DRIEHAUS
CAPITAL MANAGEMENT

Driehaus Small Cap Growth Strategy Summary

2ND QUARTER 2024

Market Overview

The U.S. equity market experienced a mixed second quarter. Large caps experienced positive gains driven (again) by strength in the mega cap tech stocks. Large cap stocks outperformed small caps and mid caps overall, which were down in the low single digit percentage range for the quarter. Absent those select mega-cap stocks, large caps would have performed similarly to small caps and the average U.S. stock.

The U.S. economy is moderating based on a slew of weaker data recently. Inflation data is also moderating and there are positive signs it is trending favorably towards the Federal Reserve's two percent target. Inflation is not at two percent yet, but most components of inflation suggest its trajectory is positive enough for the Fed to consider interest rate cuts in the second half of the year. For now, we view the slower economic growth as benign and not recessionary though the pace of economic data will be important to monitor near-term. Importantly, the slowing economic conditions appear to be having a favorable impact on inflation.

The broader market and the small cap indices, despite finishing down for the quarter, consolidated in a constructive manner. While many individual stocks and several industries outperformed as their earnings stood out, the market's consolidation was likely a function of market participants focusing on how economic and inflation data will frame the macro outlook for the second half of the year and how it will influence the Fed's monetary policy.

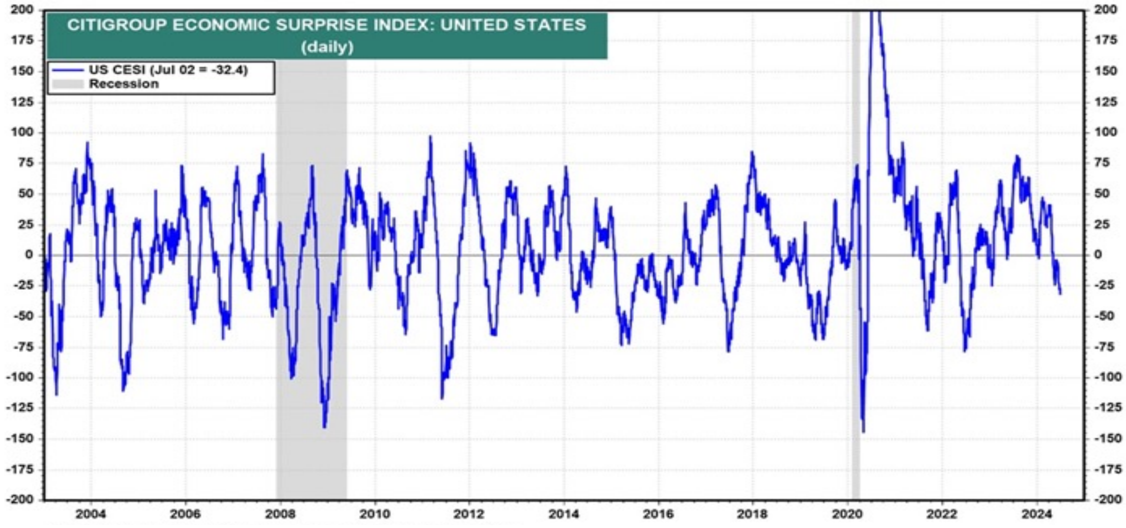
The most recent inflation data was encouraging as May and June's consumer price index (CPI) and producer price index (PPI)inflation readings were lower than expected. This along with rising unemployment claims raised market expectations that the Fed will ease monetary policy sooner rather than later. The first half of the year did see rate cut expectations pushed out to the right several times, but the market continues to expect two interest rate cuts this year with close to ninety percent odds of the first rate cut occurring in September. The reasons behind the rate cuts will be particularly important. Lower rates due to inflation approaching the Fed's target with positive economic conditions will be well received by the equity market. On the other hand, rate cuts due to the economy becoming too weak will likely not be well received.

Economic conditions

Economic conditions in the U.S. have slowed. Some of the economic data is becoming concerning but in aggregate terms economic growth remains positive. There could be several reasons for the slowdown. It is possible that the still inverted curve could be having its traditional detrimental impact, just on an exceptionally long lag. It is also possible that the sustained higher level of interest rates and the cumulative amount of inflation are negatively impacting economic demand, especially for the bottom half of consumers. On the other hand, it is also possible that the current slowdown is a mid-cycle slowdown that the economy has experienced many times in past cycles. Let's consider the strengths and weaknesses of the following important economic indicators:

- The Citi Economic Surprise Index dropped to its lowest level since August of 2022. However, as the chart below illustrates, it has reached this level many times during prior mid-cycle soft patches, and it is still well above the level reached during past recessions.

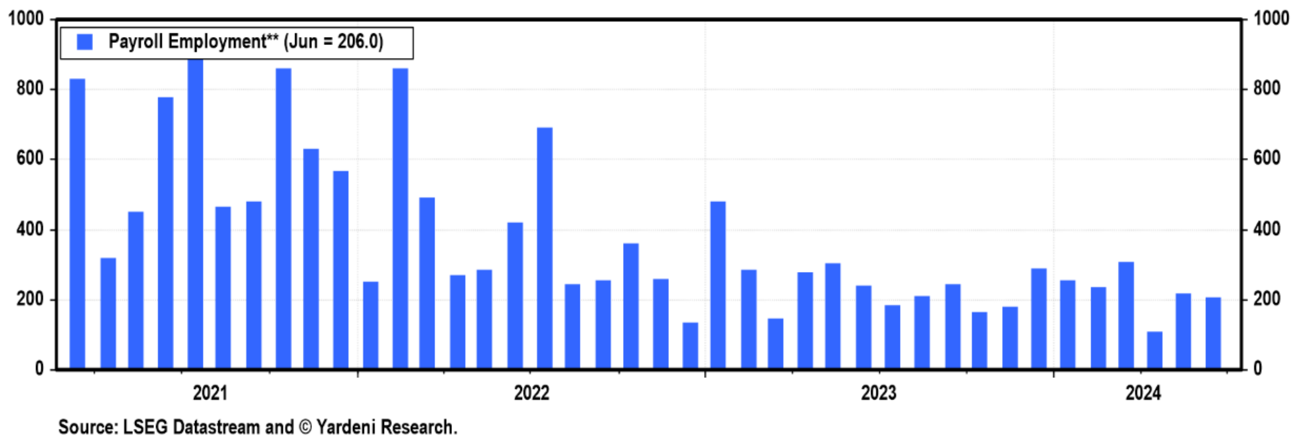
Exhibit 1: Citi Economic Surprise Index



Source: Yardeni Research

- The labor market has slowed, and it is likely the key area of the economy that the market and the Fed are evaluating to gauge the status of both the economy and inflation. Here are some important labor market indicators:
    - Job gains did grow 206,000 in the month of June but have slowed to an average of 177,300 during the second quarter, down from 267,300 in the first quarter. Constructively, the second quarter average was within the range of average monthly job gains seen in 2018 (190,300) and 2019 (165,700). Overall, the trend of monthly jobs added is still solid; here is the monthly trend since early 2021:

Exhibit 2: Monthly Jobs



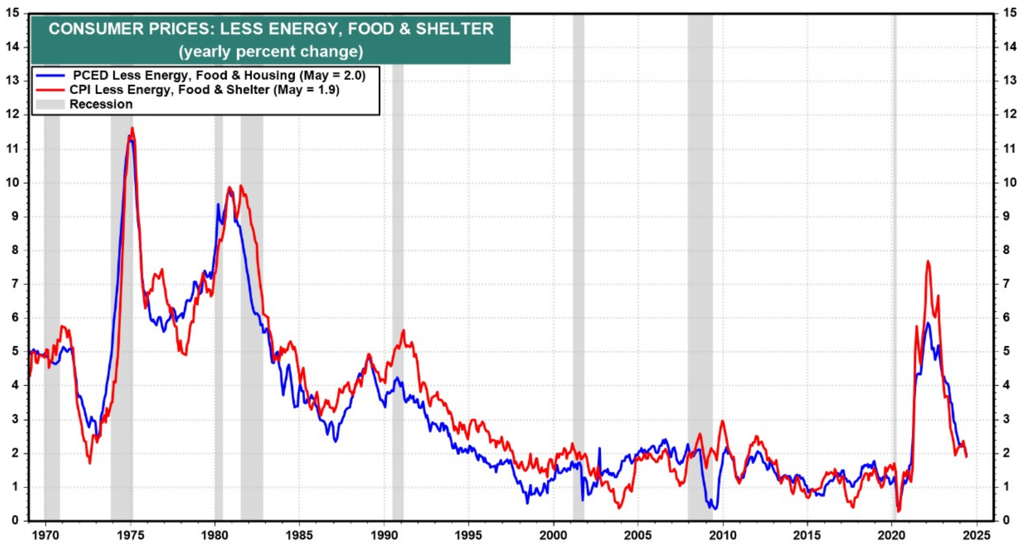
Source: Yardeni Research

- Job openings have also slowed from their pandemic highs but rose 221,000 in May to 8.14 million which is still a healthy level. Job openings per worker were flat at 1.2, well below the 2022 high but still well above historical levels since the year 2000.
- More concerning are jobless claims and continuing claims, both of which have risen in recent months. Also concerning is the unemployment rate which has risen to 4.1%, from its low of 3.4% in April of 2023 (a level not seen since the 1960s), and a rise of 0.5% within the past year which has triggered the Sahm Rule, which says historically a recession follows after such an increase. There are some who argue that claims and unemployment were simply unusually low following the pandemic. Others suggest the adult unemployment rate is still low, considering that for age groups 25 years of age and above, the unemployment rate remains around 3%.
- Overall, this weakness in the data could be just a normalization, after an extended period of very tight labor conditions and since job gains and job openings remain favorable. Positively, modestly weaker current labor market conditions may encourage the Fed to ease. Either way the labor market needs to stabilize to give the market confidence that the trajectory of the general economy can remain positive.

- The Institute for Supply Management (ISM) data for both manufacturing and services has weakened below 50, indicating contraction, but remain above levels usually consistent with recessions.
- The Atlanta Fed's GDPNow, a running estimate of GDP growth based available economic data, also indicates a slowdown is underway. It is now projecting 1.5% GDP growth, down from 4.2% in the middle of the second quarter. This is a sizeable negative change, but it still suggests positive growth for the second quarter.

Inflation continues to trend favorably. Inflation readings in May were lower than expected. Most components of CPI and Personal Consumption Expenditures (PCE), the Fed's preferred measure of inflation, are trending lower. Shelter (primarily rents) remains the main component of inflation that is keeping the overall level of CPI and PCE elevated. It is reported on a lag and more real time measures of rent inflation suggest the rate of increase in rents has already returned to low levels. Core PCE and Core CPI, ex housing, reached 2.0% and 1.9%, respectively, in May, as displayed in the chart below. It also illustrates that this cycle of inflation was Covid related and has already returned to the Fed's target when adjusting for the lagging component of shelter.

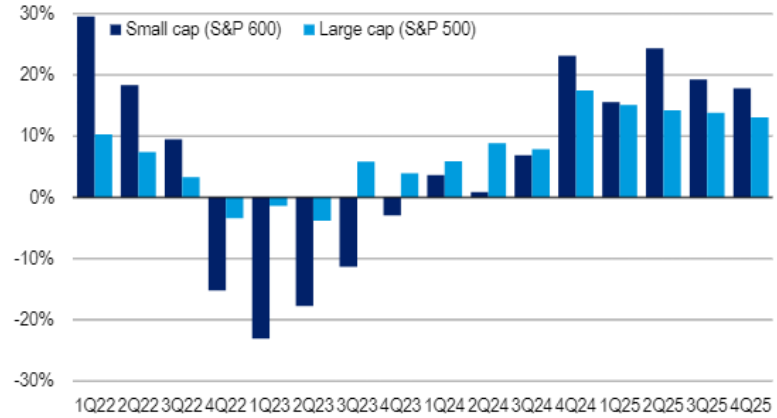
Exhibit 3: Core Consumer Prices ex Shelter Already at the Fed's 2% Target



Source: BEA, BLS and Yardeni Research

So, we have reached the half way point of the year. Earnings overall are continuing to improve, for both small caps and large caps. As the bar chart below shows, after an earnings recession in 2023, aggregate earnings have turned positive on a year-over-year basis. While delayed a bit versus recent expectations, overall small cap earnings are still expected to outpace large cap earnings in the fourth quarter and in 2025. Many individual small cap companies are seeing earnings growing much faster than these averages.

Exhibit 4: Small cap profit growth expected to outpace large cap profits growth in 4Q and in 2025

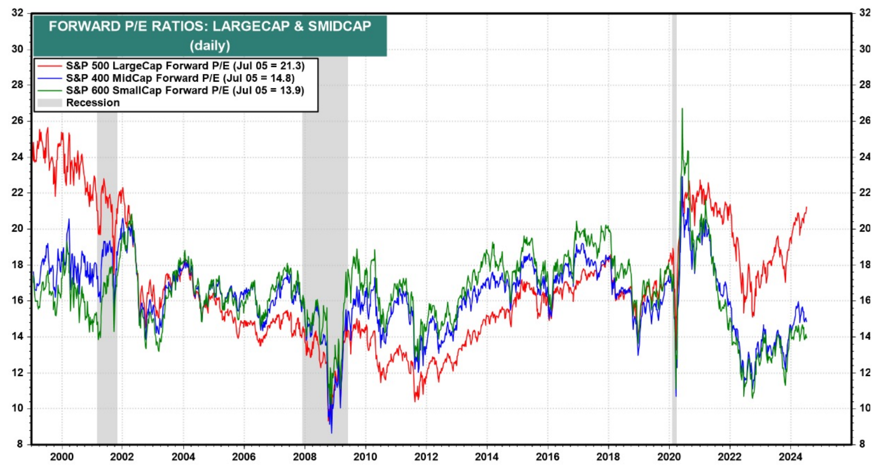


Source: BEA, BLS and Yardeni Research

How are valuations?

Given the strength in large cap performance since the market highs in 2021, large cap valuations have traded at a premium to small cap valuations. Note the two valuation charts below. Whether looking at the Russell or the S&P indices, small caps currently trade at a deep relative discount. Historically, this is unusual as small caps have generally traded at a premium to large caps over the past several decades. This premium has likely been due to the inherently bigger growth potential and greater prospects for M&A (mergers and acquisitions). The first valuation chart below also shows how the absolute and relative valuations for small caps are both at a major discount compared to the past two and a half decades.

Exhibit 5: Small Caps remain historically cheap on an absolute and relative basis



Source: Yardeni Research

Exhibit 6: Small Caps remain historically cheap vs large caps

Relative Forward P/E: Russell 2000 vs Russell 1000, 1985-6/30/2024

Source: BofA Global Research

Overall, the macro environment has become more uncertain on the economic front but more clear in terms of inflation. Assuming our base case scenario holds, where the current economic moderation stabilizes, earnings recover as consensus estimates assume, disinflation continues and the Fed leans dovish, the outlook for equities for the second half of the year could be quite attractive.

Looking at historical market performance, a positive first half of the year usually leads to a positive second half of the year, especially during Presidential election years. Of course, if the recent economic weakness deteriorates further or if the improvement in inflation were to stall, the outlook for equities would become more bearish. As always, we will be monitoring these macro developments carefully as they will play a heavy role in the market's outlook, and they will influence our selection of individual stocks and their industries.

Performance Review

For the June quarter, the Driehaus Small Cap Growth strategy outperformed its benchmark by 325 basis points. The Strategy gained 0.33%, while the Russell 2000 Growth Index was down -2.92%, the Russell 2000 fell 3.64%, and the S&P 500 grew 4.28%.[1]

Individual company earnings and their fundamental outlooks were strong for our holdings during the second quarter. These bottom-up results are supported by multiple themes and industry trends that we view as sustainable. In terms of attribution, the portfolio's outperformance was primarily driven by a strong stock selection effect of 3.53%, although this was slightly offset by a negative sector allocation effect of 28 basis points. The consumer discretionary sector led the way, contributing outperformance of 1.30%, the technology sector contributed outperformance of 1.06%, and the healthcare sector contributed outperformance of 0.98%.

[2]The performance data represents the strategy's composite of small 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.

For more detail by sector, the June quarter performance is summarized as follows (in order of relative outperformance):

Consumer Discretionary

Consumer discretionary contributed 80 basis points in absolute terms and outperformed by 130 basis points in relative terms, as our holdings gained 6.4% vs a loss of 5.7% for the benchmark's consumer discretionary holdings. We saw strength in restaurants, specialty retail, and an auto dealer. Four different restaurant holdings were particularly strong as they reported positive earnings surprises, strong same store sales, and continued robust unit growth. Homebuilding is a sub-industry that we reduced as the group began to lag and fundamentals slowed due to unfavorable home affordability. Overall, we did increase our sector exposure by 74 basis points, ending the quarter with a slight overweight exposure at 10.8%, versus 10.0% for the index.

Technology

Technology added 12 basis points in absolute performance and outperformed by 106 basis points versus the index, as our holdings returned 2.9% versus a loss of 3.3% for the index's holdings. All of the outperformance, 114 basis points, came from the semiconductor group, as our semi holdings appreciated 30.9% versus 10% for the index. A handful of holdings had strong earnings reports and are benefitting from the hardware infrastructure buildout to support AI (Artificial Intelligence) applications. These companies included semi cap equipment companies as well as semiconductor or component suppliers to data centers. During the quarter we did increase our exposure to semiconductors, raising our overweight from 0.6% to 3.8% as the fundamental outlook for our holdings and the industry as a whole have improved dramatically.

Software saw some outperformers during the quarter, but we continue to be underweight the group as IT budgets are shifting away from enterprise software towards AI and its supporting infrastructure. Cybersecurity remains a robust area within software as cyber attacks continue to grow in number and sophistication. Several industries have been hard hit this year by cyber attacks that have severely disrupted their operations in high profile attacks.

We increased our tech sector exposure by 125 basis points, moving from underweight to start the quarter to a small overweight by the end of the quarter. The increase in sector exposure was driven by a variety of hardware companies tied to AI, partially offset by a reduction in the software group as well as a large reduction in a top holding that grew far outside of our typical market cap range via appreciation.

Healthcare

Healthcare added 81 basis points in absolute returns and outperformed by 98 basis points as our holdings gained 3% versus a decline of 1.8% for the index. All of the outperformance came from the medical device sub-industry as it contributed 112 basis points in relative outperformance. Among the med device holdings that performed well, two were focused on ophthalmology and another on diabetes. But the key performer in the quarter was an innovative company servicing the organ transplant market. This holding gained 103% as it reported another large quarterly earnings surprise. Its revenues grew 133% year-over-year, and which was well above expectations, and it generated substantial operating leverage that produced earnings per share of 35 cents vs the consensus estimate of two cents. It also raised its forward guidance significantly.

Biotech took a break from its outperformance over the prior two quarters as the group was down very modestly (3% vs a decline of 2% for the index) and it detracted 19 basis points. We finished the quarter essentially inline, with a 12.9% weighting vs 13% for the index. Our absolute weighting did not change during the quarter. Within biotech we remain encouraged fundamentally as we believe our holdings have very 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.

Most of our healthcare exposure continues to be in medical devices and biotech on a sub-industry basis. Our healthcare sector weighting increased 120 basis points during the quarter but our relative underweight expanded by the end of the quarter as the index increased its sector weight from 21.3% to 25.1% with the annual Russell rebalance occurring at the end of the quarter.

Industrials

Industrials detracted 26 basis points in absolute terms and contributed 71 basis points of relative outperformance as our holdings declined 0.8% though outperforming the 3.8% decline for the industrial sector in the index. We remain overweight the sector, but we did decrease the exposure by 230 basis points, to 23.7% vs 21.6% for the index. We continue to be positive on the sector as reshoring remains a strong theme. We also hold positions benefiting from attractive trends within commercial aerospace, infrastructure, and data centers where AI is driving demand for various technologies and equipment.

Energy

The energy sector detracted 13 basis points in absolute returns but contributed 6 basis points in relative returns. One uranium miner continued to perform well. Within oil and gas, performance was mixed as oil service companies performed well but E&Ps (Exploration and Production) pulled back in price after recent strength earlier in the year and as the underlying commodities were volatile. We reduced exposure to some of the oil levered E&Ps during the quarter. Our overweight position overall was reduced to 5.8% vs 4.2% for the index.

Consumer Staples

Consumer staples contributed 6 basis points in absolute terms but detracted 14 basis points in relative terms. While we reduced our exposure from over 7.1 percent to 6.2% during the quarter, this still equates to an overweight versus the index at 3.3%. Among our holdings a specialty grocery store and a pet food supplier outperformed as they continue to gain share and post strong earnings surprises. This strength was offset by weakness in an energy drink company. This holding has been a significant outperformer for the past several years for the portfolio, but the company experienced sharp revenue deceleration during the quarter as it faces tough comparisons of three consecutive years of one hundred percent plus revenue growth. We still like the stock long term but believe that the stock is going through a valuation adjustment as it seeks to stabilize its growth trend at a more modest level. As a result, we reduced the position significantly.

Financials

Financials detracted 63 basis points in absolute terms and 24 basis points in relative terms. All of the underperformance came from specialty insurance as a couple positions pulled back in price after positive performance last year and in the first quarter. One position experienced a lackluster quarter versus elevated expectations and another position pulled back as fears of a very active hurricane season resulted in some multiple compression.

We remain positive on the insurance industry as it is undergoing significant positive change in pricing and the supply/demand environment. We are also positive on other holdings in the capital markets and regional banking sub-industries. We did reduce our exposure to the sector 7.2% to 5.6% and maintain an underweight versus 7.8% for the index.

Outlook & Positioning

Equities performed in a mixed fashion during the June quarter as the mega cap stocks continued to outperform and investors monitor the macro environment as both economic data and inflation continue to moderate.

Our positive outlook consists of economic growth stabilizing (we believe it will stabilize despite the current soft patch), favorable inflation trends, a neutral to dovish Federal Reserve monetary policy position, the prospect of rate cuts later in the year and improving earnings. Small caps also continue to trade at a deep discount to large caps. The market's breadth and overall technical picture also remain attractive.

A more bearish outlook would include continued economic weakness or inflation that becomes sticky and doesn't trend lower, either of which will reduce equity multiples. Other key bearish variables could be weaker earnings, US political disfunction and major geopolitical issues outside of the U.S. We continue to lean positively, as we see the economy, inflation and earnings continuing to trend in a favorable direction.

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

Driehaus Small Cap Growth Strategy

% Month-End Performance (as of 6/30/24)

				Annualized				
	MTH	QTD	YTD	1 YR	3 YR	5 YR	10 YR	Inception[2]
Driehaus Small Cap Growth Composite (Gross)	**0.98**	**0.46**	**19.68**	**25.65**	**0.24**	**14.93**	**16.33**	**17.84**
Driehaus Small Cap Growth Composite (Net)	**0.94**	**0.33**	**19.37**	**24.99**	**-0.33**	**14.21**	**15.47**	**17.05**
Russell 2000® Growth Index (Benchmark)	-0.17	-2.92	4.44	9.14	-4.86	6.17	7.39	8.61

Top 5 Holdings[5] (as of 5/31/24)

Company	Sector	% of Strategy
TransMedics Group, Inc.	Health Care	2.6
Cameco Corporation	Energy	2.4
FTAI Aviation Ltd.	Industrials	2.3
Camtek Ltd	Information Technology	2.0
BellRing Brands, Inc.	Consumer Staples	2.0

Sector Weights (%)

	Strategy	Benchmark	*Active Weights*
Communication Services	0.8	2.0	*-1.2*
Consumer Discretionary	10.8	10.4	*0.4*
Consumer Staples	6.2	4.8	*1.5*
Energy	5.8	4.6	*1.2*
Financials	5.6	5.9	*-0.3*
Health Care	21.2	21.6	*-0.3*
Industrials	23.7	19.9	*3.8*
Information Technology	21.2	24.0	*-2.8*
Materials	4.1	4.0	*0.1*
Real Estate	0.0	1.4	*-1.4*
Utilities	0.0	1.3	*-1.3*
Cash	0.5	0.0	*0.5*

Key Features

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

Facts

Inception Date	1/1/80
Composite Assets Under Management[1]	$3.6B
Firm Assets Under Management	$18.0B
Investment Style	Growth Equity
Available Investment Vehicles:	Separately Managed Account Collective Investment Trust Mutual Fund

Portfolio Statistics[3]

5-year period	Strategy	Benchmark
Information Ratio	0.98	n/a
Beta	1.01	1.00
Standard Deviation	25.67	23.97
Tracking Error	8.24	n/a
R-squared	0.90	n/a

Portfolio Characteristics

	Strategy	Benchmark
Number of Holdings	108	1,054
Weighted Avg. Market Cap (M)	$8,201	$5,953
Median Market Cap (M)	$5,828	$1,206
Active Share (3-year avg.)[4]	81.55	n/a

Portfolio Management

Jeff James , Lead Portfolio Manager
34 years of industry experience

Michael Buck, Portfolio Manager
24 years industry experience

Prakash Vijayan, Assistant Portfolio Manager
18 years industry experience

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance Data as of 6/30/24.

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[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]1/1/1980. [3]Portfolio statistics represent the strategy's composite. [4]Data is calculated monthly. [5]Holdings subject to change.

Driehaus Small Cap Growth Strategy

Sector Performance Attribution 2nd Quarter – 3/31/24 to 6/30/24

	Driehaus Small Cap Growth Strategy (Port) (%)		Russell 2000 Growth Index[1] (Bench) (%)		Attribution Analysis (%)		
GICS Sector	Port Avg. Weight	Port Contrib To Return	Bench Avg.Weight	Bench Contrib To Return	Allocation Effect	Security Selection + Interaction Effect	Total Effect
Communication Services	0.79	-0.06	1.96	0.05	-0.07	-0.08	-0.15
Consumer Discretionary	10.25	0.80	10.44	-0.58	0.00	1.31	1.31
Consumer Staples	6.56	0.06	4.50	0.28	0.17	-0.30	-0.14
Energy	8.56	-0.13	4.70	-0.11	0.00	0.07	0.07
Financials	6.30	-0.63	6.06	-0.33	-0.01	-0.22	-0.23
Health Care	21.21	0.81	21.31	-0.35	0.01	0.98	0.99
Industrials	24.61	-0.26	20.25	-0.74	-0.05	0.73	0.68
Information Technology	17.40	0.12	23.74	-0.89	-0.08	1.15	1.06
Materials	3.66	-0.16	4.25	-0.19	-0.15	0.03	-0.11
Real Estate	0.00	0.00	1.49	-0.12	0.07	0.00	0.07
Utilities	0.00	0.00	1.31	0.03	-0.06	0.00	-0.06
Cash	0.66	0.00	0.00	0.00	0.03	0.00	0.03
Other[2]	0.00	-0.14	0.00	0.00	-0.13	0.00	-0.13
Total	100.00	0.42	100.00	-2.96	-0.27	3.65	3.38

Data as of 6/30/24

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

[1]The 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. [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.

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.

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 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. **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.