

# Driehaus International Small Cap Growth Strategy Summary

3<sup>RD</sup> QUARTER 2024

## Quarter in Review

For the third quarter of 2024, the Driehaus International Small Cap Growth Strategy returned 6.77%, net of fees, versus the MSCI ACWI ex-US Small Cap Growth Index which returned 8.45%.<sup>1</sup> Year to date, the strategy has returned 13.06% versus 11.17% for the benchmark. During the quarter, relative contributions to performance came from the communications services and consumer discretionary sectors. The largest relative detractors were energy and information technology. From a country standpoint, the United Kingdom and Germany were the largest contributors to performance. Italy and the Netherlands were the largest country detractors.

Most countries logged positive returns on the back of delivery of long-awaited interest rate cuts. Of the major benchmark countries, the best performing were Singapore and South Africa, and South Korea and Taiwan were notable laggards. At the sector level communication services and real estate led while energy and information technology had the largest declines.

From a style factor perspective within developed ex-US markets, size, market sensitivity and dividend yield were the best performers, while earnings yield and growth were the worst.

## Market Outlook

The macro environment continues to be impacted to varying degrees by election results, central bank policy, and fiscal planning. Japan in particular was affected by this—first when a surprisingly hawkish central bank meeting was then followed by a weak US jobs report, the yen strengthened by over 10%, which was exacerbated by a carry trade unwind. Subsequently in September, the Liberal Democratic Party surprisingly elected former Defense Minister Shigeru Ishiba as its new leader. The initial reaction was equity markets falling and the yen appreciating over concerns of increased taxation levels, corporate tax hikes and the possibility of quicker monetary tightening (versus dovish expectations under presumptive winner Sanae Takaichi). This is despite comments from Ishiba following the election stressing his commitment to the policies of the Kishida administration, saying that he wanted to accelerate the pace of “new capitalism” and “the virtuous cycle of growth”. He also said that his administration would take fiscal measures if necessary, and that he did not intend to interfere with the pace of monetary easing. Given the inherent unpredictability of how both fiscal and monetary policy develops from here, we continue to maintain a close to equal weight position in Japan.

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<sup>1</sup>The performance data represents the strategy’s composite of international 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.

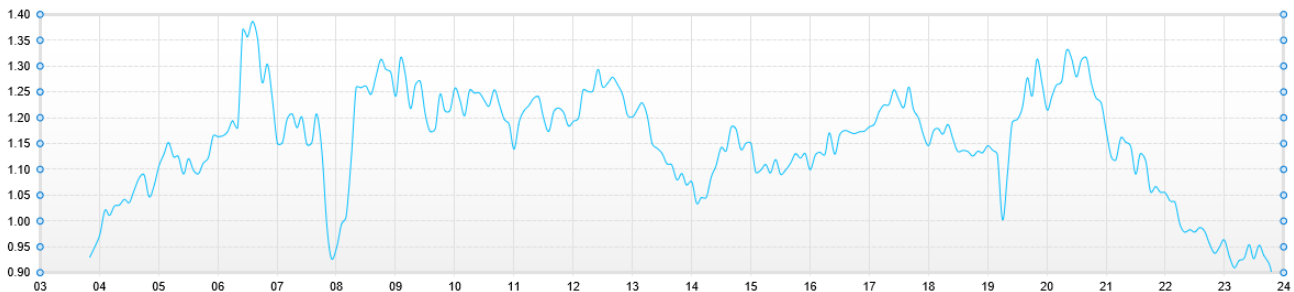
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In Europe we saw a second interest rate policy rate decrease, and it seems more are likely to follow shortly. In late September, ECB president Christine Lagarde seemed to be pivoting even more dovishly, signaling the need for another October rate cut. Lagarde said surveys suggest the eurozone recovery is “facing headwinds” and while unemployment remains low, employment growth has slowed and recent indicators “point to a further deceleration” in hiring in the coming quarters. She indicated that the ECB would take these data points into account in their October meeting. This has been supported by the EU reporting its lowest inflation levels since 2021, and below the ECBs 2% target.

It is unlikely there will be a strong recovery in activity in the eurozone while rate levels remain restrictive—the ECB will likely need to reduce rates to at least a neutral real rate (and perhaps lower) to reinvigorate growth.

These concerns do seem to be priced into equities in Europe, with small caps trading at a historically large discount versus large caps, at levels only recently seen in 2008:

**Exhibit 1: Forward 12 Month P/E of the MSCI Europe Small Cap Index / MSCI Europe Large Cap Index:**



Source: Driehaus, FactSet

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In late September, The People's Bank of China (PBoC) provided a clear signal that the government will continue to support equity markets, announcing a Rmb500b swap facility for brokers and a RMB300b share buyback facility. In addition, they announced a 50bps cut to mortgage rates, and lower downpayments for second homes (from 25% to 15%). While certainly positive for sentiment, sizeable fiscal support measure will be necessary to reignite growth. Historically, China stimulus programs have focused on housing and investment—there is not a track record for consumer spending stimulus. So questions remain, however expectations are clearly for more stimulus to come.

From a positioning perspective at the sector level, the most notable changes were adding to industrials and communications services, while reducing technology and health care. At the regional level, the United Kingdom was the largest increase, where the economy is finally seeing some relief after two years of headwinds. Italy was the largest reduction at the country level.

The good news in fiscal policy is likely to be expansionary in the US in 2025, and now also in China. Given near global interest rate cuts, 2025 will see simultaneous monetary and fiscal easing. Global economic growth could be set to re-accelerate, with manufacturing PMIs finally likely to rise, bolstered by China stimulus and a pick-up in housing/construction spending driven by lower rates.

Until next quarter,

**Driehaus International Small Cap Growth Team**

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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 fund 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 October 17, 2024 and are subject to change at any time due to changes in market or economic conditions. The material has not been updated since October 17, 2024 and may not reflect recent market activity.

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# Driehaus International Small Cap Growth Strategy

## % Month-End Performance (as of 9/30/24)

	Annualized							
	MTH	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Inception <sup>3</sup>
Driehaus International Small Cap Growth Composite (Gross)	1.53	6.96	13.66	24.97	0.03	10.51	9.77	15.03
Driehaus International Small Cap Growth Composite (Net)	1.47	6.77	13.06	24.08	-0.67	9.66	8.79	13.98
MSCI AC World ex USA Small Cap Growth Index (ND)	2.94	8.45	11.17	22.48	-1.89	7.54	6.07	7.34

## Top 5 Holdings<sup>6</sup> (as of 8/31/24)

Company	Country	Sector	% of Strategy
Asics Corporation	Japan	Consumer Discretionary	1.8
Nordex SE	Germany	Industrials	1.7
DOF Group ASA	Norway	Energy	1.7
Saipem S.p.A.	Italy	Energy	1.7
Azbil Corporation	Japan	Information Technology	1.6

## Sector Weights (%)

	Strategy	Benchmark	Active Weights
Comm Services	7.0	4.0	3.1
Consumer Discretionary	13.0	13.3	-0.3
Consumer Staples	10.0	7.8	2.2
Energy	5.8	3.2	2.6
Financials	5.5	6.9	-1.4
Health Care	4.9	9.3	-4.4
Industrials	25.8	24.0	1.8
Information Technology	14.2	16.1	-1.9
Materials	6.8	9.9	-3.1
Real Estate	4.3	3.7	0.6
Utilities	0.0	1.8	-1.8
Cash	2.7	0.0	2.7

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc.  
Data as of 9/30/24.

The performance data represents the strategy's composite of international 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.

<sup>1</sup>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. <sup>2</sup>The Driehaus International Small Cap Growth team manages multiple international small cap strategies/styles. <sup>3</sup>7/1/2001. <sup>4</sup>Portfolio statistics represent the strategy's composite. <sup>5</sup>Data is calculated monthly. <sup>6</sup>Holdings subject to change.

## Key Features

- Developed and emerging markets small cap exposure
- Benchmark aware, not benchmark constrained
- Opportunistic investment approach
- High active share

## Facts

Inception Date	7/1/01
Composite Assets Under Management <sup>1</sup>	\$880M
Total International Small Cap Assets <sup>2</sup>	\$2.3B
Firm Assets Under Management	\$19.7B
Investment Universe	Developed and emerging markets small cap equity
Investment Style	Growth Equity
Available Investment Vehicles:	Separately Managed Account Collective Investment Trust Mutual Fund

## Portfolio Statistics<sup>4</sup>

5-year period	Strategy	Benchmark
Information Ratio	0.45	n/a
Beta	0.96	1.00
Standard Deviation	19.83	20.03
Tracking Error	4.76	n/a
R-squared	0.94	1.00

## Portfolio Characteristics

	Strategy	Benchmark
Number of Holdings	105	2,438
Weighted Avg. Market Cap (M)	\$5,221	\$3,113
Median Market Cap (M)	\$4,197	\$1,288
Est. 3-5 Year EPS Growth	16.7%	17.6%
Active Share (3-year avg.) <sup>5</sup>	93.64	n/a

## Portfolio Management

**Daniel Burr**, CFA, Portfolio Manager  
24 years of industry experience

**David Mouser**, Portfolio Manager  
26 years industry experience

**Andrew Srichandra**, Assistant Portfolio Manager  
25 years industry experience

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**Country Weights (%)**

	Strategy	Benchmark	Active Weights
Australia	1.4	5.8	-4.4
Austria	1.0	0.2	0.8
Belgium	1.2	0.7	0.5
Bermuda	1.5	0.5	1.0
Brazil	1.7	1.0	0.7
Canada	7.5	6.6	1.0
Denmark	0.8	1.8	-0.9
Finland	1.1	0.4	0.7
France	2.9	2.2	0.7
Germany	8.4	2.1	6.3
India	5.7	9.1	-3.3
Indonesia	1.6	0.6	1.0
Ireland	1.7	0.5	1.2
Israel	0.6	1.7	-1.1
Italy	4.2	1.7	2.5
Japan	22.2	22.8	-0.6
Luxembourg	0.4	0.3	0.2
Mexico	1.5	0.4	1.1
Netherlands	1.8	0.7	1.1
Norway	1.0	1.0	0.0
Singapore	1.0	1.3	-0.2
South Africa	1.7	1.2	0.5
South Korea	1.7	3.3	-1.6
Spain	3.1	0.8	2.3
Sweden	1.1	4.4	-3.3
Switzerland	7.0	3.5	3.5
Taiwan	1.7	6.4	-4.7
Thailand	0.7	0.9	-0.3
United Kingdom	11.1	8.0	3.1
Cash	2.7	0.0	2.7

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

Data as of 9/30/24. Benchmark: MSCI AC World ex USA Small Cap Growth Index (ND)

## Driehaus International Small Cap Growth Strategy

### Sector Attribution 3rd Quarter – 6/30/24 to 9/30/24

	Driehaus International Small Cap Growth Strategy (Port) (%)			MSCI AC World ex USA Small Cap Growth Index <sup>1</sup> (Bench) (%)			Attribution Analysis (%)
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg.Weight	Bench Total Return	Bench Contrib To Return	Total Effect <sup>2</sup>
Communication Services	6.19	26.52	1.49	3.88	17.15	0.64	0.68
Consumer Discretionary	12.24	18.44	2.08	12.98	12.04	1.54	0.67
Consumer Staples	9.86	14.62	1.37	7.54	14.02	1.03	0.18
Energy	7.15	-5.83	-0.63	3.51	-5.06	-0.20	-0.66
Financials	5.49	7.79	0.42	6.99	10.24	0.71	-0.16
Health Care	5.97	6.57	0.39	9.25	13.60	1.23	-0.49
Industrials	23.74	9.59	2.37	24.25	8.07	1.96	0.26
Information Technology	16.67	-5.78	-1.27	16.52	-0.67	-0.14	-1.17
Materials	6.20	1.74	0.08	9.58	9.78	0.94	-0.58
Real Estate	3.31	25.78	0.74	3.63	15.84	0.55	0.17
Utilities	0.38	-13.25	-0.06	1.84	9.70	0.18	-0.11
Cash	2.79	0.54	0.01	0.00	0.00	0.00	-0.23
Other <sup>3</sup>	0.00	-0.40	-0.42	0.02	-1.53	0.00	-0.43
<b>Total</b>	<b>100.00</b>	<b>6.58</b>	<b>6.58</b>	<b>100.00</b>	<b>8.45</b>	<b>8.45</b>	<b>-1.87</b>

Data as of 9/30/24

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

<sup>1</sup>The Morgan Stanley Capital International (MSCI) AC World ex USA Small Cap Growth Index is a market capitalization-weighted index designed to measure equity performance in global developed markets and emerging markets, excluding the U.S and is composed of stocks which are categorized as small capitalization stocks. Data is in US Dollars. The net dividend (ND) index is calculated with net dividend reinvestment. An investor cannot invest directly in an index. <sup>2</sup>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. <sup>3</sup>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.

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**Country Performance Attribution 3rd Quarter – 6/30/24 to 9/30/24**

MSCI Country	Driehaus International Small Cap Growth Strategy (Port) (%)			MSCI AC World ex USA Small Cap Growth Index <sup>1</sup> (Bench) (%)			Attribution Analysis (%)
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	Total Effect <sup>2</sup>
Australia	1.36	1.05	0.02	5.58	11.14	0.60	-0.26
Austria	1.39	-15.64	-0.24	0.20	-10.07	-0.02	-0.32
Belgium	1.07	30.12	0.30	0.68	6.89	0.05	0.22
Bermuda	1.89	-13.20	-0.40	0.59	-3.32	-0.03	-0.44
Brazil	1.80	30.46	0.53	1.13	8.05	0.11	0.38
Canada	7.46	10.96	0.76	6.18	6.57	0.42	0.32
Cayman Islands	0.00	0.00	0.00	0.05	18.10	0.01	-0.01
Chile	0.00	0.00	0.00	0.25	12.12	0.03	-0.01
China	0.00	0.00	0.00	1.95	13.86	0.26	-0.12
Colombia	0.00	0.00	0.00	0.01	-10.08	0.00	0.00
Cyprus	0.00	0.00	0.00	0.02	0.04	0.00	0.00
Czech Republic	0.00	0.00	0.00	0.01	1.43	0.00	0.00
Denmark	0.98	12.78	0.08	2.08	5.96	0.15	0.08
Egypt	0.00	0.00	0.00	0.05	22.25	0.01	-0.01
Finland	1.12	0.60	0.00	0.46	4.78	0.02	-0.08
France	2.49	1.94	0.07	2.19	5.71	0.13	-0.10
Germany	8.29	13.57	1.08	2.18	2.72	0.06	0.55
Gibraltar	0.00	0.00	0.00	0.01	-17.71	0.00	0.00
Greece	0.00	0.00	0.00	0.16	5.40	0.01	0.00
Hong Kong	0.00	0.00	0.00	1.54	12.43	0.19	-0.07
Hungary	0.00	0.00	0.00	0.03	12.75	0.00	0.00
India	5.46	6.63	0.31	8.99	9.62	0.86	-0.21
Indonesia	1.21	16.13	0.20	0.56	16.57	0.09	0.04
Ireland	2.18	-0.88	-0.01	0.49	16.70	0.08	-0.22
Isle Of Man	0.00	0.00	0.00	0.56	-2.99	-0.02	0.07
Israel	0.74	-8.47	-0.07	1.79	1.50	0.03	-0.02
Italy	5.02	-6.19	-0.35	1.72	1.17	0.02	-0.64
Japan	21.79	13.83	3.09	22.20	14.07	3.07	-0.06
Jersey	0.00	0.00	0.00	0.10	17.29	0.02	-0.01
Kuwait	0.00	0.00	0.00	0.36	7.10	0.03	0.00
Luxembourg	0.41	22.92	0.09	0.27	7.61	0.02	0.06
Macau	0.00	0.00	0.00	0.02	7.67	0.00	0.00

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Sources: FactSet Research Systems Inc. and Driehaus Capital Management. Per FactSet Research Systems Inc., the Attribution Report provides an in-depth analysis of relative performance. With this report one can research whether 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. <sup>1</sup>A definition of this index can be found on page 6. <sup>2</sup>Total Effect - The Total Effect for each MSCI Country is equal to the sum of the individual Attribution Effects for that MSCI Country.

**Driehaus International Small Cap Growth Strategy**

**Country Performance Attribution 3rd Quarter – 6/30/24 to 9/30/24**

MSCI Country	Driehaus International Small Cap Growth Strategy (Port) (%)			MSCI AC World ex USA Small Cap Growth Index <sup>1</sup> (Bench) (%)			Attribution Analysis (%)
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	Total Effect <sup>2</sup>
Malaysia	0.38	-13.25	-0.06	0.81	1.54	0.01	-0.03
Mexico	1.67	-12.37	-0.22	0.76	0.94	0.01	-0.32
Netherlands	2.01	-12.16	-0.24	0.77	8.12	0.06	-0.40
New Zealand	0.00	0.00	0.00	0.52	13.43	0.07	-0.02
Norway	1.62	-8.21	-0.14	1.04	-1.22	-0.01	-0.14
Peru	0.00	0.00	0.00	0.02	16.60	0.00	0.00
Philippines	0.00	0.00	0.00	0.23	13.75	0.03	-0.01
Poland	0.00	0.00	0.00	0.33	7.29	0.03	0.00
Portugal	0.00	0.00	0.00	0.06	2.24	0.00	0.00
Qatar	0.00	0.00	0.00	0.22	0.85	0.00	0.02
Saudi Arabia	0.00	0.00	0.00	1.22	5.83	0.07	0.03
Singapore	0.34	2.64	0.01	1.24	18.26	0.21	-0.15
South Africa	1.24	35.01	0.42	1.11	25.33	0.27	0.13
South Korea	1.89	-6.75	-0.18	3.41	-7.38	-0.30	0.21
Spain	3.05	1.85	0.04	0.80	4.47	0.03	-0.17
Sweden	1.59	0.92	0.02	4.67	11.69	0.55	-0.24
Switzerland	6.53	12.23	0.76	3.48	13.50	0.45	0.08
Taiwan	2.09	-20.69	-0.55	6.56	-2.29	-0.18	-0.04
Thailand	0.48	-3.11	-0.01	0.88	19.34	0.16	-0.15
Turkey	0.00	0.00	0.00	0.64	-19.51	-0.15	0.20
United Arab Emirates	0.00	0.00	0.00	0.45	9.34	0.04	0.00
United Kingdom	9.67	17.71	1.65	8.09	11.02	0.87	0.62
United States	0.00	0.00	0.00	0.25	4.15	0.00	0.02
Cash	2.79	0.54	0.01	0.00	0.00	0.00	-0.23
Other <sup>3</sup>	0.00	-0.40	-0.42	0.02	-1.53	0.00	-0.43
<b>Total</b>	<b>100.00</b>	<b>6.58</b>	<b>6.58</b>	<b>100.00</b>	<b>8.45</b>	<b>8.45</b>	<b>-1.87</b>

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## Notes // Driehaus International 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 International Small Cap Growth Composite was created in July 2001. An account is considered to be an international small cap growth account if it seeks to maximize capital appreciation through active investment primarily in equity securities of smaller capitalization, non-U.S. companies exhibiting strong growth characteristics. Under normal market conditions, the style invests at least 80% of total net assets in the equity securities of non-U.S. small capitalization companies.

### 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 pre-tax 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. The strategy invests in foreign securities, including small and mid cap stocks, which may be subject to greater volatility than other investments. During certain periods, the strategy has benefited from unusually strong market conditions. 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. Investments in overseas markets can pose more risks than U.S. investments. In addition, the strategy's returns will fluctuate with changes in stock market conditions, currency values, interest rates, foreign government regulations, and economic and political conditions in countries in which the strategy invests. These risks are generally greater when investing in emerging markets.

### TAX EFFECT

Income tax may be withheld on income depending on the tax laws of each country and its treaty, if any, with the U.S. Such withholding taxes are reflected in the performance of accounts.

### INDICES

The Morgan Stanley Capital International (MSCI) AC World ex USA Small Cap Growth Index is a market capitalization-weighted index designed to measure equity performance in global developed markets and emerging markets, excluding the U.S and is composed of stocks which are categorized as small capitalization stocks. Data is in US Dollars. The net dividend (ND) index is calculated with net dividend reinvestment.

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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.

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