you will pay the ongoing, annual advisory fee for the life of the private fund investment. The fair market value of interests in an underlying unaffiliated private fund shall be included for purposes of calculating William Blair’s advisory fee. William Blair relies on the issuer and custodian to provide a good faith, fair market value. The timing and process for fair market valuation of private fund investments is not as reliable as valuations of publicly traded securities. Depending on the size of the advisory fee and the market value of the private fund investment over the life of the fund, William Blair could earn more revenue than if the same investment was held in a brokerage account or directly with the issuer. Therefore, to earn these ongoing advisory fees, William Blair and your PWM Advisor are incented to recommend that you purchase interests through your William Blair Wrap Program advisory account instead of in a brokerage account. If a client invests in private funds

through a private fund platform, clients may pay an access fee. Neither William Blair nor the PWM Advisor earns an access fee.

William Blair Private Funds (affiliated private funds advised by William Blair Investment Management, LLC) also bear their own operating and other expenses. When you invest in a Private Fund in your account, you are subject to the Private Fund's internal management fees and other expenses; however, we do not charge our investment management fee in addition to the Private Fund's internal management fee. Instead, we exclude the assets invested in the William Blair Private Funds when we calculate the investment management fees we charge you. However, our affiliate, William Blair Investment Management, LLC compensates William Blair (and, in turn, PWM Advisors) up to 50% of the management fee it earns on PWM's clients' assets invested in the William Blair Private Funds.

Receipt of, or the prospect of receiving, this compensation influences William Blair and PWM Advisors to recommend or invest in William Blair Private Funds over non-affiliated private funds and creates a conflict of interest. If the payment William Blair receives from William Blair Investment Management, LLC is higher than the fee it receives from the client for managing the account, then William Blair's overall fee will increase as the allocation to William Blair Private Funds increases. For more information on conflicts of interest, please discuss with your PWM Advisor and see documents, including but not limited to, this Wrap Brochure, William Blair Brochure, Form CRS, advisory agreements, William Blair Private Funds' offering documents, separate client account opening documentation and/or separate disclosure documents.

In addition to fees and expenses listed above, other expenses include: sales expenses; accounting, tax and audit expenses; legal expenses; operating and other expenses such as those associated with the formation, operation, dissolution, winding-up or termination; and other expenses not listed. William Blair Private Funds that invest with an underlying manager or in underlying funds bear associated fees and expenses. Feeder funds generally bear a pro rata portion of the expenses associated with the related master fund. Details regarding expenses can be found in the applicable offering memorandum and other governing documents.

Investing in our William Blair Private Funds creates a conflict of interest based on compensation we receive from our affiliate, William Blair Investment Management, LLC. To help manage conflicts, we have implemented various controls including the following:

- We maintain our Code of Ethics ("Code"), which details our fiduciary duty to put our clients' interests ahead of our own and conduct annual training on our Code;
- We monitor portfolio holdings to ensure they are consistent with each client's objectives;
- A client does not need to invest in a Private Fund;
- Compensation received from our affiliate, William Blair Investment Management, LLC is not material in relation to William Blair's account level advisory fees;
- Conflicts of interest are disclosed documents including but not limited to, this Wrap Brochure, William Blair Brochure, Form CRS, advisory agreements, Private Fund offering documents and/or separate disclosure forms; and
- We offset investment management fees on a client's assets held in the William Blair Private Funds.

### **Mutual Fund and ETF Fees and Expenses**

For clients whose guidelines allow a portion of their assets to be invested in mutual funds (both open-end funds and closed-end funds) or exchange traded funds:

- When invested in shares of unaffiliated funds (funds not advised by William Blair Investment Management, LLC) in your account, you are subject to our investment management fees in addition to the mutual fund or exchange traded fund internal management fees and other expenses (as described below). In addition, exchange traded funds and closed end funds may trade at prices that vary from their net asset value, sometimes significantly. Performance of a fund pursuing a passive index-based strategy may diverge from the performance of the index.



- When invested in shares of the William Blair Funds (affiliated mutual funds advised by William Blair Investment Management, LLC) in your account, you are subject to the William Blair Funds' internal management fees and other expenses (as described below); however, we do not charge our investment management fee in addition to the William Blair Funds' internal management fee. Instead, we exclude the assets invested in the William Blair Funds when we calculate the investment management fees we charge you.

Our affiliate, William Blair Investment Management, LLC compensates William Blair (and, in turn, PWM Advisors) up to 0.35% on PWM's clients' assets invested in the William Blair Funds. Receipt of, or the prospect of receiving, this compensation influences William Blair and PWM Advisors to invest client assets in the William Blair Funds over unaffiliated mutual funds and creates a conflict of interest. If the payment William Blair receives from William Blair Investment Management, LLC is higher than the fee it receives from the client for managing the account, William Blair's overall fee will increase as the allocation to the William Blair Funds increases. For more information on conflicts of interest please discuss with your PWM Advisor and see documents including but not limited to this Wrap Brochure, William Blair Brochure, Form CRS, advisory agreements, the William Blair Funds' prospectus and other offering documents, separate account opening documentation and/or separate disclosure documents.

### ***Share Class Selection***

As noted above, investment in a mutual fund is subject to certain internal fees and expenses, such as advisory, administrative, custody and other fees and expenses charged by the fund, which shareholders bear on a pro rata basis. Mutual funds offer a variety of share classes, which hold the same portfolio securities but differ in total cost due to the imposition of various fees (such as 12b-1 fees, sub-transfer agency and shareholder services fees). A higher cost share class of a particular mutual fund will result in lower investment performance compared to a lower cost share class of the same fund.

William Blair does not typically use share classes that charge 12b-1 fees if there is a non-12b-1 share class available. If a 12b-1 share class is used in the future, any such fees paid to William Blair will be rebated to clients. William Blair seeks to purchase or recommend the least costly share class that is available on the relevant custodial platform and for which a client is eligible. Note that there may be other less costly share classes offered by the fund that are not available on the relevant custodial platform. The lowest cost share class available on one custodial platform may not be available on other custodial platforms. William Blair monitors on a periodic basis for the launch and availability of lower cost share classes and will seek to exchange investors into such share classes on a periodic basis following the availability of such lower cost share class. William Blair will be able to more expediently identify lower cost share classes and exchange holdings for investors when their accounts are held on the NFS custodial platform as opposed to other custodial platforms. Certain mutual funds will waive eligibility criteria if requested by a financial intermediary, such as an investment adviser. As a general practice, William Blair does not request waivers of the share class criteria set by mutual fund companies even if the prospectus of the fund states that such a waiver is possible. This means that clients generally will not receive the benefit of being able to invest in a lower cost share class that might be obtainable if William Blair were to request a waiver of the criteria set by a fund company to purchase a particular share class.

Some mutual funds also charge redemption fees if shares are sold before the designated holding period set forth in a prospectus. William Blair does not reimburse your account for redemption fees even if William Blair, using discretion, caused your shares to be sold before the designated time period set forth in a prospectus.

These fees and expenses, including the total net operating expenses of each fund, including the William Blair Funds, are set forth in the applicable prospectus, and, with respect to the William Blair Funds, some of these fees and expenses are paid by the William Blair Funds to William Blair or its affiliates. Clients can obtain more information by reviewing a prospectus for the underlying mutual funds, including the William Blair Funds, or exchange traded funds. As with all investments, you should ask your PWM Advisor why the particular funds held in your advisory account are appropriate for you in consideration of your expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, the amount of the advisory fee charged and how these fees and expenses adversely affect long-term performance. Fees and expenses are exclusive of and in addition to any

investment management fees we charge you. As described above, we do not charge our investment management fee in addition to a William Blair Fund's internal investment management fee.

William Blair and its affiliate, William Blair Investment Management, LLC, have contractually agreed to bear some of the operational expenses for many of the William Blair Funds. The extent to which William Blair or William Blair Investment Management, LLC bears these expenses varies by Fund. Therefore, when negotiating those expenses with third party service providers, William Blair and William Blair Investment Management, LLC have an economic incentive to favor a fee structure that shifts expenses from the William Blair Funds for which William Blair and William Blair Investment Management, LLC have a lesser (or no) reimbursement obligation. Further, to the extent William Blair has discretion to allocate client assets among the William Blair Funds, they have an incentive to allocate to the William Blair Funds where William Blair or William Blair Investment Management, LLC has a limited reimbursement obligation.

As always, clients have the option to purchase recommended investment products through broker-dealers or agents not affiliated with William Blair and can restrict William Blair Funds in their account.

Provision of services to the William Blair Funds by William Blair or William Blair Investment Management, LLC presents conflicts of interest because we are incented to invest in the William Blair Funds based on compensation to us or our affiliates rather than a client's needs. We have an additional conflict of interest because our affiliate, William Blair Investment Management, LLC, compensates us and PWM Advisors to invest our client's assets in the William Blair Funds. To help manage conflicts, we have implemented various controls including the following:

- We maintain a Code, which detail our fiduciary duty to put clients' interests ahead of our own and conduct annual training on our Code;
- We monitor portfolio holdings to ensure they are consistent with each client's objectives;
- A client can withhold their consent and not authorize us to purchase William Blair Funds;
- Compensation received from our affiliate, William Blair Investment Management, LLC is not material in relation to William Blair's account level advisory fees;
- Conflicts of interest are disclosed in documents including but not limited to, this Wrap Brochure, William Blair Brochure, Form CRS, advisory agreements, prospectuses and other offering documents, separate client account opening documentation and/or separate disclosure forms; and
- We offset investment management fees on a client's assets held in the William Blair Funds.

#### **Other Fees and Expenses Related to William Blair Investment Management, LLC Sub-Advisory Accounts**

If authorized by the client, PWM Advisors may use their discretion to hire our affiliate, William Blair Investment Management, LLC as a sub-adviser. PWM Advisors do not conduct initial or ongoing due diligence on our affiliate, William Blair Investment Management, LLC. This WBIM Sub-Advisory Sleeve Account is NOT part of the Comprehensive Fee Program and is subject to a separate addendum setting forth all fees (including an investment management fee) and expenses (including execution costs). For further information, please see William Blair's Brochure, advisory agreement, and William Blair Investment Management, LLC's Form 2A or ask your PMW Advisor.

#### **Fees and Expenses Related to WBIM Separate Accounts**

As discussed above, PWM Advisors may recommend to certain clients that they establish WBIM Separate Accounts. William Blair and PWM Advisors do not conduct initial or ongoing due diligence on our affiliate, William Blair Investment Management, LLC. If a PWM client accepts our recommendation, the client would enter into a separate investment advisory agreement with William Blair Investment Management, LLC setting forth all fees (including an investment management fee) and expenses (including execution costs). This arrangement is NOT part of the Comprehensive Fee Program and is subject to a separate agreement with William Blair Investment Management LLC (including an investment management fee) and expenses (including execution costs). For further information, please see William Blair's Brochure, and William Blair Investment Management, LLC's Form 2A or ask your PMW Advisor.

## Compensation

The PWM Advisor who manages your Wrap Fee Program account receives a portion of the comprehensive fee you pay to us as compensation for his or her services. William Blair and its affiliates have established an internal referral program to support growth across the organization. William Blair employees can be paid direct compensation for generating qualified leads across William Blair and affiliates. Therefore, employees are incented to refer a client to our Wrap Fee Program.

William Blair employees, including when the employees are acting in their role as registered representatives, receive compensation for their clients' investment in securities or other investment products, including asset-based compensation when the clients invest in mutual funds, including the William Blair Funds, except for William Blair's Wrap Fee Program accounts. This practice constitutes a conflict of interest for the William Blair employee (and, indirectly, William Blair) in that it gives them an incentive to recommend investment products based on the compensation received.

As discussed above, when we invest in shares of the William Blair Funds in your account, allocate assets to a WBIM Sub-Advisory Sleeve or recommend that you invest in William Blair Private Funds or open a WBIM Separate Account, you are subject to the William Blair Funds' or William Blair Private Funds' internal management fees and other expenses and William Blair Investment Management LLC's management fees and execution costs (as described above); however, we do not charge our investment management fee in addition to the management fees earned by our affiliate. However, as discussed more fully above, William Blair does receive compensation from our affiliate, William Blair Investment Management, LLC, based on PWM's clients' assets invested in William Blair Funds, William Blair Private Funds and in WBIM Sub-Advisory and WBIM Separate Accounts, creating a conflict of interest.

In addition, clients should review the prospectuses and other offering materials for the William Blair Funds. The William Blair Funds' prospectuses and other offering materials are available on the William Blair Funds' website at [www.williamblairfunds.com](http://www.williamblairfunds.com) or by calling 1-800-742-7272. Clients should review the Private Fund offering materials. In addition, for a WBIM Separate Account, clients should review the investment management agreement and William Blair Investment Management, LLC's Brochure.

William Blair has entered into agreements with NFS whereby NFS acts as a clearing broker and provides custodial, brokerage and certain other services for certain retail clients of William Blair. Pursuant to an agreement with NFS, William Blair receives certain fees and credit including, but not limited to, those set forth in this section. NFS reimburses William Blair for certain transition fees incurred in moving new client assets to the NFS platform (the "Transition Fees"). In certain cases, the Transition Fees may exceed the costs incurred by the client in moving assets from their prior custodian to NFS. If William Blair terminates its agreements with NFS, William Blair repays NFS a portion of the Transition Fees.

Also pursuant to an agreement with NFS, William Blair receives from NFS a portion of the fees it charges or credits it pays related to certain other services, including securities lending, multi-margin accounts, non-purpose loans and certain fixed income trades executed through systems made available by NFS, among other services offered for certain types of client accounts as disclosed in separate agreements with NFS. If you choose to enter a multi-margin relationship, our advisory fees increase as the market value of your investment portfolio increases. Our offer to provide margin as a strategy creates a conflict of interest since we stand to receive increased advisory fees and William Blair earns margin revenue from NFS based on your interest payments. If you choose to loan your securities, NFS pays you a fee based on the loan. NFS reduces the amount of the loan fee paid to you by the amount that NFS pays to William Blair. Our continued receipt of our advisory fee on the security as if it was not loaned as well as NFS paying us a portion of your loan fee creates a conflict of interest. In addition, because we receive this fee and have discretionary authority over purchases and sales of securities in your account, we are incented to purchase and hold securities that are available to be loaned (or generate a larger loan fee) instead of those that are ineligible to be loaned or garner a lower fee. PWM Advisors are compensated on multi-margin and securities lending. NFS offers non-purpose loans, for a fee, collateralized by assets in your advisory accounts. NFS shares with William Blair a portion of the interest earned on non-purpose loans. As with multi-margin, William Blair's receipt of a portion of NFS'

interest fees on non-purpose loans create a conflict of interest and incentivizes William Blair to recommend NFS over other providers.

In addition, William Blair charges its advisory clients certain operational fees such as: account transfer (“ACAT Exit Fees”), wire transfers, foreign exchange, bounced check, IRA termination fees, and other fees described in the client account documentation. The amount that William Blair charges its clients is higher than the amount that William Blair pays to NFS in connection with those services. William Blair keeps the difference between the fee its clients pay, and the amount paid to NFS for coordination and oversight of these services provided through NFS as well as to generate revenue. This presents a conflict of interest since setting a higher fee increases the revenue William Blair receives even though it results in you paying higher fees. These markups are in addition to the investment advisory fees you pay us, and you should consider the additional revenue that William Blair receives when evaluating the appropriateness of our investment advisory fees.

As described more fully above in Item 4, William Blair receives from NFS a portion of the fees it charges or credits it pays related to certain services, including securities lending, multi-margin accounts, non-purpose loans and certain fixed income trades, among other services offered. In addition, William Blair charges its advisory clients certain operational fees such as ACAT Exit Fees, wire transfer, bounced check, IRA termination fees and other fees. NFS has also agreed to pay William Blair business, infrastructure and technology development credits that help defray William Blair’s costs associated with advisory clients’ accounts that are maintained at NFS. If William Blair terminates its agreements with NFS and client assets are removed from NFS, William Blair repays NFS a portion of these credits.

These fees and credits cause conflicts of interest because: 1) they incentivize William Blair to recommend clients utilize NFS custodial and other services instead of another custodian; 2) they incentivize William Blair to recommend securities lending and margin activity; and 3) they incentivize William Blair to maintain its relationship with NFS to avoid repayment of Transition Fees and other credits.

To help manage these conflicts, we rely on controls including the following:

- payments and credits as well as a description of conflicts are disclosed in documents including, but not limited to, this Wrap Brochure, William Blair’s Brochure, Form CRS, advisory agreements, prospectuses and other offering materials, separate client account opening documentation and/or separate disclosure forms;
- payments and credits from NFS are de minimis in relation to William Blair’s overall revenue;
- PWM Advisors are not compensated based on Transition Fees, or business, infrastructure or technology credits (PWM Advisors are compensated on multi-margin and securities lending);
- We maintain our Code, which details our fiduciary duty to put our clients’ interests ahead of our own, and conduct annual training on our Code; and
- PWM Advisors are obligated to employ a standard of care and comply with clients’ investment guidelines and restrictions when selecting investments for clients’ accounts.

The services and products available under the Wrap Fee Program may be available through other independent investment advisers, and in certain instances, directly via a custodian or another third-party administering a Platform. Please note that not all investment advisers and wrap programs provide the same services or services at the same cost as provided under the William Blair Wrap Fee Program.

For these reasons, your PWM Advisor has a greater financial incentive to recommend a William Blair Wrap Fee Program account and make certain types of investments over other investment options. To help manage conflicts of interest that may arise, we have various controls in place including the following:

- We maintain written policies (and provide periodic training) requiring our employees to uphold our fiduciary duty to place clients’ interests ahead of our own;
- New accounts and client documentation are reviewed by dedicated personnel prior to opening; and
- We maintain procedures to periodically review portfolio holdings and transactions for unusual activity.

***The overall cost of a Wrap Fee Program account may be higher than you otherwise would pay if you paid our standard investment management fee schedule and negotiated transaction costs and other services such as custody through us or another financial institution.***

### **Compensation from Retirement Accounts**

William Blair receives compensation from clients whose assets are invested in an Individual Retirement Account (“IRA”). William Blair and its PWM Advisors have a conflict of interest when they recommend that a participant roll money out of an employer retirement plan, such as a 401(k) plan, and into an IRA that will generate ongoing fees for the firm and the PWM Advisor. Even though William Blair and its employees are NOT compensated for making the recommendation, we will receive compensation for services under an investment advisory agreement should the retirement investor follow our recommendation to rollover their money into an IRA with William Blair. Investing assets in a William Blair IRA most likely will result in higher fees than investing through an employer’s retirement plan.

To help manage this conflict of interest, we have implemented the following:

- acknowledging that when we provide investment advice to a retirement investor (including a recommendation to rollover retirement assets into a William Blair IRA), William Blair and the PWM Advisor are fiduciaries within the meaning of ERISA and the Code;
- William Blair and the PWM Advisor will act in the retirement investors’ best interest and not put our interest ahead of the retirement investors;
- Conflicts of interest are disclosed in the Brochure, Form CRS, the “Retirement Investor Acknowledgement & Fiduciary Acknowledgement” form;
- Retirement investor clients and prospects are provided with “Information Regarding Transfers, Distributions, and IRA Rollovers;”
- William Blair has policies, procedures and controls (including an annual, retrospective review) in place with respect to advisory accounts for retirement investors.

Similarly, NFS’ affiliate acts as a record keeper for certain retirement plans whose participants are pre-existing investment advisory clients of William Blair. Certain retirement plans allow their participants to grant discretion to investment advisers to manage assets within their retirement accounts. In these instances, William Blair and the PWM Advisor have a conflict of interest in that they will receive compensation for services under an investment advisory agreement should we be hired to manage the participant’s assets within their retirement account held at NFS’ affiliate.

### **Sweep Account Fees**

William Blair “sweeps” available uninvested cash balances for eligible account types that custody at NFS into deposit accounts at one or more banks participating in our Bank Deposit Sweep Program (the “Program”). Further information about the Program is available in the Bank Deposit Sweep Program Disclosure Document, including information regarding Program interest rates, deposit insurance, and William Blair’s conflicts of interest. The compensation that William Blair receives from the Program is in addition to the account’s advisory fee that you pay (as further described in this Item 5). This means that William Blair earns two layers of fees on the cash balances in your account. William Blair receives significant compensation from your account’s use of the Program.

The Program is a multi-bank program under which uninvested account cash balances are automatically swept into deposit accounts at participating FDIC-insured banks (and in some cases, into shares of a money market fund). Clients earn interest on such deposits (and dividends on investments in a money market fund, where applicable). The Program is made available and administered by NFS, which also earns fees in connection with record keeping and other services provided for the Program. Fees for the Program will typically exceed the interest paid on client deposits.

Under the Program, NFS generally contracts with participating banks to make specific amounts of deposit capacities available at certain all-in funding rates, which are typically tied or related to the Federal Funds Rate (or a similar type of metric, composite, index, etc.). Client interest, as well as Program fees (i.e., the compensation received by William

Blair and NFS), are paid from the bank's all-in funding rates. All-in funding rates (generally a percentage applied to average daily program deposits at the bank), may be fixed, variable, subject to capacity and other requirements or a combination thereof. Capacity levels may be subject to minimums and maximums. Contract terms with each participating bank are unique and are expected to change over time. Accordingly, at any given time, participating banks will generally pay different all-in funding rates notwithstanding interest earned by clients on their sweep deposits will not vary regardless of where their funds are actually swept. Moreover, changes in the Federal Funds Rate (or other applicable factor) will not immediately affect all-in funding rates paid or interest rates offered under the Program.

William Blair is responsible for establishing its compensation levels under the Program. Each Program bank will pay William Blair a fee equal to a percentage of the average daily deposit balance in each deposit account with the bank. Such fees differ among the participating Banks. The combined total fees that William Blair and NFS can earn will be a maximum of the Federal Funds Target Rate plus 0.25% as determined by the total deposit balances at all of the Program banks over a 12-month rolling period. For more information regarding our compensation, see Frequently Asked Questions at <https://www.williamblair.com/Private-Wealth-Management/Bank-Deposit-Sweep-Program>. The higher the compensation received by William Blair and NFS, the less available to pay client interest. William Blair will set its compensation levels for the Program based on prevailing economic and business conditions, which are subject to change at any time. It is expected that the vast majority of the all-in funding rates paid by the banks will be paid to William Blair and NFS as fees. Accordingly, the interest rate clients receive on Program deposits will be lower than the all-in funding rates paid by the banks and will likely be lower than the rate of return on (i) other investment vehicles that are not FDIC-insured, such as money market mutual funds and (ii) bank deposits offered outside of the Program. William Blair may change its compensation levels for the Program and any such reductions or increases may vary between clients.

The more client deposits held in the Program and the longer such deposits are held, the greater the compensation William Blair and NFS receive. Different banks participating in the Program pay different all-in funding rates (and are subject to different contractual requirements), creating an incentive for NFS to direct Program deposits to banks (through how the Program bank priority list(s) are designed or changed from time to time) that result in William Blair receiving greater compensation. Both William Blair and NFS receive more compensation with respect to amounts in the Program than with respect to other sweep products. The fees William Blair receives in connection with the Program creates a conflict of interest and incentive to offer and designate the Program as the cash sweep option for client accounts. In addition, the fees William Blair receives in connection with the Program creates a conflict of interest and incentive to recommend you maintain and/or increase cash balances in your Account, as cash balances in your Account increase compensation to William Blair under the Program.

Banks in the Program do not have a duty to provide William Blair clients with the highest interest rates available and will instead seek to pay a lower rate, and a rate that is lower than other options available in the market, including money market mutual funds. Banks have the financial incentive to pay all-in funding rates as low as the market will permit. There is no necessary linkage between bank rates of interest and the highest rates available in the market, including any money market mutual fund rates. By comparison, a money market mutual fund generally seeks to achieve the highest rate of return (less fees and expenses) consistent with the fund's investment objective, which can be found in the fund's prospectus.

NFS also receives an economic benefit for shares held in the "Money Market Mutual Fund Overflow" as further described in the Program Disclosure Document. The fee paid to NFS is for record keeping and other services with respect to the Program. William Blair may receive indirect benefit from investment in the Money Market Mutual Fund Overflow in the form of better contractual terms with NFS or increases to revenue sharing, credits or other payments from NFS described in this brochure.

Given the conflicts discussed above, each client should consider the importance of the Program to William Blair when evaluating our total fees and compensation. We mitigate these conflicts of interest by disclosing them to you, such as in this brochure, and by making other investment options available outside of the Program. For more information on

conflicts of interest, please discuss with your PWM Advisor and see documents including, but not limited to, this Brochure, Form CRS, advisory agreements, and the Bank Deposit Sweep Program Disclosure Document.

For accounts that are ineligible to sweep into the Program, William Blair will generally sweep such accounts' uninvested cash balances into a money market mutual fund (typically offered by your custodian). When we sweep your available cash balance into unaffiliated funds, we charge our investment management fee on your total account assets. If your client account is held in custody at NFS, your available cash balance will be swept into a Fidelity money market mutual fund.

NFS benefits from deposits and credits in advisory client accounts before cash balances are invested or swept into a sweep vehicle (usually the next business day). This benefit, "free credit interest," is in the form of income at the prevailing market rates on overnight investments averaging 0.01%. A portion of this free credit interest is retained by NFS and a portion is credited to our advisory client.

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## **ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

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### **Account Requirements**

William Blair generally requests a minimum account size of \$100,000 for the Wrap Fee Program. Mutual fund investment options considered for our Wrap Fee Programs may impose investment minimums as described in the funds' prospectuses, which are available from your PWM Advisor. We reserve the right to negotiate fees or accept accounts below our stated minimums.

### **Types of Clients**

William Blair generally manages Wrap Fee Program accounts for the following client types:

- Individuals
- High net worth clients
- Trusts
- Foundations
- Retirement Plans

Note that clients may include executive officers, directors or insiders of a public company. In this regard, a PWM Advisor will be restricted from trading in a public company's securities if an executive officer, director or any insider of that company is also a client of the PWM Advisor. This means that clients of that PWM Advisor may experience less favorable performance than others who are clients of other PWM Advisors or financial professionals of other advisory firms who are not similarly restricted.

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## **ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION**

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### **Comprehensive Fee Program – Portfolio Management**

PWM Advisors (who are William Blair employees) are primarily responsible for managing our client's Comprehensive Fee Program portfolios. Our PWM Advisors design custom portfolios based on each client's financial circumstances, investment objectives and risk considerations. In choosing investments for Comprehensive Fee portfolios, we consider a broad array of securities and investment vehicles including equity securities, debt securities, mutual funds or other investments that would be suitable for a client based on their particular circumstances.

### **Fees for William Blair-Sponsored Wrap Programs**

PWM Advisors provide portfolio management services for clients in our Comprehensive Fee Program that we also sponsor. Conflicts of interest arise because our PWM Advisors are incented to recommend our Wrap Fee Programs

over other suitable account options due to the nature of compensation as described in Item 4 in this Wrap Brochure. To help manage conflicts, we employ compliance controls as described in Item 4 of this Wrap Brochure.

### **Investment Advisory Business**

William Blair provides discretionary and non-discretionary investment management services to individual and institutional clients for a fee through PWM Advisors. As an investment adviser, William Blair provides customized wealth management to individuals, smaller institutions, high net worth and Wrap Program clients.

As of December 31, 2022, William Blair had approximately \$41.7 billion in assets under management, of which, we managed approximately 91% on a discretionary basis and 9% on a non-discretionary basis.

### **Availability of Tailored Services for Clients**

As a discretionary investment manager for our Wrap Fee Program clients, we provide investment advice and actively manage client accounts based on each client's investment objectives. We accept investment restrictions from clients if the restrictions do not hinder our ability to execute our investment strategies. A client may impose reasonable restrictions on the management of account assets, such as, the designation of particular securities or types of securities that should not be purchased or that should be sold if held in the account. Client should communicate any changes in investment objectives and restrictions as well as changes in financial condition to their PWM Advisor.

### **Performance Based Fees and Side-by-Side Management**

William Blair does not offer performance-based fee arrangements to its Wrap Fee Program clients. Although our affiliate, William Blair Investment Management, LLC also manages mutual funds, these products are managed by separate and distinct investment teams from our PWM Advisors. Beginning in October 2022, William Blair's affiliate, the general partner for MB Investments Program, may earn a performance-based fee, if applicable. The amount of the performance-based fee and how it is calculated is fully disclosed in the applicable MB Investment offering document. The amount of the performance-based fee may vary by underlying MB Investment. Receipt of performance-based fees creates a conflict of interest. Please see William Blair's Brochure, WBIM's Brochure and the underlying offering documents for disclosure related to performance-based fees and how both William Blair Investment Management, LLC and the general partner of the MB Investment Program mitigate these conflicts.

Our PWM Advisors manage multiple portfolios for both Wrap Fee Program clients and non-wrap fee clients using various investment strategies depending upon clients' guidelines and restrictions. Some of these same investment strategies serve as the basis for the Non-Discretionary Model Portfolio Program. In addition, according to a client's investment objectives and subject to reasonable restrictions, a PWM Advisor may elect to allocate all or a portion of a Comprehensive Fee Program client's assets to one or more of William Blair's Proprietary Home Office Models. These investment management responsibilities create conflicts of interest. We seek to conduct ourselves in a manner we consider to be the most fair and consistent with our fiduciary obligations to all of our clients and make investment decisions and recommendations based on an account's available cash, investment objectives, restrictions, permitted investment techniques and other relevant considerations.

The conflicts of interest that arise in managing multiple accounts include, for example, conflicts among investment strategies, conflicts in allocation of trades, conflicts in the allocation of investment opportunities, conflicts based on account type, or conflicts due to different fees. Some accounts have higher fees than others do. Fees charged to clients differ depending upon a number of factors including, but not limited to, the particular strategy, the size of the portfolio being managed, the relationship with the client, the service requirements, or the account type (e.g., Wrap Fee Program or non-wrap fee program accounts). Based on these factors, a client could pay higher fees than another client with the same PWM Advisor or in the same strategy. Also, clients with larger assets under management generate more revenue for William Blair than smaller accounts. These differences give rise to a conflict that a PWM Advisor may favor one account over the other or allocate more time to the management of one account over another.

To help manage conflicts, we have implemented various controls, including the following:



- We review the performance of accounts to identify performance outliers;
- For accounts managed according to strategy-based model portfolios, we confirm differences relative to account-specific guidelines; and
- We have adopted trade order aggregation and allocation policies and procedures that seek to manage, monitor and, to the extent possible, minimize the effects of these conflicts.

The above controls, policies and procedures seek to manage, monitor and, to the extent possible, minimize the effects of these conflicts.

### **Methods of Analysis**

William Blair is an active investment manager and utilizes a variety of methods and strategies to make investment decisions and recommendations. When evaluating investment opportunities, we employ fundamental and technical research methods using various resources such as financial news sources and websites; corporate data; ratings services; third party research; SEC filings (e.g., annual reports, prospectuses); company press releases; and proprietary research. Our PWM Advisors frequently rely upon investment information provided by our firm's research analysts as well as our William Blair Consulting Services team for mutual fund information.

### **Investment Strategies**

As described above, our PWM Advisors design custom portfolios based on each client's financial circumstances, investment objectives and risk considerations and consider a broad array of securities and investment vehicles including equity securities, debt securities, mutual funds or other investments.

### **RISK OF LOSS**

All investments in securities involve a risk of loss of your principal (invested amount) and any profits that have not been realized (i.e., the securities have not been sold to "lock in" the profit). The value of securities in an account can go up or down, sometimes rapidly or unpredictably. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions or other events could have a significant impact on the valuation of securities. Securities may decline in value due to factors affecting securities markets in general or particular industries represented in the securities markets. The value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. The value of a security may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. During a general downturn in securities markets, including those unrelated to financial markets (such as a global pandemic), multiple asset classes may decline in value simultaneously. If an Account is not diversified, a loss in a single position or group of positions with a concentrated, aggregate exposure could have a materially adverse impact on an Account. In addition, if you enter into securities lending, margin and/or non-purpose loans arrangements, there are additional risks to your principal, as more fully described in separate account documentation,

There is no guarantee that any investment strategy will achieve its stated investment objectives. William Blair does not guarantee any level of performance or that you will not experience a loss of account assets.

### **Common Risks Associated with Equity Investments**

Investments in equity securities can expose you to certain specific risks such as the following:

- **Equity securities.** Equity securities (stocks) held in your portfolio may decrease in response to activities of companies or market and economic conditions.

- **Growth stocks.** Growth stocks may be more sensitive to market movements because their prices tend to reflect future investor expectations rather than just current profits and may underperform value stocks during given periods.
- **Value stocks.** Value stocks may perform differently from the market as a whole and may be undervalued by the market for a long period of time and may underperform growth stocks during given periods.
- **Small-capitalization companies.** Small cap stocks may exhibit erratic earnings patterns, competitive conditions, limited earnings history, and a reliance on one or a limited number of products.
- **Initial public offerings.** Initial public offerings (IPOs) are subject to high volatility and limited availability.
- **Private placements.** Private placements may be classified as illiquid and difficult to value.
- **Options.** Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so an investor loses their premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security, which could result in a potentially unlimited loss.
- **ESG Investing.** Portfolios that select securities based on responsible investing, Environmental, Social and Governance factors or similar criteria may forego certain market opportunities available to portfolios or strategies that do not use these criteria and therefore may adversely impact investment performance.

#### **Common Risks Associated with Non-U.S. Investments**

Investments in non-U.S. securities can expose you to certain specific risks such as the following:

- **Current market conditions.** In recent years, debt and equity markets, domestic and international, have experienced increased volatility and turmoil, which can adversely impact your portfolio.
- **Liquidity in financial markets.** The financial markets in the U.S. and elsewhere have experienced a variety of difficulties and changed economic conditions, which could adversely impact the value of your portfolio's assets.
- **Government intervention and market disruptions.** The global financial markets recently have undergone fundamental disruptions that have led to extensive and unprecedented government intervention that could prove detrimental to the efficient functioning of the markets and adversely impact your portfolio.
- **International markets.** International markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.
- **International securities.** International stocks are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.
- **International currency exchange rates.** *International* exchange rates may adversely affect the value of investments in international securities held in your portfolio.
- **Currency risks.** Investments denominated in an international currency are subject to the risk that the value of a particular currency will change in relation to one or more currencies.
- **Emerging markets.** Securities traded in certain emerging markets may be subject to risks due to the inexperience of financial intermediaries, the lack of modern technology, the lack of a sufficient capital base to expand business operations, and the possibility of temporary or permanent termination of trading. Political and economic structures in many emerging markets may be undergoing significant evolution and rapid development, and emerging markets may lack the social, political and economic stability characteristics of more developed countries.

## Common Risks Associated with Fixed Income Investments

Investments in fixed income securities can expose you to certain specific risks such as the following:

- **Credit risk.** Fixed income securities (bonds) are subject to the risk that the bond issuers may not be able to meet interest or principal payments when the bonds come due.
- **Below investment grade rated securities.** Below investment grade bonds are subject to a higher probability that the issuers may not be able to meet payment of interest or principal on a timely basis or at all. These securities also may be less liquid than investment grade securities and experience higher price volatility. It may not be possible to sell these securities at the desired price and within a given time period.
- **High yield securities.** High yield securities are rated in the lower rating categories by the various credit agencies and are subject to greater risk of loss of principal and interest than higher rated securities. High yield securities generally are considered predominantly speculative with respect to the issuer's capacity to pay interest and repay principal.
- **Interest rates.** Interest rates may adversely affect the value of an investment. An increase in interest rates typically causes the value of bonds and other fixed income securities to fall. Interest rates continue to be at historic lows. Investments with longer maturities, which typically provide higher yields than securities with shorter maturities, may subject a portfolio to increased price changes resulting from market yield fluctuations. Under extreme circumstances, a substantial decrease in interest rates may lead to a negative yield on investments.
- **Income risk.** The income received by a portfolio may decrease as a result of a decline in interest rates.
- **Liquidity risk.** Investments that trade less can be more difficult or more costly to buy, or to sell, than more liquid or active investments. It may not be possible to sell or otherwise dispose of illiquid securities both at the price and within a time period deemed desirable. Securities subject to liquidity risk include emerging market securities, Rule 144A securities, below investment grade securities and other securities without an established market.
- **Prepayment risk.** There is a risk of prepayment of high interest rates in mortgage- and asset-backed securities. This risk arises when market interest rates are below the interest rates charged on the loans that comprise the securities. Elevated prepayment activity may result in losses in these securities.

## Common Risks Associated with Alternative Investments

Investments in alternatives investment strategies including structured notes can expose you to certain specific risks, including risks associated with equity and fixed income investments (in the U.S. and Non-U.S. investments) previously described above, as well as the following:

- **Derivative securities.** Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses that substantially exceed the initial amount paid or received.
- **Short sales.** A short sale involves the risk of a theoretically unlimited increase in the market price of a security sold short, which could result in an inability to cover the short position and a theoretical unlimited loss.
- **Commodity and futures contracts.** Commodities futures markets (including financial futures) are highly volatile and are influenced by factors such as changing supply and demand, governmental programs and policies, national and international political and economic events and changes in interest rates. A high degree of leverage is typical in commodities futures trading, and as a result, a relatively small price movement may result in substantial losses.
- **Leverage.** The use of borrowing (leverage) exposes an investor to additional levels of risk including greater losses from investments than would otherwise have been the case without borrowing; margin calls or changes in margin requirements may force premature liquidations of investments; and losses on investments where the investment fails to earn a return that equals or exceeds the cost of the leverage.
- **Lack of diversification.** The portfolio may not generally be as diversified as other investment vehicles. Accordingly, investments may be subject to more rapid change in value than would be the case if the portfolio were required

to maintain a wide diversification among types of securities, geographical areas, issuers and industries. Accordingly, a loss in a single position could have a materially adverse impact on a portfolio.

- **Liquidity.** A portfolio's assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments.
- **Event-driven trading.** Event-driven trading involves the risk that the event identified may not occur as anticipated or may not have the anticipated effect, which may result in a negative impact upon the market price of securities held in the portfolio.

### **Common Risks Associated with Private Funds**

Investors in private funds must be prepared to bear the risk of a complete loss of their investments. In addition to the material risks affecting financial markets generally (as described above), investments in affiliated and unaffiliated private funds include but are not limited to the following specific risks:

- **Long-Term Investment; Illiquidity of Investments.** Unlike liquid investments, private fund investments do not provide daily liquidity or pricing. In fact, investment in certain private funds requires a long-term commitment, with limited or no liquidity opportunities and no certainty of return. The return of capital and the realization of gains and other income, if any, from an investment may not occur until several years after such investment is made, if at all. Given that certain private funds are expected to operate over several years, substantial changes to the business, economic, political, and regulatory and technology environment may have a more profound effect on private fund investments.
- **Limited Transferability of Interests.** Certain private funds (William Blair Private Funds) and applicable securities laws impose substantial restrictions upon the transferability of private fund interests. There is no public market or other market for most private fund interests.
- **Valuation.** The underlying investments in certain private funds consists of significant amounts of securities and other financial instruments that are very thinly traded, or for which no market exists, or which are restricted as to their transferability. As discussed above, William Blair relies on the issuers and custodians to provide a good faith, fair market value with respect to interests in private funds. The process of valuing securities for which reliable market quotations are not readily available is based on inherent uncertainties and likely results in values that would differ had an active market existed for such securities. The good faith fair market value determinations will most likely differ from the value of such securities when ultimately sold. As discussed above, William Blair charges an advisory fee based on the fair market value of unaffiliated private fund interests held in advisory accounts.
- **Limited Operating History.** Certain private funds have limited operating histories and there can be no assurance that the private funds' investments will achieve results similar to those achieved by previous investments (including performance of predecessor private funds).
- **Competition.** The activity of opportunistically identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. Private funds will be competing with other established funds and investment organizations with substantial resources and experience.
- **Limited Number of Investments/Lack of Diversity.** Except as set forth in each private fund's offering documents, private funds are under no obligation to diversify its investments, whether by reference to amount invested or industries or geographical areas in which the investments are made. Accordingly, private funds participate in a limited number of investments and, as a consequence, the aggregate return of any private fund may be substantially adversely affected by the unfavorable performance of even a single investment.

***The common risks of loss described in this section are intended as a high-level overview. Please see other disclosure documents for a complete discussion of the risks attributable to an individual investment including, but***

***not limited to, prospectuses, private placement memorandum and structured note, margin and option documentation.***

### **Voting Client Securities**

Clients have the option of voting proxies directly or delegating proxy voting discretion to William Blair or a third party. In cases where William Blair has proxy voting authority, we will vote the proxies solely in the interest of our clients. We act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. We are not responsible for voting proxies we do not receive in a timely manner. For clients participating in a securities lending program via their custodian, we will not be eligible to vote proxies for the portion of shares on loan. For clients where we vote proxies, unless a client otherwise notifies William Blair, in writing, contact information will not be distributed to third-party solicitors.

Generally, when William Blair votes proxies, we rely upon a Proxy Administrator, Institutional Shareholder Services (“ISS”) to facilitate our proxy voting activities. ISS provides proxy voting, maintenance, reporting, analysis and recordkeeping services for William Blair with respect to proxies for companies whose securities are managed by William Blair on a discretionary basis. ISS reviews all proxies received, subject to the requirement that all votes shall be cast solely in the best interest of the clients in their capacity as shareholders of a company. ISS votes the proxies according to the firm’s selected voting guidelines (domestic or international), which are designed to address matters typically arising in proxy votes.<sup>2</sup> Accordingly, if the voting guidelines indicate a vote “for”, ISS will vote in favor of the matter; if the voting guidelines indicate a vote “against,” ISS will not vote in favor of the matter.

We do not intend our voting guidelines to be exhaustive; hundreds of issues appear on proxy ballots and it is neither practical nor productive to fashion a guideline for each. Rather, our voting guidelines are intended to cover the most significant and frequent proxy issues that arise.

In the rare instance where the voting guidelines have no recommendation or indicate a vote on a “case-by-case” basis, ISS will vote in the manner directed by William Blair, based on what we believe is in the best interest of our client. ISS is an independent third-party research provider that analyzes each vote from the shareholder vantage point. ISS provides proxy voting, maintenance, reporting, analysis and recordkeeping services.

### **Share-Blocking Policy for International Markets**

In international markets where share blocking applies, we typically will not, but reserve the right to, vote proxies due to liquidity constraints. Share blocking is the “freezing” of shares for trading purposes at the custodian/sub-custodian bank level in order to vote proxies. Share blocking typically takes place between 1 and 20 days before an upcoming shareholder meeting, depending on the market. While shares are frozen, they may not be traded. Therefore, the potential exists for a pending trade to fail if trade settlement falls on a date during the blocking period. We do not subordinate the interests of participants and beneficiaries to unrelated objectives.

### **Oversight of Proxy Administrator**

William Blair and its affiliate, William Blair Investment Management, LLC utilize ISS as their proxy administrator. William Blair relies on William Blair Investment Management, LLC for oversight of ISS. For more information related to ISS oversight, please see William Blair Investment Management, LLC’s Form ADV. We periodically review a random sample of votes for consistency with the voting guidelines.

### **How to Obtain Proxy Records and Voting Policy**

We will make available to our clients a report on proxy votes cast on their behalf upon their request. Clients can contact us at 312-236-1600 or [pwmcompliancegroup@williamblair.com](mailto:pwmcompliancegroup@williamblair.com) for this information.

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<sup>2</sup> The voting guidelines are available on ISS’s website at <https://www.issgovernance.com/policy-gateway/voting-policies>. William Blair typically follows the Sustainability Proxy Voting Guidelines. Clients can also instruct William Blair to follow other ISS voting guidelines.

Clients and prospects also can obtain a copy of our proxy voting policies and procedures upon request by contacting us at (312) 236-1600 or [pwmcompliancegroup@williamblair.com](mailto:pwmcompliancegroup@williamblair.com).

For information regarding how proxies were voted for the William Blair Funds, please refer to the William Blair Funds' website at [www.williamblairfunds.com](http://www.williamblairfunds.com) and select *Proxy Voting Information*. The William Blair Funds' proxy voting records also are available on the SEC's EDGAR website at [www.sec.gov/edgar](http://www.sec.gov/edgar).

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## ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

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Because our PWM Advisors serve as portfolio manager for their own Wrap Fee Program clients, they are able to gain comprehensive knowledge about clients' unique financial situations, investment objectives and risk considerations. The PWM Advisors also are able to address clients' specific investment restrictions since portfolios are managed on an individualized basis. PWM Advisors solicit this information from clients during the account opening process. PWM Advisors periodically communicate with their clients and solicit information regarding changes to clients' information.

Client should communicate any changes in investment objectives and restrictions as well as changes in financial condition to the William Blair PWM Advisor.

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## ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS

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Because our PWM Advisors serve as portfolio managers for their Wrap Fee Program clients, they are available to speak with clients as needed and routinely communicate with clients to solicit information regarding any changes to clients' financial circumstances or investment objectives.

Client should communicate any changes in investment objectives and restrictions as well as changes in financial condition to the William Blair PWM Advisor.

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## ITEM 9 – ADDITIONAL INFORMATION

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### Disciplinary Information

On September 29, 2023, William Blair & Company, L.L.C. and William Blair Investment Management, LLC (collectively for purposes of this paragraph, William Blair) entered into a settlement with the SEC in connection with the agency's industry-wide investigation into the maintenance and preservation of electronic communications pursuant to applicable recordkeeping provisions of federal securities law. The settlement requires William Blair to pay a civil monetary penalty of \$10,000,000 and retain a compliance consultant for a period of one year, following the format for all other recent electronic communications settlements. William Blair cooperated with the government's inquiry and has already taken significant steps to further strengthen the firm's compliance environment as it relates to electronic communications.

In May 2017, the SEC found that from 2010 until 2014, as a result of erroneous payments, William Blair negligently used mutual fund assets to pay for (i) distribution and marketing of fund shares outside of a written, board-approved rule 12b-1 plan and (ii) sub-transfer agent ("Sub-TA") services in excess of board-approved limits. These payments totaled approximately \$1.25 million and rendered certain of William Blair Funds' disclosures concerning payments for distribution and Sub-TA services inaccurate. As a result of this conduct, William Blair violated Section 206(2) of the Investment Advisers Act and Section 34(b) of the Investment Company Act, and caused the William Blair Funds to violate Section 12(b) of the Investment Company Act and Rule 12b-1 thereunder. The SEC alleged that William Blair also failed to fully disclose to the William Blair Funds' Board of Trustees that William Blair (and not a third-party service provider) would retain a fee for providing shareholder administration services to the William Blair Funds under

a shareholder administration services agreement between certain of the Funds and William Blair. As a result of this conduct, William Blair violated Section 206(2) of the Investment Advisers Act.

Without admitting or denying the findings, except as to the SEC's jurisdiction over it and the subject matter of these proceedings, which are admitted, William Blair consented to the entry of an order instituting cease-and-desist proceedings, pursuant to Section 203(k) of the Investment Advisers Act and Section 9(f) of the Investment Company Act, making findings, and imposing a cease-and-desist order. William Blair also was assessed by the SEC a civil money penalty in the amount of \$4,500,000.

Also as described in Item 9, in May 2013 the Swiss Financial Market Supervisory Authority ("FINMA") found William Blair to have negligently failed to comply with Swiss securities regulations due to William Blair's late filing of shareholding reports in two instances. Swiss regulations require that a person who acquires or sells shares of a company incorporated in Switzerland whose equity securities are listed in whole or in part in Switzerland and thereby attains, falls below or exceeds the threshold percentages of voting rights send notifications to FINMA and the company. Such notifications must be received by FINMA and the company within four trading days. In this case, William Blair exceeded the 3% threshold (the lowest threshold for reporting purposes) in two separate instances and reported such transactions three calendar days after the deadline. FINMA deemed these matters to be simple negligence. However, William Blair was assessed a fine in the amount of CHF 9,000, which was approximately \$9,315 (USD) at exchange rates current at the time the fine was assessed. This amount corresponds to 0.9% of the maximum fine of CHF 1,000,000. William Blair was also assessed procedural costs of CHF 1,570, which was approximately \$1,625 (USD) at exchange rates current at the time the costs were assessed.

Our Form ADV Part 1A describes these and several disciplinary items relating to our business as a broker-dealer. Our Form ADV Part 1A is available for review on the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### **Other Financial Industry Activities and Affiliations**

As described in William Blair Brochure, William Blair is a global investment firm with diverse financial services activities by the firm and its affiliates including the following:

- Securities Broker/Dealer Business
- Commodities and Futures Registrations
- Affiliated Mutual Funds (William Blair Funds)
- Sub-Advisory Activities for Other Pooled Funds
- Investment Banking
- Private Investment Offerings (e.g., limited partnerships, funds-of-hedge funds, multi-advisor commodity pools), including William Blair Private Funds
- Model Portfolio Provider
- Financial Planning, Consulting and Advisory
- Corporate and Executive Services
- Sell Side Equity Research
- Institutional Sales and Trading
  
- SYSTM, an SEC registered investment adviser, that operates a fee-based platform which affiliated investment advisers (such as William Blair) and unaffiliated investment advisers can utilize to trade Proprietary Home Office Models and to recommend, select, retain, fire and monitor sub-managers and model providers. In addition, William Blair provides consulting services to SYSTM. SYSTM pays William Blair a fee for these consulting services. For more details on conflicts of interest related to SYSTM, please see William Blair's Brochure and Form CRS as well as SYSTM's Brochure and Form CRS.

#### **Code of Ethics**

William Blair has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 that governs a number of conflicts of interest we have when providing our advisory services to our clients. We have designed our Code to help ensure we meet our fiduciary obligation to our clients to emphasize a culture of compliance within our firm.

We distribute our Code to each employee, including Access Persons (as defined under Rule 204A-1 under the Investment Advisers Act), at the time of hire and annually thereafter. We also supplement the Code with annual training and monitor activity on an on-going basis. In accordance with our Code, employees must:

- Report their transactions in reportable securities quarterly and disclose reportable securities holdings annually;
- Disclose all securities accounts in which they have a beneficial interest (i.e., they are the account owner or have a present economic interest in the account);
- Protect material non-public information;
- Not purchase securities in an initial public offering (IPO) and obtain prior approval for participation in private placements;
- Receive approval prior to engaging in outside business activities, including serving on any Board of Directors of a public company;
- Report gifts and business entertainment; and
- Certify on an annual basis as to compliance with our Code.

If you would like a copy of PWM's Code of Ethics, please contact our Compliance team at (312) 236-1600, [pwmcompliancegroup@williamblair.com](mailto:pwmcompliancegroup@williamblair.com) or write to us at the following address:

William Blair & Company, L.L.C.  
Attn: PWM Compliance  
150 North Riverside Plaza  
Chicago, IL 60606

### **Securities in which William Blair has a Financial Interest**

Because of our diverse financial services activities, William Blair or its affiliates have financial interests in various securities including, but not limited to, the William Blair Funds, William Blair SICAV, William Blair Private Funds, SYSTM, and a partnership that holds minority interests in other registered investment advisers (which may be clients in a non-discretionary model portfolio program offered by William Blair, clients of SYSTM, purchase equity & consulting research and/or pay us referral fees for insurance products) as well as securities of corporations to which we provide investment banking and other corporate and executive services. We or our affiliates also have financial interests in securities for which William Blair Investment Management, LLC serves as sub-adviser (such as other mutual funds or collective investment trusts).

In certain instances, William Blair utilizes a platform provider for the purchase and sale of structured notes. Certain partners and employees of William Blair own an interest in the structured note platform provider. The structured note platform provider is a non-controlling minority investor in SYSTM. In addition, the reference assets for certain structured notes available on this platform are based on William Blair's Sell Side Equity Research. William Blair receives a licensing fee on structured notes utilizing its Sell Side Equity Research. For the portion of your account invested in a structured note based on William Blair's Sell Side Equity Research, we do not charge an account level advisory fee. William Blair allocates up to 50% of this licensing fee to the PWM Department (and, in turn, to the PWM Advisor). Therefore, William Blair has a conflict of interest in that there is an incentive to purchase structured notes (including those based on William Blair's Sell Side Equity Research) using this platform provider.



In our position as an investment adviser, we purchase or sell securities for our clients' accounts in which we have a financial interest. In addition, our participating affiliates, William Blair International, Ltd, William Blair B.V. and William Blair International (Singapore) Pte. Ltd, may recommend to or invest in the same securities for its own clients as securities in which William Blair or its clients have an interest.

As discussed above, we receive compensation from our affiliate, William Blair Investment Management, LLC, based on our clients' assets invested in William Blair Funds, William Blair Private Funds, WBIM Sub-Advisory Accounts and WBIM Separate Accounts. In addition, as discussed above, our affiliate, SYSTM, receives compensation when our clients' access Proprietary Home Office Models and, therefore, we are incented to utilize SYSTM instead of unaffiliated Platform providers.

This creates a conflict because we are incented to purchase these securities over others. A conflict also may arise in situations where we may restrict or refrain from making investment decisions on particular securities because we are actively engaged in investment banking activities, issuing sell side equity research and institutional sales and trading for issuers of those corporate securities.

William Blair utilizes various technology service providers. Certain partners of William Blair own an interest in one of these technology service providers. This technology service provider is also a key technology provider to and a minority, non-controlling investor in SYSTM. William Blair has a conflict of interest in that there is an incentive to maintain and increase our business relationship with this technology service provider rather than with comparable technology service providers.

To help manage these conflicts, we rely on various compliance controls including the following:

- We maintain a Code, which reinforces our fiduciary duty to clients, and conduct annual training on our Code;
- We have written policies and procedures that clearly prescribe processes for employees when managing investments for our clients;
- We utilize technological tools to help monitor portfolio activities;
- We review clients' portfolios to ensure investments are consistent with clients' investment guidelines and restrictions;
- The allocation of a percentage of William Blair's licensing fee is de minimis in relation to William Blair's account level fees;
- We typically solicit client consent to invest in the William Blair Funds for their investment advisory accounts;
- A client may decline to invest in William Blair Funds or in a Private Fund or open a WBIM Separate Account;
- A client may withhold consent to hire William Blair Investment Management, LLC as a sub-adviser;
- A client may withhold consent to utilize SYSTM as a Platform provider to access Proprietary Home Office Models and may revoke its consent, at any time, with written notice;
- Conflicts of interest are disclosed in documents including, but not limited to, this Wrap Brochure, William Blair Brochure, Form CRS, William Blair Investment Management, LLC's Form ADV, Part 2A, SYSTM's Form ADV, Part 2A, SYSTM's Form CRS, advisory agreements, William Blair Funds' prospectuses and other offering documents, William Blair Private Funds' offering documents, separate client account opening documentation and/or separate disclosure forms;
- For the portion of our clients' assets in a WBIM Separate Account, WBIM Sub-Advisory Sleeve Account, William Blair Funds, structured note based on William Blair's Sell Side Equity Research or William Blair Private Funds, we do not charge additional investment advisory fees;
- Compensation received from our affiliate, William Blair Investment Management, LLC is not material in relation to William Blair's account level advisory fees;

- We have information barriers in place to prevent dissemination of material, non-public information between our various business groups;
- We have allocation policies in place that seek to ensure fair and equitable access to investment opportunities over time; and
- We have trade rotation policies in place that seek to effect securities transactions of our clients in a fair and equitable manner.

### **Personal Securities Trading**

Because William Blair permits its employees to engage in personal securities transactions, our employees may buy or sell securities that we have recommended to clients for their own personal accounts in a manner that is inconsistent with our recommendations to clients. As an example, an employee may buy a particular security that we recently have sold for clients. In addition, an employee or an employee of our affiliate, William Blair Investment Management, LLC, may make a personal investment in the securities of our clients' companies. These situations create conflicts of interest because employees could be motivated to favor their own investment interests or the interests of certain clients over other clients. To help manage these conflicts, we rely on various compliance controls including the following:

- We maintain a Code which reinforces our fiduciary duty to clients and conduct annual training on our Code; and
- In cases where we are purchasing or selling securities for clients' accounts, we prohibit a client's PWM Advisor from trading ahead in the same securities in his or her own account; and
- We monitor employees' personal securities transactions in an effort to identify patterns or improper activities.

### **Review of Accounts**

William Blair reviews clients' accounts for appropriateness and relative value of investments. We meet periodically to discuss current developments and relative merits of particular investments. We appraise account holdings and review accounts for accuracy from an administrative, accounting and investment viewpoint. A member of PWM's senior management reviews the appropriateness of investment holdings on an ongoing basis.

We determine the frequency, depth and nature of reviews based on the terms of each client's advisory agreement, mandate and particular needs as they may be communicated to us by the client. We may review accounts during other periods based upon certain trigger factors including significant market events, changes in a client's investment objectives or guidelines or expected or unexpected material cash flow in an account.

PWM Advisors conduct the reviews. The Compliance Department also routinely assesses client accounts via electronic compliance monitoring systems.

We use technological tools (as noted above) to assist with our reviews on both an account-by-account basis and on a securities holdings basis, as well as performance exceptions and other bases. We conduct reviews to determine if an account's holdings are consistent with the investment objectives and restrictions imposed by the client. For our PWM clients, financial advisors typically construct custom portfolios based on a client's unique objectives and restrictions and manage and review portfolios based on individualized parameters.

Client should communicate any changes in investment objectives and restrictions as well as changes in financial condition to their William Blair PWM Advisor. As the client will not be able to communicate directly with any Sub-Manager available through a Platform or with William Blair Investment Management, LLC for a WBIM Sub-Advisory Sleeve Account, client should communicate these reasonable restrictions to the PWM Advisor.

## **Account Reports**

William Blair provides written reports to clients periodically. These reports may include portfolio performance and portfolio positioning as of the end of the period. Portfolio performance reports are provided to clients on at least an annual basis. We will include additional detail related to transactions or other information as may be requested by clients. We also will provide reports on a monthly or other interim basis upon client request. Investors in private funds (including William Blair Private Funds) typically receive a copy of audited financial statements of the relevant private fund within 120 days after the fiscal year of each such fund.

## **Client Referrals and Other Compensation**

William Blair may enter into agreements whereby we compensate eligible third parties for referring client business to our firm. Clients that are referred to us through such arrangements are provided a disclosure document describing the terms and conditions of the solicitation arrangement, including the compensation paid to the solicitor. Some of our clients and prospective clients retain investment consultants or financial advisors to advise them on the selection and review of investment managers. As a manager, we also may have other business relationships with these third parties. As discussed above, William Blair employees can be paid direct compensation for generating qualified leads across William Blair and affiliates. Therefore, third parties and employees are incented to refer a client to our Wrap Fee Program. These arrangements do not increase the client's fees.

## **Participation in Fidelity Wealth Advisor Solutions®**

William Blair participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which William Blair receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. William Blair is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control William Blair, and FPWA has no responsibility or oversight for William Blair's provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for William Blair, and William Blair pays referral fees to FPWA for each referral received based on William Blair's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to William Blair does not constitute a recommendation or endorsement by FPWA of William Blair's particular investment management services or strategies. More specifically, William Blair pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, William Blair has agreed to pay FPWA a minimum annual fee of \$50,000 to participate in the WAS Program. These referral fees are paid by William Blair and not the client.

To receive referrals from the WAS Program, William Blair must meet certain minimum participation criteria, but William Blair may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). Clients should refer to Item 4-Advisory Business for important information regarding William Blair's arrangements with NFS, an affiliated entity of FPWA and FBS.

As a result of its participation in the WAS Program, William Blair has a conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Advisor has an incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to William Blair as part of the WAS Program. Under an agreement with FPWA, William Blair has agreed that it will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, William Blair has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when William Blair's fiduciary duties would so require, and William Blair has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a referred client account that

is transferred from FPWA's affiliates to another custodian; therefore, William Blair has an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit William Blair's duty to seek best execution.

From time to time, we also may buy from third parties certain services or products used in our investment advisory business or pay registration or other fees (including travel and lodging) toward or assist in sponsoring such parties' industry forums, seminars or conferences. We pay these contributions and payments out of our own resources. The amount of payments and the value of items and benefits may or may not be substantial. These payments, items and benefits give the recipients incentives to favor our private wealth management services and other William Blair-affiliated investment products and services over those of investment management firms that do not provide the same payments, items and benefits. Conversely, from time to time, third parties, including NFS and Platform Providers, defray costs of William Blair sponsored training events and conferences. We make charitable contributions, underwrite, or sponsor charitable events at the request of others, including those who are affiliated with clients, program sponsors or consultants that may have referred clients to our firm. These payments create a conflict of interest in that William Blair is incented to favor products and services offered by these third parties over those third parties that do not. However, these payments are subject to our internal policies that address and, in some cases, limit payments with the overall aim to avoid compromising advice or recommendations given to clients by special incentives or compensation arrangements.

Please note that William Blair pays for and receives services from Platform providers or their affiliates. William Blair receives a discount on the cost of these services based on the level of our clients' assets on the Platform. Therefore, William Blair has a conflict of interest in that there is an incentive to increase the amount of its clients' assets on a Platform to reduce the cost of other services received from the Platform provider or its affiliates.

As discussed above, our affiliate, William Blair Investment Management, LLC, compensates us and our PWM Advisors with respect to PWM's clients' assets invested in William Blair Funds, William Blair Private Funds, WBIM Sub-Advisory Sleeve Accounts and WBIM Separate Accounts. This practice constitutes a conflict of interest in that we and our PWM Advisors are incented to purchase William Blair Funds, recommend a WBIM Separate Account, recommend an investment in William Blair Private Funds and utilize discretion to hire William Blair Investment Management, LLC as a sub-adviser for a WBIM Sub-Advisory Sleeve Account.

From time to time, William Blair refers its Wrap Fee Program clients to national banks to obtain a line of credit or to insurance providers to purchase an insurance product, including annuities. William Blair receives referral fees from the banks or insurance providers if the referred Wrap Fee Program client obtains the line of credit or purchases an insurance product, respectively. These referral fees create conflicts of interest because William Blair and PWM Advisors are incented to refer clients to entities that pay referral fees instead of those that do not. William Blair has an indirect, minority ownership interest in one such insurance provider which creates an additional incentive to refer clients to this insurance provider rather than to an insurance provider where we have no ownership interest or those that do not pay a referral fee.

William Blair acts as distributor for the William Blair Funds and receives for its services a shareholder/distribution services fee from certain share classes of each Fund as described in the William Blair Funds' prospectuses and statements of additional information. This constitutes a conflict of interest for William Blair in that its employees may be incented to recommend investment in share classes subject to the above-described fees. Clients may prohibit investment in William Blair Funds. Clients also have the option to invest in securities other than the William Blair Funds.

#### **Other Financial Incentives from William Blair to PWM Advisors**

William Blair pays investment professionals to financial incentives when they join William Blair and on an ongoing basis. PWM Advisors are eligible to receive incentives, including loans, back-end bonuses and/or other compensation if they reach certain asset levels within a specified period of time. These asset levels can be met by a combination of bringing client assets with them from their prior firm and/or garnering assets from clients new to them and William

Blair. The amount paid to PWM Advisors under these arrangements is largely based on the size of the business serviced at their prior firm and the PWM Advisor achieving the target asset levels within a specific time period after joining William Blair. These payments are substantial and take various forms, including salary guarantees, loans, transition bonus payments and various form of compensation to encourage financial professionals to join William Blair. Therefore, even if the fees you pay at William Blair remain the same or are less, the transfer of your assets to William Blair contributes to your PWM Advisor's ability to meet targets. While William Blair does not claw back these payments, your PWM Advisor's continued employment is based on meeting these targets. These practices create an incentive and conflict of interest for your PWM Advisor to recommend the transfer of your account assets to William Blair since a significant part of their compensation is contingent on the PWM Advisor achieving a pre-determined level of assets at William Blair. You should consider whether your PWM Advisor's advice is aligned with your investment strategy and goals.

### **Financial Information**

Clients under our Wrap Fee Program choose NFS as their custodian. It is our understanding that certain such custodial agreements or other agreements or documents may contain provisions that could result in William Blair having inadvertent custody of client account assets as a result of language permitting us, as investment adviser, to withdraw client assets upon instruction to the custodian. Our advisory agreement, however, is not intended to give us broad authority to withdraw client assets, and we disclaim such authority to the extent applicable.

With respect to these concerns, our authority as it relates to custody should be considered to be limited in the ordinary course to customary trading and settlement of securities and investment transactions in the client's account, typically on a "delivery vs payment" basis for securities transactions, as well as fee deductions in certain cases, as applicable.

William Blair has custody of client accounts since some clients authorize their custodian, including NFS, to deduct William Blair's advisory fees from their client account. In addition, pursuant to a standing letter of authorization ("SLOA") some clients grant William Blair limited discretion to disburse funds to one or more third parties, as specifically designated by the client. After granting William Blair with this limited authorization, the client then instructs the qualified custodian for the client's account to accept William Blair's direction on the client's behalf to move money to the third party designated by the client on the SLOA. The qualified custodian takes that instruction in writing directly from the account holder (the client), and William Blair's authority is limited by the terms of that instruction. We are authorized to act merely as an agent for the client. The client retains full power to change or revoke the arrangement. William Blair does NOT have discretion as to the amount, payee or timing of transfers under the SLOA.

You should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains your investment assets. Investors in William Blair Private Funds will receive audited financial statements.

Our investment account statements will vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. For tax and other purposes, your custodial statement is the official record of your account(s) and assets.

***We urge you to carefully review your custodian statements and compare them to the account statements that we may provide to you as your investment manager.***

William Blair has no known financial condition that we believe is likely to impair our ability to meet our commitments to our investment advisory clients. Additionally, we have not been the subject of any bankruptcy petition during the past ten years. You may obtain a copy of our most recent financial statement on our website at [www.williamblair.com](http://www.williamblair.com) under "Statement of Financial Condition."