Driehaus Small Cap Growth Fund

Investor Class: **DVSMX** Institutional Class: **DNSMX**

Key Features

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

Inception Date

8/21/2017

The fund's predecessor limited partnership has a performance inception date of 1/1/2007.

Fund Assets Under Management

DVSMX: $9.1 million // DNSMX: $156.3 million

Firm Assets Under Management

$8.1 billion

Investment Style

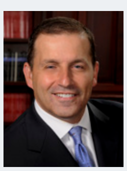
Growth equity

Available Investment Vehicles:

Mutual Fund

Separately managed account

Portfolio Managers



Jeff James
Portfolio Manager
28 years of industry experience

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Assistant Portfolio Manager
18 years of industry experience

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MARKET OVERVIEW

For US small caps, the September quarter was a positive one as the Russell 2000 and the Russell 2000 Growth Indices rose for the quarter and hit new highs at the end of August. However, small caps declined for the month of September and underperformed the S&P 500 for the quarter.

An accelerating US economy, boosted by lower corporate tax rates and deregulation continued to fuel earnings to record highs. These earnings helped drive equity prices higher in July and August. In September and early October, market breadth deteriorated, volatility rose and profit taking ensued, leading small caps to pull back. This decline has likely been driven by higher interest rates, contrarian concerns over the strong US economic data, economic weakness overseas and elevated valuations.

Nine years into this US economic expansion, numerous indicators are giving investors different signals as to where we are in this cycle. A robust labor market with the unemployment rate at 3.7% (the lowest since 1969) and both consumer and business confidence at multi-year highs suggest that we are late in the cycle. Yet a greater number of indicators suggest we are not late in the cycle. These include surging profits, slowly rising wage growth, still-restrained inflation, favorable lending standards and very benign credit conditions. There are also early signs of rising capital expenditures which could finally drive higher productivity which will help keep inflation low. Everyone is watching the yield curve that has flattened over the past year to a recent low of under 30 basis points. But from this level, historically it has still taken multiple years to invert when looking at prior cycles. The rise in rates at the long end of the curve also supports that optimistic outcome.

The Conference Board's Leading Economic Indicators or LEIs, a broad measure of ten different forward looking indicators, are still making new highs which historically suggests there are multiple years left in this expansion.

The loud trade rhetoric and aggressive tariffs against many US trading partners have stoked fears of a "trade war". The trade war was one factor helping small caps to outperform large caps in the first half of the year as the more US-centric small caps have less exposure to overseas markets. The trade war fears should subside with deals signed with two of our largest trading partners, Mexico in late August and Canada in late September. This agreement on a new NAFTA, or the USMCA, is scant on real reforms, but, is likely driving the recent performance gap in small caps versus large caps. Also, with discussions of trade deals with Europe and South Korea in the works, that leaves China as the administration's sole and only real trade focus. With the US market (S&P 500 up YTD) "winning" year to-date, outperforming the Chinese market (down over 25%), there are few signs that the US-China trade war will be resolved soon.

The current outlook for the US economy and US corporate earnings support additional and sustainable growth. While growth rates will decelerate for both GDP and earnings as we finish the second half of 2018 and head into 2019, the consensus outlook is for continued growth into 2019. This suggests higher inflation, bond yields, real GDP, earnings and equity prices.

As of early October, profit taking and higher rates are driving the current pull back and weaker market breadth. The weaker market breadth causes market divergences between sectors, but is a positive for active stock selection. Looking at the divergences further, within technology, software and ecommerce have been very strong while semiconductors and hardware have lagged. Yet cloud software is pulling back as elevated valuations reset with the recent profit taking. Healthcare has been a leader as biotech and medical devices have been outperformers, but those sub-sectors are also pulling back as growth stocks in general experience some profit taking. Consumer discretionary continues to act like a leading sector. Financials and banks have been laggards due to the flatter yield curve. Home builders and related suppliers have been weak as rates have risen and home affordability has become an issue. Many cyclicals have been lagging while others like energy and industrials have been performing better of late as crude oil has risen and the several major trade agreements are being ironed out.

As a sign that investor risk appetite is still healthy, IPO activity remains strong. 2018 is on track to be the strongest year since 2014, which should end up being one of the strongest years for new issuance since 2000. Looking ahead, the IPO pipeline is healthy and the volume of deals is expected to remain strong well into 2019.

For the time being, while current market weakness may continue, it is likely transient as seasonality (end of year and mid-terms) kicks in and as earnings and the economy continue to grow and inflation and the FOMC's rate increases continue to be gradual. The LEIs are positive and credit stress is low, suggesting growth ahead until there are identifiable recessionary signs in sight.

PERFORMANCE REVIEW

For the third quarter, the Driehaus Small Cap Growth Fund outperformed its benchmark. The fund returned (DVSMX) 12.21% and (DNSMX) 12.32%, net of fees, while the Russell 2000 Growth Index rose 5.52%[1].

By sector, for the quarter, the fund's relative outperformance was dominated by consumer discretionary, health care, technology and industrials. Portfolio holdings in all four of those major sectors experienced strong earnings. The portfolio returns and the total contribution in all four far exceeded the performance of those sectors in the benchmark. Materials, financials, real estate and energy were modest outperformers. On the downside, only consumer staples, a relatively small sector, narrowly underperformed, contributing slightly negatively to the portfolio's total return for the quarter.

Consumer discretionary had solid outperformance from a wide number of brand-name consumer companies in areas ranging from apparel, boats, golf, retail, restaurants, gaming and e-commerce. Technology was again led by very broad leadership in cloud-based enterprise and internet software and e-commerce. Health care's outperformance was led by significant gains in a broad number of biotech and medical device companies. Industrials had positive performance from a number of machinery manufacturers, defense contractors and one alternative energy company.

OUTLOOK & POSITIONING

A quarter ago, our view was that the trade war pre-occupying the market would have only had a slightly modest impact on economic growth and that the US economy was strong enough to absorb any impact. Fortunately, it now appears that at least verbal agreements have been established with most of the US's major trading partners, with the big exception being China. That trade battle will likely linger on for the foreseeable future. We have minimal direct exposure to China in our portfolio, but the market's focus on trade policy is clearly impacting market multiples broadly.

Corporate earnings should again be robust overall and particularly so for our portfolio companies. We believe the fundamental outlooks for the remainder of the year will also remain positive. With a healthy earnings outlook, sustained economic growth and benign credit conditions, most key economic statistics and indicators will continue to trend positively. Despite that sanguine outlook, the equity market's breadth and leadership has been mixed and varies across multiple sectors.

In terms of positioning, the fund is overweight the following sectors: consumer discretionary, technology, industrials, materials and energy. Consumer discretionary, health care, technology and industrials are the four largest absolute weightings. The fund is underweight financials, health care, communications services and real estate.

We look forward to the upcoming earnings season to assess the fundamental progress of our portfolio companies. We continue to hold and discover an exciting number of companies across a wide number of industries that are hitting growth inflections or are in sustainable growth paths. We are confident that these differentiated companies will gain market share, exceed expectations and will become larger companies over time.

[1]Performance Disclosure

The performance data shown represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Principal value and investment returns will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. The Fund will charge a redemption fee of 2.00% on shares held less than 60 days. Performance data represents the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). Average annual total return reflects annualized change, while cumulative total return reflects aggregate change. Since Fund performance is subject to change after the month-end, please call (800) 560-6111 or visit www.driehaus.com for more current performance information.

Sources: Driehaus Capital Management LLC, Factset, Reuters and MSCI Indices

PERFORMANCE as of 9/30/18

	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Inception[1]
				Annualized Total Return			
Investor Class: DVSMX[1]	**12.21%**	**35.29%**	**45.74%**	**25.22%**	**16.59%**	**15.11%**	**12.93%**
Institutional Class: DNSMX[1]	**12.32%**	**35.60%**	**46.20%**	**25.36%**	**16.67%**	**15.14%**	**12.96%**
Russell 2000® Growth Index[2]	5.52%	15.76%	21.06%	17.98%	12.14%	12.65%	9.75%

ANNUAL FUND OPERATING EXPENSES[3]

	Investor Class: DVSMX	Institutional Class: DNSMX
Gross	1.48%	7.86%
Net[4]	0.95%	1.20%

SECTOR PERFORMANCE ATTRIBUTION 3rd Quarter — 6/30/18 to 9/30/18

	Driehaus Small Cap Growth Fund (DVSMX)[1] (Port) (%)		Russell 2000® Growth Index[2] (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
Comm. Services	1.41	0.50	3.29	0.46	-0.08	0.28	0.21
Consumer Discretionary	25.12	4.11	14.90	0.74	0.00	2.75	2.75
Consumer Staples	1.75	-0.08	2.76	0.08	0.03	-0.11	-0.08
Energy	1.37	-0.08	2.30	-0.15	0.12	0.02	0.14
Financials	3.31	0.14	7.56	0.15	0.20	0.05	0.25
Health Care	26.14	3.66	26.57	1.99	-0.02	1.55	1.53
Industrials	16.27	1.07	18.32	0.76	-0.04	0.39	0.35
Information Technology	18.79	1.88	17.28	1.36	0.08	0.36	0.44
Materials	3.52	0.62	4.14	0.04	0.02	0.66	0.68
Real Estate	1.63	0.04	2.48	0.04	0.02	0.02	0.04
Utilities	0.00	0.00	0.41	0.02	0.02	0.00	0.02
Cash	0.69	0.00	0.00	0.00	0.05	0.00	0.05
Other	0.00	-0.16	0.00	0.00	-0.14	0.00	-0.14
Total	**100.00**	**11.72**	**100.00**	**5.48**	**0.25**	**5.99**	**6.24**

Data as of 9/30/18 Sources: Russell Investments, eVestment Alliance, LLC, SS&C Inc., Russell Investments and Standard & Poor's Global Industry Classification Standard and Driehaus Capital Management LLC. The performance data shown represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Principal value and investment returns will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. The Fund will charge a redemption fee of 2.00% on shares held less than 60 days. Performance data represents the rate that an investor would have earned (or lost), during the given month, on an investment in the Fund (assuming reinvestment of all dividends and distributions). Average annual total return reflects annualized change. Since Fund performance is subject to change after the month-end, please call (800) 560-6111 or visit www.driehaus.com for more current performance information. **Please consider the investment objectives, risks, fees and expenses of the Fund carefully prior to investing. The prospectus and summary prospectus contain this and other important information about the Fund. To obtain a copy of the prospectus and/or summary prospectus, please call us at (800) 560-6111 or visit www.driehaus.com. Please read the prospectus carefully before investing.** [1]The average annual total returns and attribution of the Driehaus Small Cap Growth Fund include the performance of one of the Fund's predecessor limited partnerships, which is calculated from January 1, 2007, before it commenced operations as a series of the Driehaus Mutual Funds on August 21, 2017 and succeeded to the assets of the Driehaus Institutional Small Cap, L.P. (the "Predecessor Partnership"), Driehaus Small Cap Investors, L.P., Driehaus Institutional Small Cap Recovery Fund, L.P. and Driehaus Small Cap Recovery Fund, L.P., (together, the "Limited Partnerships"). The Limited Partnerships were managed by the same investment team with substantially the same investment objective, policies and philosophies as the Fund. The investment portfolios of the Limited Partnerships were identical and therefore had similar performance. The performance of the Predecessor Partnership is shown here because it has been in operation the longest. The Predecessor Partnership was not registered under the Investment Company Act of 1940, as amended ("1940 Act"), and thus was not subject to certain investment and operational restrictions that are imposed by the 1940 Act. If the Predecessor Partnership had been registered under the 1940 Act, its performance may have been adversely affected. Accordingly, future Fund performance may be different than the Predecessor Partnership's past performance. After-tax performance returns are not included for the Predecessor Partnership. The Predecessor Partnership was not a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and therefore did not distribute current or accumulated earnings and profits and was not subject to the diversification and source of income requirements applicable to regulated investment companies. [2]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. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. [3]Represents the Annual Fund Operating Expenses as disclosed in the current prospectus dated 4/30/18. It is important to understand that a decline in the Fund's average net assets due to unprecedented market volatility or other factors could cause the Fund's expense ratio for the current fiscal year to be higher than the expense information presented. A shareholder may be required to pay a commission to their financial intermediary. [4]Driehaus Capital Management LLC, the Fund's investment adviser (the "Adviser"), has entered into a contractual agreement to cap the Fund's current ordinary annual operating expenses (excluding interest, taxes, brokerage commissions, other investment-related expenses, acquired fund fees and expenses, and extraordinary expenses, such as litigation and other expenses not incurred in the ordinary course of the Fund's business) at 1.20% of average daily net assets for the Investor Shares and 0.95% of average daily net assets for the Institutional Shares until the earlier of the termination of the investment advisory agreement, by the Board of Trustees or the Fund's shareholders, or August 20, 2020. Pursuant to the agreement, and so long as the investment advisory agreement is in place, for a period of three years subsequent to the Fund's commencement of operations on August 21, 2017, the Adviser is entitled to reimbursement for previously waived fees and reimbursed expenses to the extent that the Fund's expense ratio remains below the operating expense cap that was in place at the time of the waiver / expense reimbursement as well as the current operating expense cap.

 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. Driehaus Securities LLC, Distributor

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.

SECTOR WEIGHTS

Month-End Absolute Weights

	Comm. Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	Cash
DVSMX	3.3	24.2	2.6	2.3	2.0	23.1	18.6	17.0	5.0	1.5	0.0	0.3
Benchmark	3.5	14.8	2.8	2.3	7.3	27.2	17.8	17.4	3.9	2.5	0.4	0.0
Active Weights	*-0.2*	*9.4*	*-0.1*	*0.0*	*-5.4*	*-4.0*	*0.8*	*-0.4*	*1.0*	*-1.1*	*-0.4*	*0.3*

PORTFOLIO CHARACTERISTICS

	DVSMX	Benchmark
Number of Holdings	118	1,253
Weighted Avg. Market Cap (M)	$3,563	$2,660
Median Market Cap (M)	$2,628	$1,036
Active Share	85.00	n/a
Market Cap Breakout (%)		
< $2.5 billion	42.1	51.6
$2.5 - $15 billion	57.9	48.4
> $15 billion	0.0	0.0

5-year period[1]	DVSMX	Benchmark
Annualized Alpha	3.70	n/a
Sharpe Ratio	0.97	0.82
Information Ratio	0.62	n/a
Beta	1.05	1.00
Standard Deviation	16.53	14.14
Tracking Error	7.24	0.00
R-squared	0.81	1.00

TOP 5 HOLDINGS[2] (as of 8/31/18)

Company	% of Fund
Inogen, Inc.	2.4
Tactile Systems Technology, Inc.	2.2
RingCentral, Inc. Class A	2.0
Roku, Inc. Class A	2.0
Loxo Oncology Inc	1.9

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 9/30/18. Benchmark: Russell 2000® Growth Index

[1]The 5-year period characteristics of the Driehaus Small Cap Growth Fund include the performance of one of the Fund's predecessor limited partnerships, which is calculated from January 1, 2007, before it commenced operations as a series of the Driehaus Mutual Funds on August 21, 2017 and succeeded to the assets of the Driehaus Institutional Small Cap, L.P. (the "Predecessor Partnership"), Driehaus Small Cap Investors, L.P., Driehaus Institutional Small Cap Recovery Fund, L.P. and Driehaus Small Cap Recovery Fund, L.P., (together, the "Limited Partnerships"). The Limited Partnerships were managed by the same investment team with substantially the same investment objective, policies and philosophies as the Fund. The investment portfolios of the Limited Partnerships were identical and therefore had similar performance. The performance of the Predecessor Partnership is shown here because it has been in operation the longest. The Predecessor Partnership was not registered under the Investment Company Act of 1940, as amended ("1940 Act"), and thus was not subject to certain investment and operational restrictions that are imposed by the 1940 Act. If the Predecessor Partnership had been registered under the 1940 Act, its performance may have been adversely affected. Accordingly, future Fund performance may be different than the Predecessor Partnership's past performance. After-tax performance returns are not included for the Predecessor Partnership. The Predecessor Partnership was not a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and therefore did not distribute current or accumulated earnings and profits and was not subject to the diversification and source of income requirements applicable to regulated investment companies. [2]Data is calculated monthly.

At times, a significant portion of a Fund'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 Fund with a smaller asset base, and this Fund may not experience similar performance results as its assets grow. The securities of small and 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 Fund will experience high rates of portfolio turnover, which may result in payment by the Fund of above-average transaction costs. These and other risk considerations are discussed in the Fund's prospectus. **Please consider the investment objectives, risks, fees and expenses of the Fund carefully prior to investing. The prospectus and summary prospectus contain this and other important information about the Fund. To obtain a copy of the prospectus and/or summary prospectus, please call us at (800) 560-6111 or visit www.driehaus.com. Please read the prospectus carefully before investing.**

TERMS: Active share represents the share of portfolio holdings that differ from the benchmark index holdings. Average drawdown is the arithmetic average of declines in value during a given period of time. Downside risk is a measure of the average deviations of a negative return series. A large downside risk implies that there have been large swings or volatility in the manager's return series. **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. **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** measures of the amount of active risk that is being taken by a manager. Tracking error accounts for the deviation away from the benchmark and does not indicate in which direction it occurred, either positive or negative. Source: eVestment Alliance. **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. **Sharpe ratio** is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation. **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.

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