DRIEHAUS
CAPITAL MANAGEMENT

Driehaus Micro Cap Growth Strategy Summary

4TH QUARTER 2021

Market Overview

The December quarter was a volatile period for the U.S. equity market as inflation, interest rates, monetary policy, and COVID-19 concerns dominated the headlines and the attention of investors. Large caps outperformed mid caps, small caps, and micro caps in that order, as size was a key factor in terms of performance. The outperformance of the value indices continued as they again outgained the growth indices in the quarter. This capped a year, 2021, that in many ways was nearly the opposite of 2020 in terms of what drove U.S. market performance. Cyclicals, large caps, and value dominated, whereas secular industries, small caps and growth dominated 2020.

While the narrow leadership of big tech continued to drive the S&P 500 and the Nasdaq, the rest of the U.S. market lagged for the quarter. The micro cap and small cap indices traded sideways in October, briefly broke out to new highs in early November but then steadily declined before the annual Santa Claus rally over the last couple weeks of the quarter.

The year and the quarter were characterized by strong economic growth and robust corporate earnings as the economy is in year two of a new cycle post the COVID-19 recession in the first half of 2020. The rate of economic growth has come down from peak levels in the second quarter of 2021 as year-over-year comparisons got tougher, fiscal stimulus eased, supply and labor shortages accelerated and Delta and now the Omicron variant waves cycled through.

From November into early January, the market has struggled as inflation remains elevated and persistent. Investors fear the potential impact of more hawkish monetary policy and higher rates and how both might impact economic growth. In late November, Fed Chair Jerome Powell signaled a more hawkish pivot in tone and accelerated the pace of tapering the Fed's Quantitative Easing (QE) program. This is then expected to lead to several rate hikes in 2022. This pivot by the Fed in response to persistent inflation and already low unemployment rates has sparked another Taper Tantrum in the equity market.

One of the biggest debates currently is whether the surge in inflation is likely to prove more temporary or sustained. Over the past year, inflation has been higher than many expected. Fiscal and monetary policy, pent-up demand, rising rent and home prices, and severe labor shortages and supply chain disruptions have all contributed to the rise in inflation. Some of these factors are more temporary such as fiscal policy stimulus. Other factors will ease gradually, such as the supply chain stress and inventory and staffing shortages. Yet factors such as rising wages and rents will likely be sticky and continue to put upward pressure on inflation risks. Overall, we agree with several key market strategists that the rate inflation will gradually ease later in 2022. The next couple years ahead will likely see diminished rates of inflation, ending with levels modestly above the pre-covid average.

Looking ahead for the new year, we continue to expect above trend economic growth, strong earnings growth, especially for smaller cap equities, elevated but ultimately easing inflation and overall higher interest rates. We see the largest market risks as the following:

- The current Taper Tantrum (the market's response to Fed tapering) is pressuring equity multiples. This is the fourth Taper Tantrum since the start of QE, post the Great Financial Crisis. As in the past, we believe this current episode, while impactful, will prove to be a temporary negative for equity prices.
- The market historically can handle higher interest rates. However, the market responds poorly to a sudden rise in rates, so the rate of change is key. The rate of change seen so far in early January and the poor response by the equity market (outside of the S&P 500) appears similar to what we saw in February and March of 2020.
- The potential range of outcomes from COVID remains wide. A more negative scenario and continuing risk to the market is the potential for more serious disease outcomes from a current or new variant.
- Upward pressure on inflation could be more persistent and force the Fed to be more aggressive with tightening.
- Double ordering in response to shortages may result in inventory gluts and rapid backlog declines as supply chains and demand normalize.
- Continued COVID outbreaks globally and geopolitical risks could cause supply chain issues to persist or to improve more slowly than what would otherwise be expected.
- US political and geopolitical risks remain, including Russia/Ukraine, China/Taiwan, and Kazakhstan.

Broadly, however, we believe these risks are being outweighed by the multiple reasons to be optimistic in 2022, such as:

- The post COVID reopening and normalization process is still underway and ahead of us.
- Vaccines and therapeutics are helping manage COVID, even as it may prove to be endemic.
- The Omicron new case wave will likely peak relatively soon, similar to prior waves.
- Omicron, while far more transmissible, appears to be less severe. Currently, while new cases are far above prior waves, the rates of severe disease and fatalities are far lower. Diminished severity, new therapeutics, and some effect from vaccines and boosters may be transitioning COVID from a pandemic to the endemic stage.
- While monetary and fiscal policy have transitioned from tailwinds to headwinds, policy remains largely supportive of economic growth and financial conditions remain strong.
- Large pent-up savings and demand can offset the incremental drag from reduced stimulus.
- Economic growth and earnings growth will remain strong and above the long-term trend. Near-term, the upcoming earnings season is expected to be robust once again.
- Innovation, record high new business formation and secular growth themes across many industries should prove to be long tailwinds.
- The labor markets are extremely robust and rising wages will drive consumer spending.
- The supply chain and inventory normalization process will likely serve as a long tailwind for economic growth.
- Outside of the S&P 500 and mega-caps, market sentiment may be too negative on the impact of policy and inflation on economic growth.

- Inflation will remain elevated but will ease as tough compares are lapped and various transient inflationary drivers run their course. To some extent inflation will actually be a positive driver for earnings growth.
- Small caps have historically attractive relative valuations versus large caps with higher earnings growth prospects.
- Taper tantrums and Fed policy risk concerns typically end as rates stabilize or as the market gains comfort that the Fed will not tighten to the extent that it would threaten the economic recovery.
- Absent a severe policy mistake or an exogenous shock, U.S. economic expansions traditionally have been long lasting.

Performance Review

For the December quarter, the Driehaus Micro Cap Growth Strategy solidly outperformed its benchmark. The Strategy gained 7.07%, net of fees, while the Russell Microcap Growth Index declined a sharp -7.97%.[1] The strategy also outperformed the small cap indices, such as the Russell 2000 which gained 2.14% and the Russell 2000 Growth which was up just 0.01%, but it did trail the large cap S&P 500 which gained 11.03%.

For the full calendar year of 2021, the Driehaus Micro Cap Growth Strategy also solidly outperformed its benchmark. The Strategy gained 24.97%, net of fees, while the Russell Microcap Growth Index gained 0.88%. The strategy also outperformed the small cap indices, such as the Russell 2000 which gained a solid 14.82% and the Russell 2000 Growth which was up 2.83%, but it did trail the large cap S&P 500 which surged 28.71%.

In terms of long-term consistency, 2021 was the tenth consecutive year of the Strategy outperforming the Russell Micro Cap Growth Index and the 23rd out of 24 years (since 1998) outperforming its relevant Russell index (the Russell Micro Cap Growth and before that existed the Russell 2000 Growth).

Outperformance was largely driven by idiosyncratic stock selection as from a bottom-up basis the portfolio experienced strong earnings reports, positive estimate revisions and favorable fundamental outlooks. It also benefitted from good balance and diversification across the various growth categories (secular, cyclical, consistent, recovery) which boosted outperformance.

By sector, the following sectors saw positive absolute returns for the quarter (in order of magnitude): technology, consumer discretionary, and financials. Despite the index declining nearly eight percent, only the healthcare and consumer staples sectors experienced negative absolute returns within the portfolio. The positive relative returns for the quarter were primarily from (in order of magnitude): healthcare, technology, consumer discretionary and financials, while industrials and consumer staples detracted on a relative basis.

[1]The performance data represents the strategy's composite of micro 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.

Healthcare

Healthcare outperformed as the sector contributed 653 basis points on a relative basis. The portfolio's holdings were down just 2.87% versus a decline of 18.30% for the index's healthcare holdings. Several biotech holdings performed well, up 4.06% overall versus a decline of 18.74% for the index, as there was increased optimism on their clinical pipelines and some holdings reported strong clinical trial data. The healthcare services group positively contributed as a staffing company performed well in the face of continued labor shortages. The IPO of an aesthetic service provider company also drove returns.

Stock selection led the outperformance, yet the portfolio maintains an underweight position as the sector remains the market's worst performing group for the year and the quarter. Looking ahead, the level of innovation we see in healthcare is exciting. Biotech/therapeutics, molecular diagnostics and med-tech all stand to benefit strongly as these companies improve the standard of care and provide better outcomes for patients.

Technology

Technology outperformed while contributing 518 basis points on a relative basis. The portfolio's holdings were up 27.09% versus a small gain of 1.32% for the index's tech holdings. The sector continues to see strong fundamental trends in most of its sub-industries. IT services stocks remain strong. The portfolio's semiconductor and semi capital equipment holdings were positive contributors across the board. Telecommunication equipment holdings continue to perform well as the outlook for rural broadband spending is robust.

Consumer Discretionary and Staples

Consumer discretionary outperformed while contributing 302 basis points on a relative basis. The portfolio's holdings were up 12.53% versus a decline of -4.95% for the index's consumer discretionary holdings. The strength was led by solid performance from some retailers, restaurants, and homebuilders. The fundamentals of the U.S. consumer remain robust with a strong labor market, rising wages and record savings and net worth. A clear current headwind for the group is the Omicron variant as the rise in cases pauses spending and face to face interaction for many consumer businesses.

Consumer staples as a sector underperformed detracting 42 basis points on a relative basis. Our staples holdings declined 14.72% vs a decline of 10.78% for the index's staples holdings. An energy beverage holding, and a few specialty food producers underperformed. Fundamentally they continued to perform well but they did decline in price overall as the sector lagged.

Financials

The financial sector outperformed while contributing 135 basis points on a relative basis. The portfolio's holdings were up 16.26% versus a gain of 8.82% for the index's financials holdings. The strength was led by solid performance from banks. The bank group performed well with several individual bank holdings outperforming as they posted continued strong quarterly results due to technology, end market and/or geographic differentiation and solid execution.

Outlook & Positioning

The outlook for the economy and earnings remains positive as there are multiple drivers supporting this economic expansion. We believe the level of earnings will continue to make new highs. However, near-term, the difficult market action has been dominated by concerns about the pace of Fed tapering, likely interest rate hikes in 2022, elevated inflation and the rise in Omicron cases. As described above in the Market Overview commentary, we do see many reasons for optimism looking ahead to 2022, but near-term the focus is on Fed policy.

In terms of portfolio positioning, we have an attractive mix of secular and cyclical growth holdings. By sector healthcare remains our largest absolute weight, followed by technology, consumer discretionary, industrials and financials. Relative to the benchmark, the strategy is overweight technology, financials, consumer staples, consumer discretionary and energy. The strategy is underweight health care, industrials, and real estate.

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

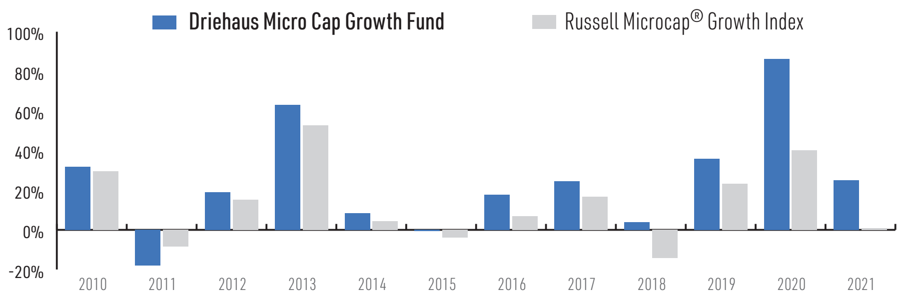
Corporate earnings remain robust and have made new highs, as equities have pulled back from their highs earlier this year. Smaller cap valuations are attractive on a relative basis versus large caps looking at the past four decades. Earnings growth rates for smaller companies are much stronger than large caps. Together, higher earnings and lower stock prices have created more attractive valuations and have set up an attractive dynamic as the market looks ahead and into 2022. As the market digests the current macro uncertainties, we are finding many appealing opportunities both among cyclicals as well as secular growth companies.

Driehaus Micro Cap Growth Strategy

% Month-End Performance (as of 12/31/21)

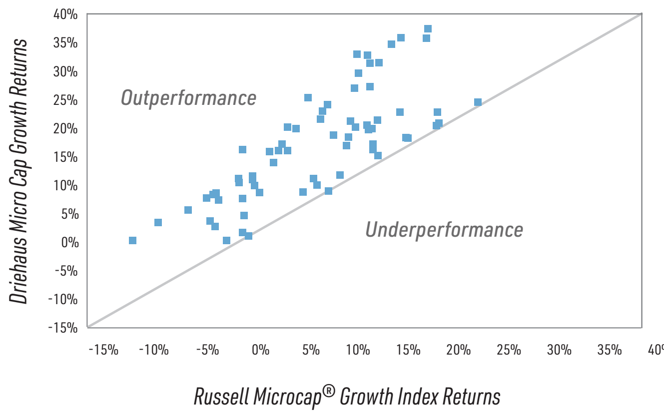
				Annualized				
	MTH	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Inception[2]
Driehaus Micro Cap Growth Composite (Gross)	**1.11**	**7.28**	**25.98**	**25.98**	**48.10**	**33.89**	**27.49**	**23.85**
Driehaus Micro Cap Growth Composite (Net)	**1.04**	**7.07**	**24.97**	**24.97**	**46.83**	**32.62**	**26.11**	**22.90**
Russell Microcap® Growth Index (Benchmark)	-2.57	-7.97	0.88	0.88	20.36	11.78	12.65	*

% Calendar Year Return, Net of Fees (10-year period)



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Driehaus Micro Cap Growth Fund	**31.88**	**-17.90**	**19.12**	**63.04**	**8.53**	**-0.57**	**17.82**	**24.64**	**4.02**	**35.94**	**86.35**	**24.97**
Russell Microcap® Growth Index	29.49	-8.42	15.17	52.84	4.30	-3.85	6.86	16.65	-14.18	23.33	40.13	0.88

Rolling Five-Year Returns, Net of Fees[3]



Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance Data as of 12/31/21.

The performance data represents the strategy's composite of micro 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. 21/1/1996. [3]Returns are calculated from monthly returns and shown for every quarter interval since the index's inception. [4]Portfolio characteristics represent the strategy's composite. Data as of September 30, 2021. [5]Data is calculated monthly.

*The Index's performance is presented for all periods except "Since Inception" because the Index was not established until August 2000.

Key Features

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

Facts

Inception Date	1/1/96
Composite Assets Under Management[1]	$2,596M
Firm Assets Under Management	$15.1B
Investment Style	Growth Equity
Investment Vehicles:	Separately Managed Account Mutual Fund

Portfolio Characteristics[4]

5-year period	STRATEGY	BENCHMARK
Annualized Alpha	20.52	n/a
Sharpe Ratio	1.30	0.45
Information Ratio	2.53	n/a
Beta	0.99	1.00
Standard Deviation	25.22	23.97
Tracking Error	8.73	n/a
R-squared	0.88	1.00

Market Cap Breakout	STRATEGY	BENCHMARK
< $1 billion	19.8%	66.2%
> $1 billion	80.2%	33.8%

	STRATEGY	BENCHMARK
Number of Holdings	127	1,088
Weighted Avg. Market Cap (M)	$2,290	$885
Median Market Cap (M)	$1,549	$199
Active Share (3-year avg.)[5]	83.87	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

Top 5 Holdings[1] (as of 11/30/21)

Company	Sector	% of Strategy
Grid Dynamics Holdings, Inc. Class A	Information Technology	2.8
Boot Barn Holdings, Inc.	Consumer Discretionary	2.3
Calix, Inc.	Information Technology	2.2
Aspen Aerogels Inc	Energy	2.0
Impinj, Inc.	Information Technology	2.0

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	**1.9**	**18.3**	**6.0**	**5.0**	**7.7**	**28.0**	**9.4**	**22.9**	**0.9**	**0.0**	**0.0**	**0.0**
Benchmark	2.0	15.3	2.4	4.2	2.8	38.6	12.4	16.6	2.6	2.5	0.6	0.0
Active Weights	*-0.1*	*3.0*	*3.6*	*0.8*	*4.9*	*-10.6*	*-3.0*	*6.3*	*-1.7*	*-2.5*	*-0.6*	*0.0*

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 12/31/21. Benchmark: Russell Microcap® Growth Index
[1]Holdings subject to change.

Sector Performance Attribution 4th Quarter – 9/30/21 to 12/31/21

	DriehausMicroCapGrowthStrategy (Port) (%)		Russell Microcap 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	1.64	0.03	2.01	-0.18	0.00	0.21	0.21
Consumer Discretionary	17.18	1.77	14.93	-0.90	0.05	2.97	3.02
Consumer Staples	6.50	-0.91	2.36	-0.27	-0.14	-0.28	-0.42
Energy	6.04	0.08	5.19	-0.65	-0.06	0.90	0.84
Financials	7.82	1.17	2.67	0.19	0.85	0.50	1.35
Health Care	30.02	-0.19	40.53	-7.43	1.17	5.35	6.53
Industrials	9.20	0.32	11.60	0.30	-0.34	-0.13	-0.47
Information Technology	20.62	4.83	15.68	0.17	0.53	4.65	5.18
Materials	0.85	0.26	2.37	0.18	-0.26	0.20	-0.06
Real Estate	0.00	0.00	2.08	0.30	-0.47	0.00	-0.47
Utilities	0.00	0.00	0.58	0.02	-0.07	0.00	-0.07
Cash	0.13	0.00	0.00	0.00	0.00	0.00	0.00
Other[2]	0.00	-0.31	0.00	0.00	-0.31	0.00	-0.31
Total	100.00	7.04	100.00	-8.27	0.96	14.36	5.44

Data as of 12/31/21

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

[1]The Russell Microcap® Growth Index measures the performance of those Russell Microcap® companies with higher price-to-book ratios and higher forecasted growth values. The Russell Microcap® Index is represented by the smallest 1,000 securities in the small cap Russell 2000® Index plus the next 1,000 securities. An investor cannot invest directly in an index. [2]Other refers to securities not recognized by FactSet.

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.

Driehaus Micro Cap Growth Strategy

Sector Performance Attribution 1-Year – 12/31/20 to 12/31/21

	DriehausMicroCapGrowthStrategy (Port) (%)		Russell Microcap Growth Index[1] (Bench) (%)		Attribution Analysis (%)		
GICS Sector	Port Avg. Weight	Port Contrib To Return	Bench Avg.Weight	Bench Contrib To Return	Allocation Effect[2]	Selection + Interaction[2]	Total Effect
Communication Services	2.98	-0.95	2.05	0.05	0.44	-1.33	-0.89
Consumer Discretionary	18.93	5.67	14.04	-0.33	0.53	4.19	4.72
Consumer Staples	5.87	1.37	2.04	-0.02	0.24	1.13	1.37
Energy	4.87	2.52	3.00	-0.90	0.14	3.29	3.43
Financials	7.52	3.20	2.48	0.78	1.70	0.21	1.91
Health Care	27.96	0.31	44.51	-4.16	2.07	3.08	5.14
Industrials	11.05	4.51	9.76	1.08	-0.28	3.26	2.98
Information Technology	18.86	8.91	17.44	3.13	1.04	6.05	7.09
Materials	0.90	0.18	1.76	0.33	-0.44	-0.18	-0.62
Real Estate	0.18	0.51	2.25	0.63	-0.38	0.32	-0.06
Utilities	0.29	-0.13	0.67	0.08	-0.08	-0.12	-0.21
Cash	0.60	0.00	0.00	0.00	0.33	0.00	0.33
Other[3]	0.00	-1.33	0.00	0.00	-1.03	-0.07	-1.11
Total	100.00	24.76	100.00	0.68	4.27	19.82	24.09

Data as of 12/31/21

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

[1]The Russell Microcap® Growth Index measures the performance of those Russell Microcap® companies with higher price-to-book ratios and higher forecasted growth values. The Russell Microcap® Index is represented by the smallest 1,000 securities in the small cap Russell 2000® Index plus the next 1,000 securities. An investor cannot invest directly in an index. [3]Other refers to securities not recognized by FactSet.

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Notes // Driehaus Micro 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 Micro Cap Growth Composite was created in January 1996. An account is considered to be a micro cap growth account if it primarily invests in U.S. equity securities of growth companies with market capitalization ranges of generally followed micro cap indices at the time of purchase. However, there is no requirement to be exclusively invested in micro cap stocks, and the accounts have invested, to a lesser extent, in stocks with a 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 Microcap Growth® Index measures the performance of the microcap growth segment of the U.S equity universe. It includes those Russell Microcap® companies that are considered more growth oriented relative to the overall market as defined by FTSE Russell's leading style methodology.

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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.