DRIEHAUS
CAPITAL MANAGEMENT

Driehaus Micro Cap Growth Strategy Summary

4TH QUARTER 2023

Market Overview

The equity market action in the December quarter continued to be driven by the direction of US Treasury yields. After a rough October month for equities, the stock market bottomed at the end of October as Treasury yields peaked. As yields fell (the 10-year Treasury yield went from 5% in late October to under 4% in late December), equities experienced a sharp rally for the last two months of the year.

Lower yields were fueled in part by continued positive signs of disinflation towards the Fed's target inflation level of two percent. Slowing inflation prompted Federal Reserve Chair Jay Powell at the December Federal Open Market Committee (FOMC) meeting to pivot away from raising interest rates and toward possibly cutting rates in 2024. This is an important change in the Fed's monetary policy positioning.

The Russell micro cap and small cap indices saw strong double digit returns for the December quarter, with gains of over 20% for the months of November and December as rates declined. Large caps also performed well, with the S&P 500 gaining over 11% for the quarter, but smaller equities outperformed after the market bottomed as yields fell, aided by the Fed's dovish pivot.

The substantial rally in the December quarter enabled 2023 to end up being a strong year for the U.S. equity market. This was a welcome bounce back after the sharp bear market decline of 2022. For the full year 2023, large caps outperformed micro and small caps as the mega cap tech stocks (the Magnificent Seven) drove meaningful outperformance in the large cap indices and the Nasdaq. Interestingly, on an equal weighted basis, excluding the Magnificent Seven, the S&P 500 performed in a similar manner to small caps.

From a macro perspective, the U.S. economy continues to grow and there are no immediate signs of a recession. The labor market remains very resilient with strong job growth and low unemployment claims. While the inverted yield curve still needs to be respected due to its track record of consistently preceding recessions, there are multiple reasons why a recession could be avoided all together. These include tremendous fiscal stimulus, healthy consumer balance sheets, the strong labor market, the unique nature of the post-pandemic recovery, improving productivity, reshoring of manufacturing back to the U.S. and the idea that a number of key areas of the U.S. economy already experienced rolling recessions at different intervals and are now seeing a series of rolling expansions.

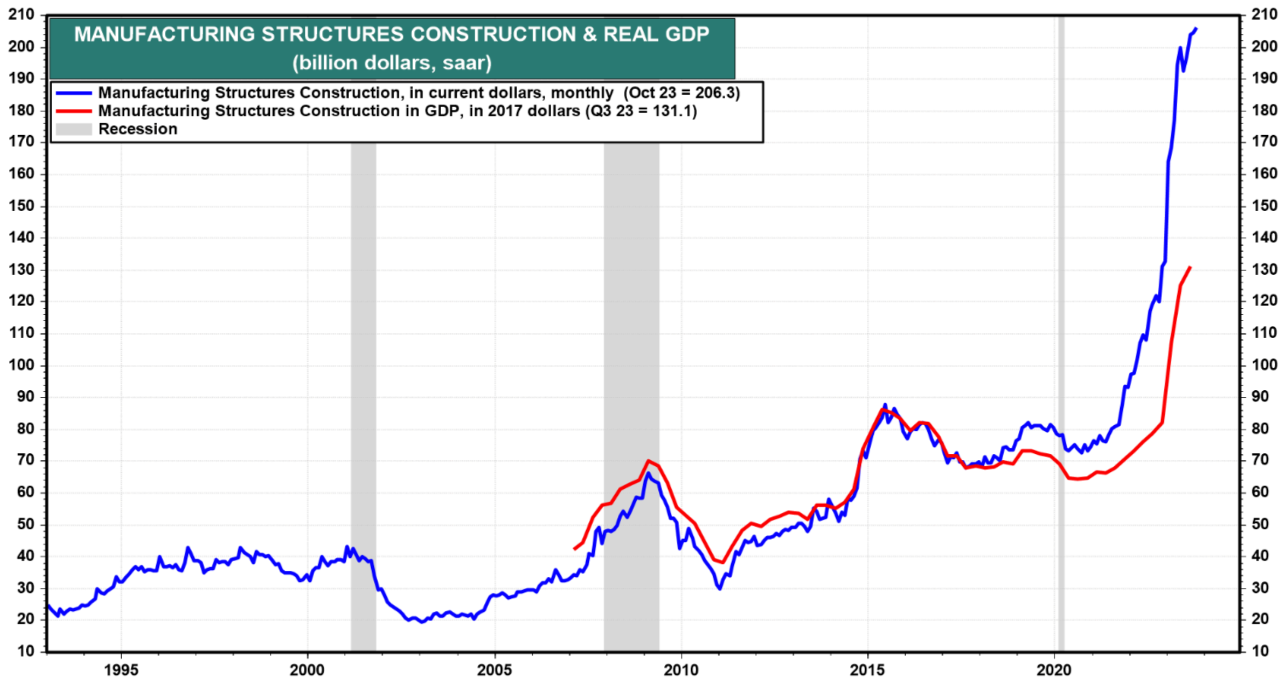
A look ahead towards 2024

Could the long bear market for micro and small caps be over? The bear market started in 2021 and was one of the longest and deepest micro/small cap bear markets in history. The recent price action in equities suggests the bear market may be over and a new market cycle may be underway. Again, we must respect the inverted yield curve and the potential for a recession, but there are compelling reasons to be bullish as 2024 gets underway. Consider the following:

- Inflation is trending positively towards the Fed's two percent target. High inflation and the Fed's hawkish policy strategy which raised the federal funds rate by over 500 basis points to tame inflation was the ultimate cause of the 2021-2023 bear market for smaller caps and the average U.S. stock. The primary drivers of this recent inflation were all pandemic related and they have all normalized. Rent inflation, which is the largest component in the Personal Consumption Expenditures (PCE) and the Consumer Price Index (CPI) calculations, works on a lag, and should continue to fall meaningfully putting downward pressure on official inflation readings.

- The Fed has made a dovish pivot and has guided for rate cuts in 2024. This is a huge and important shift. The number of Fed rate cuts is of course uncertain. Some are calling for three rate cuts while others are calling for up to six cuts. We expect something closer to three cuts as six cuts would require an intense recession. Rate cuts (along with lower inflation) should be positive for equity multiple expansion.
- The U.S. consumer is in good shape as their balance sheets are generally strong and the labor market remains healthy. Consumer confidence is mixed but consumer spending remains resilient. Some argue the low-end consumer has largely depleted its Covid related savings but as long as the labor market remains solid, this risk to economic growth remains low. Also, some labor market metrics have softened incrementally, but thus far jobless claims, layoffs and job openings all remain strong historically.
- Technology spending and AI (Artificial Intelligence) may drive meaningful productivity gains. Tech spending should remain strong (absent a recession) as corporate profits remain positive. There are multiple positive trends and themes within technology and AI that are driving IT spending, and many expect it to increase productivity as AI applications become more prevalent.
- Reshoring remains a powerful theme. It is creating a boom in construction and manufacturing. Companies have recognized the challenges of supply chain disruptions and geopolitical issues. We believe the trend towards reshoring (or onshoring) should be meaningful for multiple years looking ahead. This is a huge driver for economic growth for the U.S. and a big tailwind for many industrial and technology companies. To illustrate, consider the acceleration in growth of new manufacturing construction in Exhibit 1.

Exhibit 1: Manufacturing Structures Construction and Real GDP



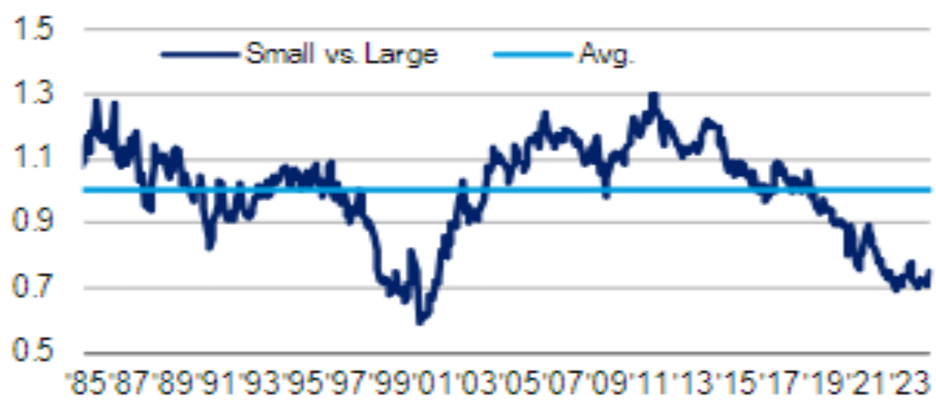
Source: LSEG Datastream and Yardeni Research©

- Housing is experiencing a strong recovery. The recent fall in mortgage interest rates since late October is supporting new home construction. There is a large shortage of homes in the U.S. as the country has underbuilt new homes compared to population growth since the housing bubble preceding the Great Financial Crisis (the GFC) . Home construction is an important economic multiplier. This should give a boost to many housing-related companies and industries.

- The geopolitical environment remains volatile but most of the global challenges should remain contained. The wars in Ukraine and Gaza are sad, awful tragedies and the concern is they spread into broader regional conflicts. While possible, the risk to markets should be modest if the conflicts remain contained to their current geographic areas and crude oil doesn't spike materially higher. The China-Taiwan conflict is another uncertain wild card, but the current economic woes in China likely reduce the chances of a Chinese invasion near-term. Economic conditions around the world are mixed but are unlikely to cause major economic weakness in the U.S.
- The valuation difference between small caps and large caps continues to be very favorable for small caps. Please see the valuation charts in Exhibit 2. Two of the charts show how small caps typically trade at a premium to large caps but currently they trade at a deep discount. While we have highlighted these charts previously, we believe they remain relevant.

Exhibit 2: Valuation Charts

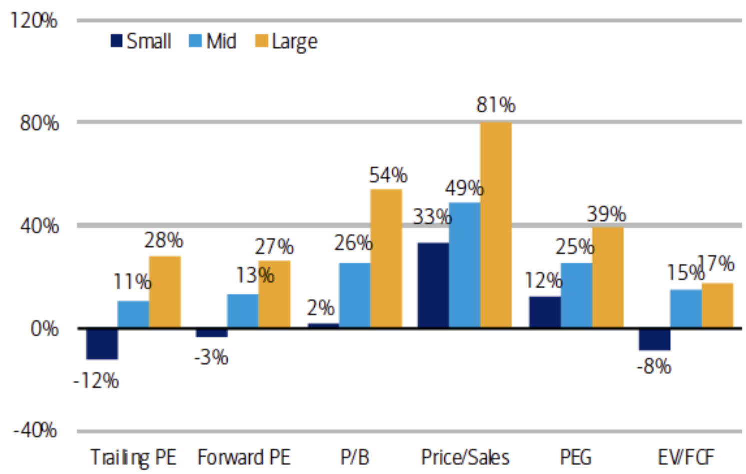
Relative Forward P/E: Russell 2000 vs 1000, 1985-12/31/2023



Source: BofA US Equity & Quant Strategy, FactSet

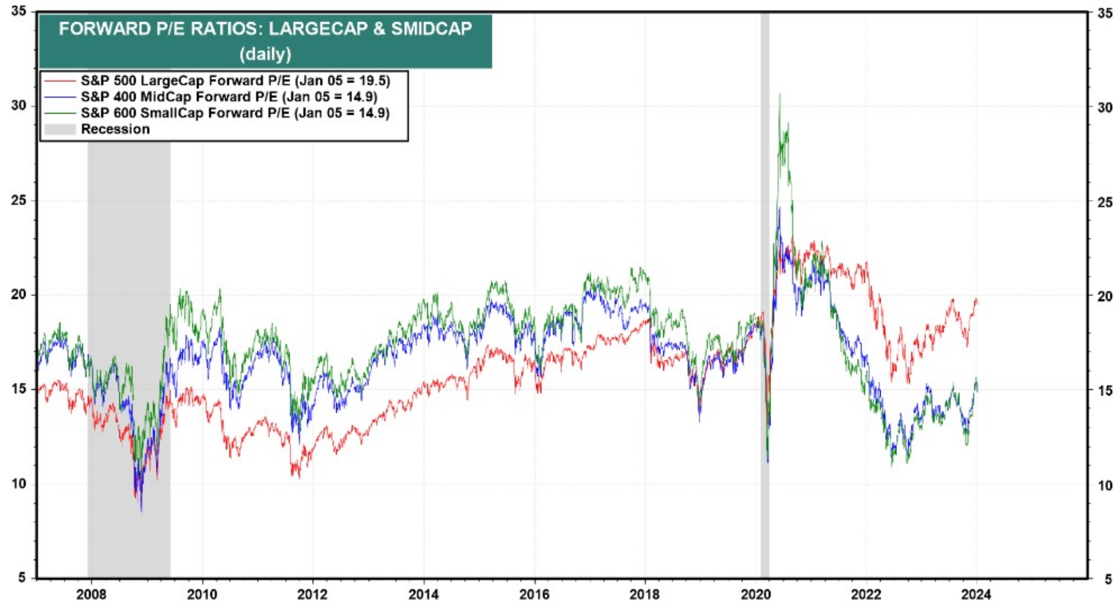
Small Cap Least Expensive vs History on Half of Metrics Except Price/Sales, PEG and P/B

Russell 2000, Russell Midcap and Russell 1000: Valuation Premium (discount) vs history across metrics (1/31/1985-12/31/2023)



Source: BofA US Equity & Quant Strategy, FactSet

Forward P/E Ratios: Large Cap & SMID Cap



Source: LSEG Datastream and Yardeni Research©

Performance Review

For the December quarter, the Driehaus Micro Cap Growth strategy underperformed its benchmark.[1] The Strategy gained 8.86%, net of fees, while the Russell Micro Growth Index was up 15.64%, the Russell 2000 Growth Index was up 12.75% and the S&P 500 grew 11.69%.

For the full year 2023, the Driehaus Micro Cap Growth strategy outperformed its benchmark. It marked the 24th year out of the past 26 years, under the current portfolio manager's leadership, that the Strategy has outperformed its relevant benchmark. For the year, the Strategy appreciated 12.45%, net of fees, while the Russell Micro Growth Index gained 9.11%, the Russell 2000 Growth rose 18.66%, and the S&P 500 gained 26.29%. Market cap (i.e., size) was clearly a key risk factor driving returns for the market in 2023.

It was a difficult quarter for the Strategy on a relative basis. The rally in November and December was led by laggards over the past year with many illiquid and low priced (often single digit) stocks driving the index higher. Short covering was also a leading risk factor which resulted in many stocks with the highest short interest outperforming. This type of leadership is not uncommon in the initial phases of a new market rally and can be considered a good sign that the rally has legs. However, in our decades of experience this sort of laggard, short covering driven rally has never proven to be a sustainable market dynamic. Still in the last two months of the year, in our view, this rally was consistent with lower quality fundamental companies outperforming.

By sector, the December quarter performance is summarized as follows:

[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 added 427 basis points in absolute returns but underperformed by 196 basis points versus the benchmark. biotech/pharma was the big mover driving sector returns. It added 402 basis points to absolute performance but detracted 170 basis points on a relative basis. A handful of biotech holdings performed well with several announcing successful clinical trial data, but two biotech positions announced disappointing clinical results. One of these disappointments was more mixed in our view and we remain very positive about the company's outlook. The other was a more severe outcome and we have exited that position. We had one holding get acquired by a big pharma company at over an 80% premium to the prior day's price, contributing over 150 bps in absolute performance. The position was also a large weighting in the benchmark, so the relative contribution was unfortunately negligible. We are positioned with an absolute weighting in biotech/pharma at over 22%, which is underweight the index's 25.5% weighting.

Within biotech/pharma we are quite encouraged as we believe our holdings have promising and innovative clinical stage therapies demonstrating superior efficacy and safety in important disease indications, such as obesity, epilepsy, endocrinology, diabetes, neurology, autoimmune diseases, vaccines, and oncology. We anticipate promising results from upcoming clinical trials as they prove successful outcomes.

The other sub-industries within healthcare were less impactful but still detracted 26 basis points largely due to low priced, lower quality companies bouncing from their lows. We are bullish on the outlook for our medical equipment (med devices) holdings although we are underweight this sub-industry with roughly a 500 basis point weighting vs 700 basis points for the benchmark.

Financials

Financials added 64 basis points on an absolute basis but underperformed by nearly 100 basis points versus the index. We have a small overweight to the banking industry ending the quarter at 3.8% versus 3.1% for the index. Banks added 83 basis points on an absolute basis and 16 basis points on a relative basis as our bank holdings rose more than those in the index. The vast majority of our underperformance in financials occurred in the payments area as two holdings had adverse reactions to quarterly reports. We sold one of the positions and maintain the other as we believe the outlook for this holding remains bright. Our largest exposure in financials continues to be in specialty insurance. We are still positive on trends within the non-standard or Excess & Surplus (E&S) insurance market and we have recently identified new bullish trends in the standard insurance market. The performance of our holdings in insurance was largely in-line with the benchmark.

Technology

Technology underperformed by 151 basis points versus the index, as our holdings fell .4% versus a gain of 9.6% for the index. By sub-industry, our holdings outperformed in communication equipment and software, but those gains were more than offset by underperformance in semiconductors, electric equipment, and IT services. Semiconductors were the biggest detractor. Two semis that had been successful positions over the prior two years declined during the quarter as their key end market, EVs (electric vehicles), experienced demand weakness. We exited both of those positions.

We have a slight underweight in the tech sector of 130 basis points. Our exposure to the tech sector declined slightly during the quarter.

Industrials

Industrials added 235 basis points in absolute terms, but detracted on a relative basis as our holdings were up slightly less than those in the index and we were overweight the sector. We continue to be positive on the sector as reshoring remains a strong theme and importantly, we see many individual holdings with robust fundamental trends. We also hold positions with positive trends with strong areas such as commercial aerospace, infrastructure and building materials. The outperformance of the benchmark was largely due to illiquid and low-priced stocks appreciating with the general market rather than any performance issues with our holdings which were generally positive.

Consumer Staples

Consumer staples underperformed the index by 49 basis points and 19 basis points in absolute terms. The underperformance came as some of our positions consolidated during the quarter while many laggard, low price stocks in the index rallied. Recall this sector has been a source of strength for the Strategy in recent quarters, but these core staples positions declined slightly, consolidating despite the market's advance. We continue to see positive trends for several holdings in the specialty beverage and health/beauty industries. Yet as we saw better near-term appreciation opportunities in other sectors, we reduced our weighting to the sector from 5.4% to 3.2%, which is now a small overweight versus the index.

Energy

The energy sector contributed four basis points in relative returns but detracted 37 basis points in absolute returns. Our uranium producer holding continued to perform well but that was more than offset by modest underperformance in oil services as that group pulled back with the weakness in crude oil. We reduced our sector exposure from 5.3% to 3.1% (versus 3.4% for the index) as the oil/gas stocks weakened and we identified better opportunities elsewhere.

Consumer Discretionary

Consumer discretionary contributed 238 basis points in absolute terms but detracted 24 basis points in relative terms. We saw strength in several areas including specialty retail, home building, building materials, for-profit education, and leisure services. One consumer services holding advanced over 60% during the quarter as it gained 23% on a strong earnings report in October and then advanced nearly 29% when it was acquired by private equity in November. The underperformance in the sector was due to declines in a couple auto supplier positions that we have since exited, and also due to gains by low priced laggards in the hotel and restaurant sub-industry that the index held. We maintain an overweight exposure to the sector at 14.6%, versus 10.6% for the index.

Outlook & Positioning

The December quarter marked an important juncture for the equity market with inflation continuing its trend lower, the very significant policy pivot by Jay Powell and the Federal Open Market Committee (FOMC), and the robust equity rally in November and December. Near-term the market is a bit overbought after the sharp year-end rally, but the market's breadth and overall technical picture are the best we have seen since before the bear market. Near-term market conditions will continue to be influenced by the direction of treasury yields, inflation, and of course, the Fed. Valuations remain appealing for smaller caps, especially compared to large caps. As detailed above, smaller cap stocks in general continue to trade at their second largest discount to large caps over the past 40 years. The case for smaller cap stocks is also very compelling as history shows that micro and small caps typically materially outperform during the first five years or more of a new market cycle and post dovish policy shifts by the Fed.

As outlined earlier in this commentary, there are multiple reasons to be constructive on the market as 2024 gets underway. Key reasons are lower inflation, potential rate cuts or at least more dovish Fed policy, the current economic strength, and the ample evidence that the widely expected recession is not here yet. There are multiple reasons we should continue to avoid a recession. That said, we do need to respect the impeccable record of the sharply inverted yield curve in predicting recessions. There is of course the long and variable lag of monetary policy, and it would be historically unique for a recession to be avoided, nonetheless the reasons for economic growth to continue are very persuasive.

In terms of portfolio positioning, we have an attractive mix of secular and cyclical growth holdings. By sector, healthcare is our largest absolute weight, followed by industrials, technology, consumer discretionary, and financials. On a relative basis, the Strategy is overweight industrials, consumer discretionary, consumer staples and financials. The Strategy is underweight healthcare, technology, and energy.

Driehaus Micro Cap Growth Strategy

% Month-End Performance (as of 12/31/23)

				Annualized				
	MTH	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Inception[2]
Driehaus Micro Cap Growth Composite (Gross)	**10.46**	**9.07**	**13.33**	**13.33**	**-1.15**	**20.02**	**15.91**	**20.82**
Driehaus Micro Cap Growth Composite (Net)	**10.39**	**8.86**	**12.45**	**12.45**	**-1.93**	**19.03**	**14.76**	**19.89**
Russell Microcap® Growth Index (Benchmark)	13.68	15.64	9.11	9.11	-8.22	5.97	3.67	*

Top 5 Holdings[5] (as of 11/30/23)

Company	Sector	% of Strategy
ImmunoGen, Inc.	Health Care	2.8
Crinetics Pharmaceuticals Inc	Health Care	2.5
Structure Therapeutics, Inc. Sponsored ADR	Health Care	2.4
Camtek Ltd	Information Technology	2.3
Modine Manufacturing Company	Consumer Discretionary	2.2

Sector Weights (%)

	Strategy	Benchmark	*Active Weights*
Communication Services	3.9	2.6	*1.3*
Consumer Discretionary	14.6	10.6	*4.0*
Consumer Staples	3.2	2.6	*0.6*
Energy	3.1	3.4	*-0.3*
Financials	10.7	7.4	*3.3*
Health Care	27.2	37.6	*-10.4*
Industrials	19.0	14.1	*4.9*
Information Technology	14.8	16.1	*-1.3*
Materials	3.0	3.0	*0.0*
Real Estate	0.0	1.2	*-1.2*
Utilities	0.0	1.4	*-1.4*
Cash	0.6	0.0	*0.6*

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance Data as of 12/31/23.

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]Portfolio characteristics represent the strategy's composite. [4]Data is calculated monthly. [5]Holdings subject to change.

*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]	$1.9B
Firm Assets Under Management	$15.1B
Investment Style	Growth Equity
Investment Vehicles:	Separately Managed Account Mutual Fund

Portfolio Characteristics[3]

5-year period	STRATEGY	BENCHMARK
Information Ratio	1.41	n/a
Beta	0.98	1.00
Standard Deviation	28.54	27.56
Tracking Error	9.24	n/a
R-squared	0.90	1.00

Market Cap Breakout	STRATEGY	BENCHMARK
< $1 billion	14.7%	68.7%
> $1 billion	85.3%	31.3%

	STRATEGY	BENCHMARK
Number of Holdings	113	816
Weighted Avg. Market Cap (M)	$2,328	$1,036
Median Market Cap (M)	$1,804	$179
Active Share (3-year avg.)[4]	82.59	n/a

Portfolio Management

Jeff James, Portfolio Manager
33 years of industry experience

Michael Buck, Portfolio Manager
23 years industry experience

Prakash Vijayan, Assistant Portfolio Manager
18 years industry experience

Sector Performance Attribution 4th Quarter – 9/30/23 to 12/31/23

	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	3.62	0.23	2.73	0.43	0.05	-0.38	-0.33
Consumer Discretionary	14.07	2.38	10.58	2.18	0.16	-0.40	-0.24
Consumer Staples	4.40	-0.21	2.53	0.49	0.20	-0.95	-0.75
Energy	4.36	-0.37	3.82	-0.39	-0.07	0.11	0.05
Financials	9.16	0.64	8.04	1.56	-0.35	-1.45	-1.80
Health Care	28.07	4.27	34.91	7.43	-0.50	-1.46	-1.96
Industrials	18.26	1.74	14.48	1.72	-0.26	-0.83	-1.09
Information Technology	12.46	-0.80	17.05	1.55	0.08	-1.59	-1.50
Materials	3.04	0.93	3.11	0.18	0.00	0.70	0.70
Real Estate	0.00	0.00	1.25	0.15	0.05	0.00	0.05
Utilities	0.00	0.00	1.51	0.28	-0.01	0.00	-0.01
Cash	2.55	0.00	0.00	0.00	0.12	0.00	0.12
Other[2]	0.00	-0.29	0.00	0.00	-0.29	0.00	-0.29
Total	100.00	8.52	100.00	15.59	-0.82	-6.25	-7.06

Data as of 12/31/23

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 operating expenses and 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 – 12/31/22 to 12/31/23

	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	3.76	-0.02	2.28	-0.03	-0.26	0.46	0.20
Consumer Discretionary	12.37	3.13	9.62	1.81	0.08	1.36	1.44
Consumer Staples	7.21	1.98	2.65	-0.17	-0.94	3.13	2.19
Energy	3.48	-0.35	4.92	-0.39	0.53	-0.09	0.45
Financials	5.69	0.72	7.62	0.95	-0.60	-0.92	-1.52
Health Care	31.09	6.18	35.66	5.94	-0.56	1.89	1.33
Industrials	17.16	0.61	13.26	1.06	-0.08	-1.80	-1.88
Information Technology	15.50	-0.64	18.17	-0.19	0.26	-0.50	-0.24
Materials	2.32	1.14	3.04	-0.15	0.11	1.29	1.39
Real Estate	0.00	0.00	1.41	-0.09	0.24	0.00	0.24
Utilities	0.00	0.00	1.38	0.15	0.01	0.00	0.01
Cash	1.42	0.00	0.00	0.00	0.31	0.00	0.31
Other[2]	0.00	-1.24	0.00	0.00	-1.27	-0.03	-1.30
Total	100.00	11.51	100.00	8.89	-2.17	4.79	2.62

Data as of 12/31/23

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 operating expenses and 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.

RISKS
All investments have risks. At times, a significant portion of an account's return may be attributable to investments in initial public offerings (IPOs) or concentrations in certain strong performing sectors, such as technology. Returns from IPOs or sector concentrations may not be repeated or consistently achieved in the future. In addition, participating in IPOs and other investments during favorable market conditions may enhance the performance of a strategy with a smaller asset base, and the strategy may not experience similar performance results as its assets grow. The securities of micro-cap companies may be more volatile in price, have wider spreads between their bid and ask prices, and have significantly lower trading volumes than the securities of larger capitalization companies. As a result, the purchase and sale of more than a limited number of shares of the securities of a smaller company may affect its market price. Growth stocks may involve special risks and their prices may be more volatile than the overall market. It is anticipated that the strategy will experience high rates of portfolio turnover.

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. **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. **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.