DRIEHAUS
CAPITAL MANAGEMENT

Driehaus Small/Mid Cap Growth Strategy Summary

2ND QUARTER 2021

Market Overview

The June quarter was another positive period of appreciation for the U.S. equity market. The single digit percentage gains for the indices were broad-based but most of the market was stuck in a side-ways consolidation. The churning, rotating action was below the surface of the S&P 500 and Nasdaq, both of which reached new all-time highs driven by the strength of the largest technology stocks.

The consistent retreat in bond yields during the quarter was a major factor driving the direction of stocks. The decline in yields occurred despite elevated inflationary pressures and robust economic growth. Growth stocks were supported by the falling yields and driven by strong performance in the technology and healthcare sectors. Cyclical stocks (outside of the energy sector) and "reopening" stocks generally underperformed in the second half of the quarter as yields continued to fall and concerns about "peak" growth and the emerging Delta variant increased.

From a macro standpoint, the combination of very strong monetary and fiscal stimulus is providing tremendous support for the post-COVID economic recovery. The successful uptake of the COVID vaccines by nearly 70% of U.S. adults is enabling the economic reopening. These factors together with powerful pent-up consumer demand and very low inventories across most industries are producing economic strength and a rapid recovery in the labor market but are also fueling the threat of inflation.

The pace and sustainability of inflation has been an all-consuming topic for the market. The Federal Reserve believes it is transitory, but how long is transitory? Many indicators suggest the rate of inflation may have already peaked versus easy year-over-year comparisons. Peak stimulus and peak economic growth rates may have already occurred, a view corroborated by the decline in most commodity prices and bonds yields. Importantly, "peak" rates of growth don't mean the end of the economic cycle. Inflation and economic growth can remain elevated for some time. The U.S. economy is in year one of a new cyclical expansion and for context the last five U.S. expansions lasted 5 to 10 years. Still, component and inventory shortages together with labor shortages will continue and are being reported (or complained about) by nearly every industry. Some fear this is holding back economic growth and is pressuring corporate margins and the potential for even higher earnings. That is likely true, but the interesting part is that supply chain and labor constraints will likely elongate the cycle and prevent overheating.

It has become widely understood by market participants that economic growth and earnings will be strong as the economy reopens. The ongoing consolidation or rotation over the past couple months, outside of some of the largest S&P 500 stocks, is likely the result of the market transiting through a period of uncertainty. There is uncertainty surrounding monetary policy as the Fed will soon begin to transition away from crisis level monetary accommodation via tapering of asset purchases. There is also uncertainty around the magnitude of deceleration in economic growth from peak growth rates to a more sustained (but still strong) level of economic growth. A series of economic indicators have missed expectations recently but that is potentially due to component and labor shortages. As the market digests these uncertainties, it is likely setting up some appealing opportunities in the second half of the year as many cyclicals and small caps consolidate and earnings and the economy establish a new sustainable level of growth. Of course, these scenarios could be disrupted if the variants cause COVID cases to spike and economic shutdowns are mandated. Positively, the evidence to date suggests the mRNA vaccines continue to perform relatively well versus the variants, especially in limiting severe disease and new booster shots will likely become available versus the variants later this year.

Performance Review

For the June quarter, the Driehaus Small/Mid Cap Growth strategy outperformed its benchmark. The strategy had a 7.57% return, net of fees, while the Russell 2500 Growth Index experienced a gain of 6.04%.[1]

The relative outperformance versus the Russell 2500 Growth Index was driven by the portfolio's relative outperformance in the following sectors: healthcare, communication services, energy, technology, and consumer staples.

Despite the outperformance and positive absolute returns, it was a challenging quarter. The market's stock and sector leadership were very rotational. Cyclical and reopening stocks which had performed well over the prior couple quarters pulled back as bond yields declined, peak growth fears increased and as the Delta variant spread late in the quarter. Conversely, secular growth stocks, which had a poor first quarter, resumed their leadership and performed well late in the quarter. Macro factors, such as the daily direction of yields, risk factors and correlations appeared to be more impactful than bottom up characteristics during the quarter. Many "reopening" stocks should handily exceed consensus expectations as their fundamental trends remain strong but most experienced multiple compression regardless. Despite this, the portfolio benefited from strong earnings reports and being well diversified across the various growth categories (secular, cyclical, consistent, recovery) which helped it outperform.

By sector, the strategy's absolute and relative performance was broad based as all sectors contributed with positive absolute returns. Consumer discretionary and industrials both trailed the benchmark by a small amount, based on relative performance. The positive absolute returns for the quarter came from (in order of magnitude): technology, healthcare, communication services, energy, consumer discretionary, industrials, and consumer staples.

Technology

Technology outperformed while contributing over nearly 300 basis points on an absolute and over 20 basis points on a relative basis. The sector continues to see strong fundamental trends in most of its sub-industries and the group was able to perform well as bond yields fell, enabling some multiple expansion. Software and IT service stocks recovered nicely after they trailed in the first quarter. The performance of our semiconductor and semi capital equipment holdings were mixed. Big picture, the outlook for semiconductors and related capital equipment remains bright as it is one of many industries seeing shortages as inventories are at very low levels. Telco equipment holdings performed well as rural broadband spending is robust due to government stimulus to upgrade connectivity in rural sections of the country.

[1]The performance data represents the strategy's composite of small/mid cap growth accounts managed by Driehaus Capital Management LLC (DCM) (the composite). These returns are estimated for the period as the underlying accounts' data is yet to be reconciled to the custodian bank. Net of fee returns reflect the payment of advisory fees and in some instances, other fees and expenses such as administrative and custodian fees while the gross of fee returns do not. Both are net of brokerage commissions charged to the accounts and reflect the reinvestment of income and other earnings. The performance data shown above represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted.

Healthcare

Healthcare also began to recover as bond yields fell. The portfolio's healthcare holdings outperformed slightly as the sector contributed nearly 180 basis points on an absolute basis and over 80 basis points on a relative basis. IPO activity within the group remains strong with many companies coming public during the quarter. The level of innovation we see in healthcare is exciting. Biotech/therapeutics, molecular diagnostics and med-tech all stand to benefit strongly looking forward as these companies improve the standard of care and provide better outcomes for patients.

Energy

While it is a small weighting, the portfolio was overweight the energy sector and it outperformed slightly versus the benchmark. The sector was the best performing sector in the U.S. market in the first half of this year as crude oil surged to well over $70 by the end of the quarter. The sector has largely been abandoned by public investors in recent years due to poor returns and excess capital spending over the past decade. Now the industry is more rational in how it spends capital and the rig count is rising again as demand and the commodity price recovers. From an ESG standpoint, we carefully assess each new holding. We hold one oil service company that improves worker and well site safety and exploration and production companies that generally operate more efficiently and are more favorable rated from an ESG perspective than their peers in the industry.

Consumer Discretionary

The consumer discretionary sector holdings trailed modestly versus the benchmark on a relative basis. The portfolio continues to maintain overweight stance versus the benchmark. As the economy begins to reopen and the labor market recovers, the benefits of stimulus, very high savings rates and massive pent-up demand is driving robust consumer spending. Notable outperformers during the quarter included several specialty retailers, a shoe manufacturer, a casino operator, and some leisure product companies. On the downside, a few outdoor related leisure product manufacturers underperformed as "reopening stocks" generally experienced multiple contraction.

Outlook & Positioning

The outlook for the economy, earnings and equities remains positive as there are multiple drivers supporting the economic reopening. The mRNA based COVID-19 vaccines are working very well and appear to provide good protection from new variants. The percentage of adult Americans who are vaccinated is near seventy percent. The rise of the Delta variant is a concern, but the risk of it materially impacting the U.S. economy is relatively low given the effectiveness of existing vaccines and additional boosters. For the most part, the U.S. has now come close to fully reopening across the country.

The US economy will likely have sustained strong growth well into next year due to many positives, including: the vaccines, pent-up demand, high savings rates, multi-decade low inventories, extremely easy monetary policy, and large fiscal policy stimulus. Even as some of these inputs see "peak" growth or peak impact, they all should provide a series of strong tailwinds.

Additionally, smaller cap valuations are favorable compared to large caps with earnings growth rates that are much stronger than large caps. Micro and Small Caps generally perform well for years from the beginning of a new expansion. Post the Nasdaq Bubble and post the Great Financial Crisis, smaller caps outperformed large caps for five to six years.

These positives need to be framed by the risks that exist. The numerous risks include: the Delta and other virus variants, the sizable segment of the population (about 25% in the U.S.) that is hesitant or refuses to take one of the vaccines, inflation pressures, changes in monetary policy, major changes in interest rates, new regulations on business and higher taxes, a stronger dollar, labor shortages and rising wages. All these risks are nuanced and may end up helping the market climb the wall of worry, but we are monitoring each one carefully.

We are confident that the US has entered a new economic expansion with many powerful drivers. This should result in a sustained new economic cycle and we anticipate broad participation from most sector and industries, including both secular growth and cyclical companies. In terms of portfolio positioning, technology is our largest absolute weight, closely followed by heathcare, then consumer discretionary, industrials and financials. Versus the index, the strategy is overweight consumer discretionary, industrials, energy, and materials and is underweight health care, financials, real estate, technology, and consumer staples. During the quarter, sector weightings in healthcare and technology increased, while weightings in consumer discretionary, industrials, financials were reduced.

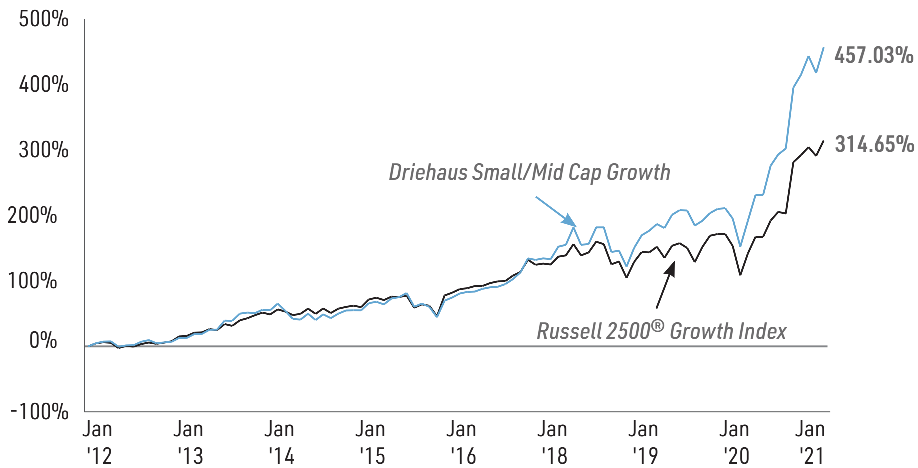
Overall, we see many dynamic investment opportunities in improving or sustainable industries, which fit our investment philosophy of companies exhibiting positive growth inflections, differentiation, market share gains, strong revenues and expanding profitability.

Driehaus Small/Mid Cap Growth Strategy

% Month-End Performance (as of 6/30/21)

				Annualized			
	MTH	QTD	YTD	1 Year	3 Year	5 Year	Inception[2]
Driehaus Small/Mid Cap Growth Composite (Gross)	5.08	7.78	12.85	62.21	30.52	29.73	20.79
Driehaus Small/Mid Cap Growth Composite (Net)	5.01	7.57	12.44	61.01	29.72	28.90	20.01
Russell 2500® Growth Index (Benchmark)	5.37	6.04	8.67	49.63	20.15	20.68	16.30

Cumulative Return Since Inception Net of Fees[2] (as of 6/30/21)



Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance Data as of 6/30/21.

The performance data represents the strategy's composite of small/mid cap growth accounts managed by Driehaus Capital Management LLC (DCM). These returns are estimated for the period as the underlying accounts' data is yet to be reconciled to the custodian bank. Net of fee returns reflect the payment of advisory fees and in some instances, other fees and expenses such as administrative and custodian fees while the gross of fee returns do not. Both are net of brokerage commissions charged to the accounts and reflect the reinvestment of income and other earnings. The performance data shown above represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted.

[1]Composite assets include those accounts that meet the composite objectives and eligibility requirements. Please see the notes at the end of this document for additional information. [2]2/1/2012. [3]Portfolio characteristics represent the strategy's composite. [4]Data is calculated monthly.

Key Features

- Benchmark aware, not benchmark constrained
- Opportunistic investment approach
- High active share

Facts

Inception Date	2/1/12
Composite Assets Under Management[1]	$81M
Firm Assets Under Management	$13.8B
Investment Style	Growth Equity
Available Investment Vehicle:	Separately Managed Account

Portfolio Characteristics[3]

5-year period	STRATEGY	BENCHMARK
Annualized Alpha	8.57	n/a
Sharpe Ratio	1.44	0.99
Information Ratio	1.44	n/a
Beta	0.96	1.00
Standard Deviation	19.85	19.68
Tracking Error	6.26	0.00
R-squared	0.90	1.00

Market Cap Breakout	STRATEGY	BENCHMARK
< $2.5 billion	4.0%	17.0%
$2.5 - $15 billion	70.3%	71.6%
> $15 billion	25.7%	11.4%

	STRATEGY	BENCHMARK
Number of Holdings	114	1,398
Weighted Avg. Market Cap (M)	$13,299	$7,397
Median Market Cap (M)	$7,663	$1,982
Active Share (3-year avg.)[4]	82.65	n/a

Portfolio Management

Jeff James, Portfolio Manager
31 years of industry experience

Michael Buck, Portfolio Manager
21 years industry experience

Prakash Vijayan, Assistant Portfolio Manager
16 years industry experience

Driehaus Small/Mid Cap Growth Strategy

Top 5 Holdings[1] (as of 5/31/21)

Company	Sector	% of Strategy
Crocs, Inc.	Consumer Discretionary	2.1
Springworks Therapeutics, Inc.	Health Care	1.8
Five9, Inc.	Information Technology	1.7
Caesars Entertainment Inc	Consumer Discretionary	1.7
MKS Instruments, Inc.	Information Technology	1.6

Sector Weights (%)

Month-End Absolute Weights (%)

	Comm. Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	Cash
Strategy	4.1	19.8	1.6	3.1	1.5	22.5	16.5	22.7	5.1	0.0	0.0	3.0
Benchmark	2.8	15.6	3.0	1.9	4.7	25.4	13.7	26.6	3.3	2.6	0.4	0.0
Active Weights	*1.4*	*4.2*	*-1.4*	*1.2*	*-3.2*	*-2.9*	*2.7*	*-3.9*	*1.9*	*-2.6*	*-0.4*	*3.0*

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 6/30/21. Benchmark: Russell 2500® Growth Index
[1]Holdings subject to change.

Driehaus Small/Mid Cap Growth Strategy

Sector Performance Attribution 2nd Quarter – 3/31/21 to 6/30/21

	Driehaus Small/Mid Cap Growth Composite (Port) (%)		Russell 2500 Growth Index[1] (Bench) (%)		Attribution Analysis (%)		
GICS Sector	Port Avg. Weight	Port Contrib To Return	Bench Avg.Weight	Bench Contrib To Return	Allocation Effect	Selection + Interaction	Total Effect
Communication Services	3.30	0.71	2.36	0.16	0.03	0.47	0.50
Consumer Discretionary	23.87	0.47	13.56	0.54	-0.12	-0.36	-0.49
Consumer Staples	0.53	0.20	2.96	0.11	0.01	0.19	0.20
Energy	3.55	0.58	0.24	0.01	0.45	-0.05	0.40
Financials	3.12	0.09	4.05	0.22	0.05	-0.08	-0.02
Health Care	17.56	1.78	27.86	1.37	0.22	0.62	0.84
Industrials	17.72	0.40	13.41	0.44	-0.13	-0.19	-0.32
Information Technology	21.32	2.96	28.72	2.93	-0.29	0.51	0.22
Materials	5.70	0.11	3.22	-0.01	-0.39	0.34	-0.04
Real Estate	0.00	0.00	2.69	0.21	-0.03	0.00	-0.03
Utilities	0.00	0.00	0.95	0.02	0.05	0.00	0.05
Cash	3.33	0.00	0.00	0.00	-0.01	0.00	-0.01
Other	0.00	-0.13	0.00	0.00	-0.12	0.00	-0.12
Total	100.00	7.16	100.00	6.01	-0.29	1.45	1.16

Data as of 6/30/21

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance

[1]The Russell 2500® Growth Index measures the performance of those Russell 2500® Index companies with higher price-to-book ratios and higher forecasted growth values. The performance data includes reinvested dividends.

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Per FactSet Research Systems Inc., the attribution report provides an in-depth analysis of relative performance. With this report one can research whether or not a portfolio outperformed a benchmark, and how each group contributed to performance. The performance data shown above is estimated and represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The information presented is intended for informational purposes only.

ATTRIBUTION ANALYSIS CATEGORIES ARE DEFINED AS:

Allocation Effect - Measures the impact of the decision to allocate assets differently than those in the benchmark.

Security Selection Effect - Measures the effect of choosing securities, which may or may not outperform those of the benchmark.

Interaction Effect - Jointly measures the effect of allocation and selection decisions.

Total Effect - The Total Effect for each MSCI/GICS Sector is equal to the sum of the individual Attribution Effects for that MSCI/GICS Sector.

Notes // Driehaus Small/Mid Cap Growth Strategy

FIRM DEFINITION
Driehaus Capital Management LLC (DCM) is a registered investment adviser with the United States Securities and Exchange Commission (SEC). DCM provides investment advisory services using growth equity and credit strategies to individuals, organizations, and institutions. The firm consists of all accounts managed by DCM (the Company).

DCM claims compliance with the Global Investment Performance Standards (GIPS®).

COMPOSITE DESCRIPTION
The Small/Mid Cap Growth Composite was created in February 2012. An account is considered to be a small/mid cap growth account if it primarily invests in U.S equity securities of high growth companies with market capitalization ranges at the time of purchase as those included in the Russell 2500® Growth Index between $500 million and $15 billion. However, there is no requirement to be exclusively invested in small cap and mid cap stocks, and the accounts have invested, to a lesser extent, in stocks with a smaller or larger capitalization from time to time.

PERFORMANCE RESULTS
Net of fee returns reflect the payment of advisory fees and in some instances, other fees and expenses such as administrative and custodian fees while the gross of fee returns do not. Both are net of brokerage commissions charged to the accounts and reflect the reinvestment of income and other earnings.

Valuations and returns are computed and stated in U.S. dollars. Returns are presented on a pretax basis.

Past performance is not indicative of future results. All investments have risks and you could lose money.

Additional information regarding policies for valuing investments, calculating performance and preparing GIPS Reports are available upon request. A list of composite descriptions and a list of broad distribution pooled funds are available upon request. Please contact our sales, marketing and relationship management department at 312-932-8621.

INDICES
The Russell 2500® Growth Index measures the performance of the small to midcap growth segment of the U.S equity universe. It measures the performance of those Russell 2500® Index companies with higher growth earning potential as defined by FTSE Russell's leading style methodology. Data includes reinvested dividends.

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TERMS
Active share represents the share of portfolio holdings that differ from the benchmark index holdings. **Alpha** is the measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. **Beta** is a measure of a portfolio's volatility. A beta of 1.00 implies perfect historical correlation of movement with the market. A higher beta manager will rise and fall more rapidly than the market, whereas a lower beta manager will rise and fall slower. **Information Ratio (IR)** measures a portfolio manager's ability to generate excess returns relative to a benchmark, but also attempts to identify the consistency of the investor. This ratio will identify if a manager has beaten the benchmark by a lot in a few months or a little every month. The higher the IR the more consistent a manager is and consistency is an ideal trait. **R-Squared** is a statistical measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. For fixed-income securities, the benchmark is the T-bill. For equities, the benchmark is the S&P 500. **Sharpe Ratio** is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation. **Standard Deviation** is a measure of the average deviations of a return series from its mean; often used as a measure of portfolio volatility. A large standard deviation implies that there have been large swings or volatility in the manager's return series. **Tracking Error** is a divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. This is often in the context of a hedge or mutual fund that did not work as effectively as intended, creating an unexpected profit or loss instead.

For more information about Driehaus Capital Management LLC, please contact us at 312.932.8621.