

Driehaus Small 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. Cyclical, 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 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.

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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.

Driehaus Small Cap Growth Strategy

- 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 Small Cap Growth Strategy solidly outperformed its benchmark. The Strategy gained 5.31%, net of fees, while the Russell 2000 Growth Index was essentially flat at 0.01%.¹ The Strategy also outperformed the Russell 2000 which gained 2.14%, but it did trail the large cap S&P 500 which advanced 11.03%.

For the full calendar year of 2021, the Driehaus Small Cap Growth Strategy also solidly outperformed its benchmark. The Strategy gained 21.71%, net of fees, while the Russell 2000 Growth Index gained 2.83%. The Strategy also outperformed the Russell 2000 which gained 14.82%, but it did trail the large cap S&P 500 which gained 28.71%.

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, industrials, consumer discretionary, financials and materials. 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.

¹The performance data represents the strategy's composite of small 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.

Driehaus Small Cap Growth Strategy

Technology

Technology outperformed while contributing 202 basis points on a relative basis. The portfolio's holdings were up 12.87% versus a gain of 4.93% for the index's tech holdings. The sector continues to see strong fundamental trends in several of its key 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. On the other hand, software was a difficult group as it declined for the portfolio and the index for the quarter. During the quarter, we did reduce exposure to software going from a small underweight at the start of the quarter to a more substantial underweight by the end of the quarter.

Healthcare

Healthcare was a challenging sector again for the quarter, but the Strategy did outperform as the sector contributed 176 basis points on a relative basis. The portfolio's holdings were down 6.67% versus a decline of 11.36% for the index's healthcare holdings. Several biotech holdings performed well, driving relative outperformance versus 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.

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.

Consumer Discretionary and Staples

Consumer discretionary outperformed while contributing 94 basis points on a relative basis. The portfolio's holdings were up 8.05% versus a decline of -0.45% 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 is a small sector for the Strategy, but it did underperform detracting 57 basis points on a relative basis. Our staples holdings declined 10.90% vs a gain of 5.90% for the index's staples holdings. An energy beverage holding, and a couple specialty food producers underperformed.

Financials

The financial sector slightly outperformed while contributing 7 basis points on a relative basis. The portfolio's holdings were up 11.38% versus a gain of 9.05% for the index's financials holdings. The strength was led by solid performance from banks, where the Strategy has an overweight that was increased during the quarter. 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.

Driehaus Small Cap Growth Strategy

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 technology is our largest absolute weight, followed by industrials, healthcare, consumer discretionary, and financials. Relative to the benchmark, the Strategy is overweight industrials, financials, technology, and energy. The Strategy is underweight health care, real estate, and consumer staples.

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. Small 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.

This update is not intended to provide investment advice. Nothing herein should be construed as a solicitation, recommendation or an offer to buy, sell or hold any securities, other investments or to adopt any investment strategy or strategies. You should assess your own investment needs based on your individual financial circumstances and investment objectives.

This material is not intended to be relied upon as a forecast or research. The opinions expressed are those of Driehaus Capital Management LLC ("Driehaus") as of January 10, 2022 and are subject to change at any time due to changes in market or economic conditions. The material has not been updated since January 10, 2022 and may not reflect recent market activity.

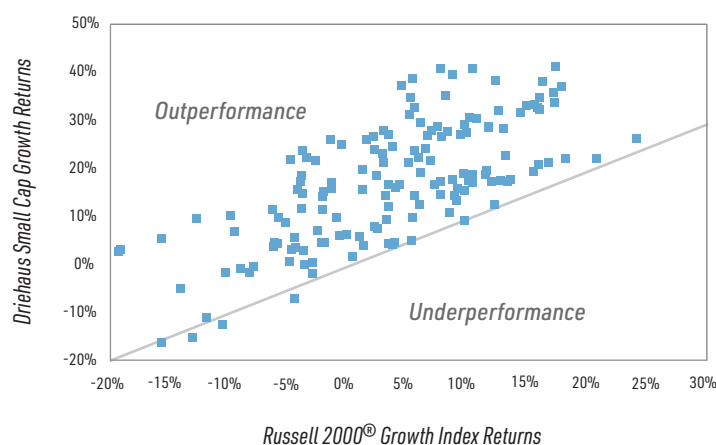
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Driehaus Small Cap Growth Strategy

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

	MTH	QTD	YTD	Annualized				
				1 Year	3 Year	5 Year	10 Year	Inception ²
Driehaus Small Cap Growth Composite (Gross)	-0.21	5.46	22.39	22.39	41.78	31.52	23.78	19.14
Driehaus Small Cap Growth Composite (Net)	-0.24	5.31	21.71	21.71	40.79	30.53	22.77	18.34
Russell 2000 [®] Growth Index (Benchmark)	0.44	0.01	2.83	2.83	21.17	14.53	14.14	9.38

Rolling Five-Year Returns, Net of Fees³



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

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¹Composite 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. ²1/1/1980. ³Returns are calculated from monthly returns and shown for every quarter interval since the index's inception. ⁴Portfolio characteristics represent the strategy's composite. ⁵Data is calculated monthly. Data as of December 31, 2021.

Key Features

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

Facts

Inception Date	1/1/80
Composite Assets Under Management ¹	\$2,922M
Firm Assets Under Management	\$15.1B
Investment Style	Growth Equity
Available Investment Vehicles:	Separately Managed Account Mutual Fund

Portfolio Characteristics⁴

5-year period	STRATEGY	BENCHMARK
Annualized Alpha	14.81	n/a
Sharpe Ratio	1.35	0.65
Information Ratio	2.32	n/a
Beta	1.04	1.00
Standard Deviation	22.58	20.64
Tracking Error	7.31	n/a
R-squared	0.90	1.00

Market Cap Breakout	STRATEGY	BENCHMARK
< \$2.5 billion	16.6%	30.1%
\$2.5 - \$15 billion	81.7%	69.9%
> \$15 billion	1.6%	0.0%

	STRATEGY	BENCHMARK
Number of Holdings	106	1,246
Weighted Avg. Market Cap (M)	\$5,625	\$4,015
Median Market Cap (M)	\$4,261	\$1,230
Active Share (3-year avg.) ⁵	82.78	n/a

Portfolio Management

Jeff James, Lead 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 Cap Growth Strategy

Top 5 Holdings¹ (as of 11/30/21)

Company	Sector	% of Strategy
Ambarella, Inc.	Information Technology	2.5
SiTime Corporation	Information Technology	2.1
Boot Barn Holdings, Inc.	Consumer Discretionary	2.0
Skyline Champion Corp.	Consumer Discretionary	1.9
Calix, Inc.	Information Technology	1.8

Sector Weights (%)

	Comm. Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	Cash
Strategy	1.6	15.4	4.0	3.6	8.0	20.6	18.9	24.4	3.5	0.0	0.0	0.2
Benchmark	2.7	14.7	3.9	2.3	5.6	25.7	15.2	23.3	3.1	3.3	0.3	0.0
Active Weights	-1.1	0.7	0.1	1.3	2.4	-5.1	3.7	1.0	0.4	-3.3	-0.3	0.2

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
 Data as of 12/31/21. Benchmark: Russell 2000® Growth Index

¹Holdings subject to change.

Driehaus Small Cap Growth Strategy

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

GICS Sector	Driehaus Small Cap Growth Strategy (Port) (%)		Russell 2000 Growth Index ¹ (Bench) (%)		Attribution Analysis (%)		
	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Allocation Effect	Selection + Interaction	Total Effect
Communication Services	1.16	-0.22	2.56	-0.24	0.16	-0.09	0.07
Consumer Discretionary	13.12	0.79	14.68	-0.20	-0.05	1.00	0.95
Consumer Staples	4.00	-0.33	3.67	0.21	-0.01	-0.55	-0.56
Energy	3.89	0.07	2.34	-0.07	-0.04	0.22	0.18
Financials	6.51	0.45	5.50	0.40	0.03	0.05	0.08
Health Care	21.53	-1.05	26.98	-2.88	0.60	1.15	1.75
Industrials	19.50	2.27	14.93	1.16	0.37	0.51	0.88
Information Technology	24.58	3.33	23.00	1.04	0.11	1.91	2.01
Materials	3.65	0.63	3.04	0.06	0.03	0.61	0.63
Real Estate	0.03	-0.04	2.99	0.39	-0.38	-0.04	-0.42
Utilities	0.48	-0.30	0.33	0.04	0.04	-0.30	-0.26
Cash	1.57	0.00	0.00	0.00	0.38	0.00	0.38
Other ²	0.00	-0.15	0.00	0.00	-0.13	0.00	-0.13
Total	100.00	5.47	100.00	-0.10	1.10	4.47	5.57

Data as of 12/31/21

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

¹The Russell 2000® Growth Index measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values. The performance data includes reinvested dividends. ²Other refers to securities not recognized by Factset.

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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.

Driehaus Small Cap Growth Strategy

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

GICS Sector	Driehaus Small Cap Growth Strategy (Port) (%)		Russell 2000 Growth Index ¹ (Bench) (%)		Attribution Analysis (%)		
	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Allocation Effect ²	Selection + Interaction ²	Total Effect ²
Communication Services	2.74	-0.58	2.46	-0.16	0.10	-0.59	-0.48
Consumer Discretionary	17.39	3.85	14.85	1.65	0.86	0.64	1.50
Consumer Staples	2.96	1.18	3.43	0.58	-0.17	0.86	0.69
Energy	3.35	1.38	1.25	-0.09	1.50	-0.13	1.37
Financials	5.13	1.21	4.65	0.69	-0.24	0.35	0.11
Health Care	22.50	-1.95	30.59	-6.01	1.91	2.74	4.65
Industrials	18.97	7.24	14.22	2.51	0.63	3.63	4.25
Information Technology	20.94	10.12	21.60	2.47	0.04	7.35	7.40
Materials	4.27	0.83	2.81	0.19	0.00	0.88	0.87
Real Estate	0.22	-0.15	3.24	0.69	-0.54	-0.14	-0.67
Utilities	0.52	-0.52	0.89	0.09	0.04	-0.52	-0.48
Cash	1.01	0.00	0.00	0.00	0.69	0.00	0.69
Other ³	0.00	-0.64	0.00	0.00	-0.50	-0.04	-0.55
Total	100.00	21.97	100.00	2.62	4.32	15.03	19.35

Data as of 12/31/21

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

¹The Russell 2000® Growth Index measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values. The performance data includes reinvested dividends. ²The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. An investor cannot invest directly in an index. ³Other refers to securities not recognized by Factset.

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Notes // Driehaus Small 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 Cap Growth Composite was created in January 1993. An account is considered to be a small cap growth account if it primarily invests in U.S. equity securities of high growth companies within market capitalization ranges of generally followed small cap indices at the time of purchase. However, there is no requirement to be exclusively invested in small 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 2000® Growth Index measures the performance of the small cap growth segment of the U.S. equity universe. It includes those Russell 2000® companies with higher price-value ratio and higher forecasted growth values. The performance 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.

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