DRIEHAUS
CAPITAL MANAGEMENT

Driehaus Micro Cap Growth Strategy Summary

3RD QUARTER 2022

Market Overview

The September quarter was a rollercoaster for U.S. equities. Stocks rallied strongly to the mid-point of the quarter, then peaked, and then sold off sharply for the second half retesting the June lows. The first half rally was fueled by optimism that inflation was showing signs of easing, low valuations and better than expected earnings. The sharp retest was driven by inflation data easing more slowly than expected, the Fed's continued hawkish policy and the market's fear that the Fed will drive the economy into a hard landing or a pending crisis.

Growth outperformed value and small cap equities outperformed larger ones for the quarter. Still, market conditions remained challenging with heavy selling pressure and extremely poor investor sentiment. The bear market continues as investors weigh the pace of inflation and Fed rhetoric against the backdrop of slowing economic growth.

One key negative has been that U.S. economic growth, while slowing, has held up relatively well. This is a case of "good news is bad news". The good news - a still strong labor market and still (slightly) positive economic conditions - signals to the market that the Fed's monetary policy will have to remain aggressive, which is the bad news. The danger is the Fed will "overdo it". Interest rates have surged since the start of the year. The Fed Funds rate has gone from near zero to over 3% and is set to increase again in November. Mortgage rates have more than doubled from under 3% to over 6%. The US dollar is at its highest level since the 1980s. Quantitative tightening (QT) is progressing after a period of quantitative easing (QE). The goal, of course, is slower growth to drive inflation lower but the fear is the Fed's actions will create some sort of financial crisis, causing severe economic pain and an earnings recession.

Additionally, the risk from economic stress and turmoil in other key important parts of the world and the threat of a black swan event is growing. War, geopolitical risk, a looming energy crisis, currency stress, global recession and an interest-driven debt crisis (there typically is one when rates rise sharply) all are concerns. These risks are depressing sentiment and driving equity valuation multiples to their lowest levels in years.

Still, a couple major positives, we believe, could offset these concerns, and need to be emphasized. One is valuation. Consider these points:

- Overall equity multiples have pulled back sharply, possibly discounting many of these concerns.
- Small caps trade at their second largest discount (25 to 30%) relative to large caps since the inception of the Russell 2000 Small Cap Index in 1980. Yet historically, small caps typically trade at a premium to large caps.
- Equities already trade at valuations below or near levels that are typically observed during past recessions.
- We currently hold many stocks within our portfolio that trade at a discount to where they have traded historically.

Second is inflation, which is the main driver of this bear market. It is persistently high and the Consumer Price Index (CPI), the key inflation measure that peaked in June, has only come down slightly and has remained higher than the consensus has estimated. Still many soft or leading inflation indicators point to significant slowing in inflationary pressures, even as CPI (and Personal Consumption Expenditures (PCE)) have not yet reflected this.

Consider the following:

- M2, the most watched measure of the money supply and a key leading indicator of future inflation, has fallen sharply. M2 growth has plunged from its high of 27% to now just 2.8% year-over-year.
- Most commodities have fallen sharply, including food and energy prices (and gasoline prices) in the U.S.
- Average hourly earnings (AHE), have peaked and are falling. Labor demand is falling (Job Openings and Labor Turnover (JOLTs) data), and labor participation is improving.
- Institute for Supply Management (ISM) prices paid for manufacturing and services, have peaked and are falling steadily. This is a clear sign that economic demand is falling as the Fed tightens and supply improves with supply chains recovering.
- Shipping rates have plunged as have other transportation costs as supply chains heal.
- Consumer inflation expectations (such as the University of Michigan Inflation Expectations Index) are well off their highs.
- Market based expectations like the various durations of the TIPS/Treasury Breakeven Rates have also come well off their highs suggesting inflation will as well.
- Historically, CPI topping out has coincided with equities bottoming out. This occurred in prior higher inflationary times, specifically in 1970, 1974, 1980 and 1990 (Exhibit 1).

Exhibit 1: During Periods of High Inflation, Market Bottoms Often Coincide with CPI Topping Out

1970

1980

1974

1990

Source: Bloomberg

So as the market enters the fourth quarter of 2022, equities have retested their June lows. Valuations have pulled back. The market is entering a more favorable seasonal time of the year. Investor expectations for the upcoming September quarter earnings season have been reduced. We do expect the aggregate earnings trend to generally weaken as the economy is slowing. Is that now largely priced in? Like it was three months ago for the June quarter earnings?

More broadly looking ahead to year-end and next year, the direction of equities and multiples will continue to depend on the trajectory of inflation and how the Fed reacts to the inflation data as well as economic conditions. As economic data weakens and the labor market softens, that "bad news" could become "good news" to the Fed as they see that tighter financial conditions are impacting demand and helping to ease inflation.

Performance Review

For the September quarter, the Driehaus Micro Cap Growth Strategy outperformed its benchmark. The Strategy appreciated 8.81%, net of fees, while the Russell Microcap Growth Index gained 2.14%.[1] By comparison, the small cap Russell 2000 was down 2.19%, the Russell 2000 Growth was up .24% and the S&P 500 was down 4.88%.

The outperformance of the Driehaus Micro Cap Growth Strategy was led by strong earnings resulting in positive absolute return performance. The strategy had relative outperformance versus the benchmark for each of the quarter's three months and had strong absolute returns for July and August as the market rallied and negative absolute returns for the final month as the market retested its second quarter lows.

By sector, performance is summarized as follows:

Technology

Technology outperformed by 352 basis points as our holdings strongly outperformed the benchmark's tech holdings. Our tech holdings gained 19.3% while the benchmark's tech holdings were down .39%. Strong earnings, individual product cycles and other idiosyncratic factors were positive drivers. We maintained a slight sector underweight as multiple macro and industry headwinds remained in play.

By sub-industry, telco equipment was the standout. Six holdings had double digit returns as our telco industry holdings gained 50%, doubling that of the index. Strong earnings were led by multiple product cycles and robust rural broadband equipment spending. Also, one wireless equipment holding was acquired by a larger company at a nice premium during the quarter.

The other key sub-industries in technology, IT services, semiconductors and software each experienced positive absolute and relative returns. Holdings in each of these industries achieved greater returns than compared to the benchmark's components. Strong earnings, low valuations and one takeout drove the outperformance in these groups.

Consumer Discretionary

Consumer discretionary outperformed by 163 basis points on a relative basis. Our consumer holdings gained nearly 9% while the benchmark's consumer holdings were down just over 5%.

[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.

A restaurant company and a fitness-oriented franchise operator had strong earnings and were outperformers, as were two e-commerce marketplace businesses. Overall, the consumer discretionary sector remains challenging as the economy slows and consumer confidence remains extremely low. Leisure reopening spending remains healthy as the demand for travel and experiences post-Covid remains strong, however, equity investors remain skeptical of the sustainability of this strength. Overall, we see many attractive businesses at appealing valuations that we believe will be positioned to perform well as inflation eases and when the equity market begins to recover.

Healthcare

Healthcare outperformed by 91 basis points vs the benchmark. This strength was led by medical devices which returned more than 20% versus 7.8% for the benchmark. The group was led by a half dozen different medical device holdings that outperformed with strong quarterly reports supported by robust demand as medical procedures recover post-Covid. Many elective procedures were postponed as hospitals focused on treating Covid patients. We believe this theme is sustainable given the number of postponements. Also, our holdings are innovative companies with new solutions providing superior patient outcomes which enable them to take market share from larger players.

Biotech and pharma holdings performed in line with the benchmark but returned nearly 400 basis points in absolute performance. Multiple holdings performed well due to positive clinical trial updates and increased optimism on positive data readouts over the coming months. One therapeutic holding focused on sickle cell anemia was acquired by a big pharma company during the quarter.

Healthcare remains the portfolio's largest sector in absolute terms at 33% but is a small underweight in relative terms. We did increase exposure to the sector during the quarter by 450 basis points, mostly in biotech and medical devices as these groups are beginning to emerge from long bear markets as fundamentals improve and valuations remain compelling.

Financials

The financial sector holdings outperformed by 46 basis points. The strength was led by a couple specialty insurance holdings that performed well. We remain underweight the financial sector overall as banks and other sub-industries remain challenged as the economy slows and capital markets remain difficult.

Consumer Staples

Staples outperformed by 29 basis points as the sector was mixed. Our holdings were flat for the quarter outperforming the benchmark's staples components which were down nearly 11%. Several of our specialty food and beverage holdings performed well but that was offset by a couple that pulled back in price.

Energy

Energy overall underperformed by 33 basis points on a relative basis as crude oil pulled back given global demand concerns which put pressure on exploration & production (E&Ps) and oil service stocks. On an absolute basis our holdings detracted 27 basis points as our holdings were down 6% vs down 2% for the benchmark. Given the demand pressure and weaker commodity prices we did reduce our exposure during the quarter and currently maintain a slight underweight.

Industrials

Industrials underperformed by 7 basis points. On an absolute basis our industrial holdings were essentially in line with the benchmark's industrial holdings. A number of services companies and other consistent-growth industrials saw continued strong fundamental performance but sold off as economic growth concerns weighed on the sector. One infrastructure related holding with a focus on renewables was acquired during the quarter at a healthy premium. We did reduce our exposure to the sector overall during the quarter.

Outlook & Positioning

Market conditions remain challenging. Macro factors continue to dominate over bottom-up and industry trends. But as the broader indices have pulled back, retesting their second quarter lows, we believe valuations may now reflect or discount a considerable part of the macro overhang. August and September were once again difficult on a seasonal basis, but the market is now entering a positive seasonal period. Of course, seasonality can be fickle and is simply a tendency. More important are the positive signs we see on inflation as detailed above. The market fears the Fed will remain firm in its current hawkish policy stance until a hard landing occurs or some crisis emerges. Also possible, and optimistically, the Fed will respond and adjust as economic conditions, such as the labor market, show real weakness and/or as inflation shows sustained easing in the form of consecutive favorable monthly inflation results.

Positively, valuations have declined for our portfolio as we see many holdings trading at discounts versus their own history. Micro/small cap stocks in general continue to trade at a deep discount versus large caps, the second largest discount in 40 years. Importantly, current small cap valuations are at levels similar to past recessions. While the odds of a recession have increased materially, current economic conditions remain mixed suggesting flattish economic growth in the near-term.

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, industrials, consumer discretionary, consumer staples, financials and then energy. Relative to the benchmark, the strategy is overweight consumer staples, consumer discretionary and industrials. The strategy is underweight health care, technology, financials and energy.

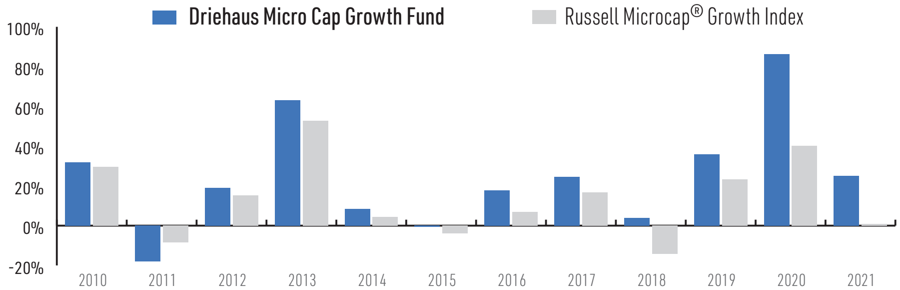
Overall, we still see many dynamic investment opportunities which have attractive valuations. These holdings nicely fit our investment philosophy of companies exhibiting growth inflections, differentiation, market share gains, strong revenues and expanding profitability.

Driehaus Micro Cap Growth Strategy

% Month-End Performance (as of 9/30/22)

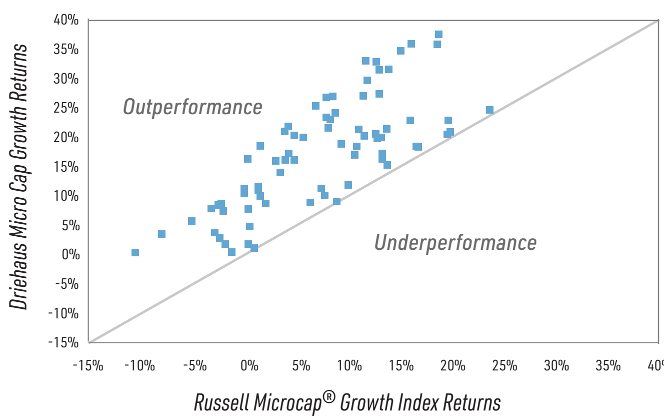
				Annualized				
	MTH	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Inception[2]
Driehaus Micro Cap Growth Composite (Gross)	-6.97	9.03	-32.84	-27.91	23.00	19.16	20.02	21.29
Driehaus Micro Cap Growth Composite (Net)	-7.03	8.81	-33.23	-28.48	22.00	18.11	18.77	20.36
Russell Microcap® Growth Index (Benchmark)	-9.33	2.14	-31.60	-37.05	4.40	0.65	6.60	*

% 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	32.62
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	11.78

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



Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance Data as of 9/30/22.

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. [2]1/1/1996. [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, 2022. [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]	$1,659M
Firm Assets Under Management	$11.3B
Investment Style	Growth Equity
Investment Vehicles:	Separately Managed Account Mutual Fund

Portfolio Characteristics[4]

5-year period	STRATEGY	BENCHMARK
Annualized Alpha	19.01	n/a
Sharpe Ratio	0.62	-0.02
Information Ratio	1.98	n/a
Beta	1.03	1.00
Standard Deviation	29.03	26.71
Tracking Error	9.36	n/a
R-squared	0.90	1.00

Market Cap Breakout	STRATEGY	BENCHMARK
< $1 billion	29.7%	78.1%
> $1 billion	70.3%	21.9%

	STRATEGY	BENCHMARK
Number of Holdings	132	1,003
Weighted Avg. Market Cap (M)	$1,735	$722
Median Market Cap (M)	$1,170	$176
Active Share (3-year avg.)[5]	83.68	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 8/31/22)

Company	Sector	% of Strategy
Xenon Pharmaceuticals Inc.	Health Care	2.4
Impinj, Inc.	Information Technology	2.2
Cytokinetics, Incorporated	Health Care	1.9
TransMedics Group, Inc.	Health Care	1.6
Clearfield, 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	**0.4**	**14.3**	**11.0**	**5.3**	**3.2**	**33.1**	**10.1**	**20.3**	**1.4**	**0.0**	**0.6**	**0.4**
Benchmark	1.8	8.8	3.4	5.3	6.5	38.0	11.6	18.8	2.7	1.8	1.2	0.0
Active Weights	*-1.4*	*5.5*	*7.5*	*0.0*	*-3.3*	*-4.9*	*-1.5*	*1.5*	*-1.4*	*-1.8*	*-0.6*	*0.4*

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 9/30/22. Benchmark: Russell Microcap® Growth Index
[1]Holdings subject to change.

Sector Performance Attribution 3rd Quarter – 6/30/22 to 9/30/22

	Driehaus Micro Cap Growth Strategy (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	0.43	0.02	1.79	-0.28	0.26	0.10	0.37
Consumer Discretionary	13.92	1.13	9.33	-0.40	-0.37	2.01	1.64
Consumer Staples	11.60	0.00	3.76	-0.41	-1.06	1.35	0.29
Energy	6.93	-0.27	5.29	-0.18	-0.06	-0.27	-0.33
Financials	3.37	0.17	6.50	-0.15	0.17	0.30	0.47
Health Care	31.58	5.38	35.75	4.27	-0.60	1.52	0.91
Industrials	11.00	-0.38	11.99	-0.31	0.04	-0.12	-0.08
Information Technology	17.92	3.12	19.25	0.12	0.06	3.45	3.52
Materials	1.59	-0.02	2.89	-0.31	0.18	0.17	0.35
Real Estate	0.00	0.00	2.14	-0.21	0.33	0.00	0.33
Utilities	0.02	-0.09	1.22	-0.03	-0.01	-0.06	-0.08
Cash	1.65	0.00	0.00	0.00	-0.43	0.00	-0.43
Other[2]	0.00	-0.29	0.10	0.00	-0.05	-0.26	-0.30
Total	100.00	8.76	100.00	2.11	-1.54	8.19	6.65

Data as of 9/30/22

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.

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.