

# Driehaus International Small Cap Growth Fund

## KEY FEATURES

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

## INCEPTION DATE

September 17, 2007

*The fund's predecessor limited partnership has an inception date of August 1, 2002.*

## FUND ASSETS UNDER MANAGEMENT

\$375 million

## FIRM ASSETS UNDER MANAGEMENT

\$8.8 billion

## INVESTMENT UNIVERSE

Developed and emerging markets small cap equity

## INVESTMENT STYLE

Growth equity

## PORTFOLIO MANAGERS



Daniel Burr, CFA  
Portfolio Manager  
17 years of industry experience



David Mouser  
Portfolio Manager  
20 years of industry experience



Ryan Carpenter  
Assistant Portfolio Manager  
13 years of industry experience



## Market Overview

Encouragingly - despite some notable spikes in volatility - the first quarter saw relatively limited factor performance dispersion which made for a stock selection driven environment. While the world has enjoyed a strong period of increasingly synchronized global growth, some tailwinds such as credit and China growth may incrementally slow throughout 2018.

## Performance Review

For the first quarter, the Driehaus International Small Cap Growth Fund returned 4.16%, net of fees, and the MSCI ACWI ex-US Small Cap Growth Index returned 0.84%.<sup>1</sup>

Portfolio positioning did not change significantly during the quarter. Industrials and Europe remain the biggest overweights by sector and region, respectively, although both of those themes have been reduced, given the potential for decelerating global activity.

Telecomm was the biggest increase at the sector level. Defensive stocks look more appealing than in recent years, given

that valuations have pulled back to more normalized levels. Few changes were made to the exposure to materials, health care and real estate holdings and these remain underweights.

At the country level, we moved Japan to underweight since we see a stronger Yen as a threat to Japanese earnings and we are finding fewer new ideas through bottom-up idea generation.

The United Kingdom was one of the worst performing equity markets globally in the first quarter. Short term interest rates increased under expectations that the Bank of England has been forced to a more hawkish position. The weakening pound has spurred higher import prices and has lifted core inflation towards 2.5% - faster than most of the developed world. However, with one of the highest free cash flow yields in developed markets and substantially increased equity risk premiums have made the investment case for the region more compelling. In particular, we are optimistic about UK companies with high free cash flow yields and globally exposed revenues.

### <sup>1</sup>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](http://www.driehaus.com) for more current performance information.*

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

## Outlook and Positioning

We are watching for signs of central bank errors, aggressive capital spending, or excess leverage across markets, however none of these appear to be at levels in aggregate where they might be an imminent threat to the market.

Tariffs are likely the biggest near term risk: it is unlikely global corporates could escape a trade war with margins at current levels. However, protectionism and political outcomes are historically very difficult to predict.

We are optimistic that if the economy does slow, bottom-up stock picking will play an increasingly important role as the market shifts focus towards those companies with strong competitive positioning, durable organic growth, cost leadership and differentiated products.

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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 strategy 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 April 25, 2018 and are subject to change at any time due to changes in market or economic conditions. The material has not been updated since April 25, 2018 and may not reflect recent market activity.*

*The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by Driehaus to be reliable and are not necessarily all inclusive. Driehaus does not guarantee the accuracy or completeness of this information. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader.*

## PERFORMANCE as of 3/31/18

	Annualized Total Return						
	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Inception 8/1/02 <sup>1</sup>
<b>Driehaus International Small Cap Growth Fund</b>	<b>3.95%</b>	<b>3.95%</b>	<b>35.55%</b>	<b>13.53%</b>	<b>11.73%</b>	<b>7.09%</b>	<b>16.12%</b>
MSCI AC World ex USA Small Cap Growth Index (ND) <sup>2</sup>	0.84%	0.84%	23.62%	11.05%	9.03%	5.30%	10.43%

ANNUAL FUND OPERATING EXPENSES<sup>3</sup>

Management fee:	1.50%	Other expenses:	0.22%	Total annual fund operating expenses:	1.72%
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## SECTOR PERFORMANCE ATTRIBUTION 1st Quarter — 12/31/17 to 3/31/18

GICS Sector	Driehaus International Small Cap Growth Fund (Port) (%)			MSCI AC World ex USA Small Cap Growth Index <sup>2</sup> (Bench) (%)			Attribution Analysis (%)		
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	Allocation Effect	Selection + Interaction	Total Effect
Consumer Discretionary	20.29	0.42	0.17	17.98	-0.38	-0.06	-0.05	0.03	0.11
Consumer Staples	4.35	19.44	0.81	8.70	4.21	0.36	-0.09	0.56	0.49
Energy	4.69	-7.02	-0.34	2.00	-4.19	-0.08	-0.09	-0.06	-0.28
Financials	3.61	13.19	0.55	5.84	-1.00	-0.06	0.05	0.49	0.61
Health Care	6.47	14.23	0.84	11.68	7.03	0.78	-0.34	0.36	0.12
Industrials	34.13	4.18	1.39	20.44	-1.29	-0.26	-0.34	1.78	1.55
Information Technology	10.38	1.08	-0.02	17.68	3.23	0.53	-0.15	-0.25	-0.44
Materials	6.71	7.86	0.56	9.15	-4.90	-0.42	0.11	0.70	1.02
Real Estate	3.70	5.46	0.15	4.24	2.62	0.10	0.00	0.00	0.06
Telecomm. Services	1.96	15.84	0.25	0.88	-0.64	0.00	0.01	0.27	0.26
Utilities	0.00	0.00	0.00	1.40	-2.75	-0.04	0.03	0.00	0.05
Cash	3.71	0.44	0.02	0.00	0.00	0.00	0.04	0.00	-0.02
Unassigned*	0.00	-0.40	-0.40	0.00	36.54	0.00	-0.40	0.00	-0.40
<b>Total</b>	<b>100.00</b>	<b>3.97</b>	<b>3.97</b>	<b>100.00</b>	<b>0.84</b>	<b>0.84</b>	<b>-1.22</b>	<b>3.87</b>	<b>3.13</b>

Data as of 3/31/18 Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance, Morgan Stanley Capital International and Standard & Poor's Global Industry Classification Standard.

\*Unassigned refers to securities not recognized by Factset.

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](http://www.driehaus.com) for more current performance information. <sup>1</sup>The average annual total returns of the Driehaus International Small Cap Growth Fund include the performance of the Fund's predecessor limited partnership, which is calculated from August 1, 2002 before the Fund commenced operations and succeeded to the assets of its predecessor on September 17, 2007. The predecessor limited 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 had been registered under the 1940 Act, the performance may have been adversely affected. The Fund's predecessor performance has been restated to reflect estimated expenses of the Fund. After-tax performance returns are not included for the predecessor limited partnership. The predecessor was not regulated investment companies and therefore did not distribute current or accumulated earnings. <sup>2</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 US 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. <sup>3</sup>Represents the Annual Fund Operating Expenses as disclosed in the current prospectus dated April 30, 2017. 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. 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. Definitions of the attribution analysis can be found in the notes on page 4.

## COUNTRY PERFORMANCE ATTRIBUTION 1st Quarter — 12/31/17 to 3/31/18

MSCI Country	Driehaus International Small Cap Growth Fund (Port) (%)			MSCI AC World ex USA Small Cap Growth Index (Bench) (%)			Total Effect
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	
Argentina	0.64	-11.36	-0.08	0.00	0.00	0.00	-0.09
Australia	2.73	5.08	0.14	4.66	-3.49	-0.17	0.32
Austria	1.52	15.55	0.22	0.84	8.07	0.06	0.16
Belgium	0.00	0.00	0.00	1.23	4.57	0.05	-0.04
Bermuda	0.00	0.00	0.00	0.13	5.49	0.01	-0.01
Brazil	2.95	24.66	0.59	1.24	5.67	0.06	0.54
British Virgin Islands	0.00	0.00	0.00	0.01	2.47	0.00	0.00
Canada	10.20	-4.20	-0.39	6.32	-6.88	-0.40	0.02
Cayman Islands	0.00	0.00	0.00	0.08	2.91	0.00	0.00
Chile	0.00	0.00	0.00	0.28	-2.03	-0.01	0.01
China	2.02	26.66	0.49	3.02	5.46	0.16	0.37
Colombia	0.00	0.00	0.00	0.06	6.42	0.00	0.00
Cyprus	0.00	0.00	0.00	0.02	5.67	0.00	0.00
Denmark	0.97	4.78	0.00	1.58	9.70	0.15	-0.15
Egypt	0.00	0.00	0.00	0.10	19.31	0.02	-0.02
Finland	0.43	2.01	0.03	0.83	-2.00	-0.01	0.03
France	3.19	-3.43	-0.06	2.89	-0.69	-0.01	-0.08
Germany	9.23	3.71	0.32	4.79	1.29	0.07	0.24
Greece	0.00	0.00	0.00	0.18	2.20	0.00	0.00
Hong Kong	1.38	22.56	0.27	2.77	-1.99	-0.06	0.35
Hungary	0.00	0.00	0.00	0.02	0.77	0.00	0.00
India	0.00	0.00	0.00	3.14	-10.96	-0.34	0.39
Indonesia	0.38	3.89	0.01	0.55	4.62	0.02	-0.01
Ireland	0.00	0.00	0.00	0.96	-1.39	-0.01	0.02
Isle Of Man	5.10	11.72	0.51	1.76	5.11	0.08	0.41
Israel	0.07	0.25	0.00	1.08	4.54	0.05	-0.03
Italy	5.14	8.22	0.39	2.67	4.01	0.10	0.28
Japan	20.51	7.28	1.63	22.07	4.46	0.90	0.52
Jordan	0.00	0.00	0.00	0.04	10.51	0.00	0.00
Kazakhstan	0.00	0.00	0.00	0.10	-0.55	0.00	0.00

*(Continues on page 5)*

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.

## COUNTRY PERFORMANCE ATTRIBUTION 1st Quarter — 12/31/17 to 3/31/18 (Continued)

MSCI Country	Driehaus International Small Cap Growth Fund (Port) (%)			MSCI AC World ex USA Small Cap Growth Index (Bench) (%)			Total Effect
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	
Luxembourg	2.31	-3.44	-0.15	0.39	-5.26	-0.02	-0.13
Macau	0.00	0.00	0.00	0.01	-2.10	0.00	0.00
Malaysia	0.00	0.00	0.00	0.82	0.17	0.00	0.01
Malta	0.00	0.00	0.00	0.03	6.67	0.00	0.00
Mexico	0.33	1.61	0.01	0.59	5.09	0.03	-0.02
Monaco	0.00	0.00	0.00	0.07	-9.87	-0.01	0.01
Netherlands	2.98	4.71	0.16	1.70	2.34	0.04	0.10
New Zealand	0.14	11.29	0.03	0.70	20.38	0.13	-0.09
Norway	1.79	0.53	-0.04	0.69	0.72	0.01	-0.02
Pakistan	0.00	0.00	0.00	0.17	6.52	0.01	-0.01
Peru	0.00	0.00	0.00	0.03	-1.58	0.00	0.00
Philippines	0.63	-12.36	-0.15	0.19	-0.56	0.00	-0.11
Poland	0.00	0.00	0.00	0.21	-9.54	-0.02	0.02
Portugal	1.45	-8.88	-0.12	0.19	-0.63	0.00	-0.13
Qatar	0.00	0.00	0.00	0.09	5.84	0.01	0.00
Russia	0.00	0.00	0.00	0.13	3.62	0.01	0.00
Singapore	0.00	0.00	0.00	1.23	10.60	0.12	-0.11
South Africa	0.83	6.02	0.07	1.27	3.67	0.05	0.03
South Korea	1.15	18.07	0.18	3.82	5.85	0.21	0.00
Spain	1.25	17.51	0.20	1.61	3.73	0.06	0.14
Sweden	1.95	-0.08	0.05	4.11	-2.83	-0.10	0.15
Switzerland	2.29	-4.66	-0.12	3.39	-3.24	-0.11	0.00
Taiwan	1.11	-10.37	-0.12	3.69	0.89	0.02	-0.09
Thailand	0.00	0.00	0.00	0.81	0.15	0.00	0.01
Turkey	0.00	0.00	0.00	0.27	2.23	0.01	0.00
United Arab Emirates	0.00	0.00	0.00	0.32	10.67	0.03	-0.03
United Kingdom	10.36	4.84	0.44	9.58	-3.13	-0.29	0.73
United States	1.27	-11.69	-0.17	0.44	-11.99	-0.05	-0.14
Cash	3.71	0.44	0.02	0.00	0.00	0.00	-0.02
Unassigned*	0.00	-0.40	-0.40	0.00	0.00	0.00	-0.40
<b>Total</b>	<b>100.00</b>	<b>3.97</b>	<b>3.97</b>	<b>100.00</b>	<b>0.84</b>	<b>0.84</b>	<b>3.13</b>

\*Unassigned refers to securities not recognized by Factset.

SECTOR WEIGHTS (%)				COUNTRY WEIGHTS (%)					
	Fund	Benchmark	Active Weights (%)		Fund	Benchmark	Fund	Benchmark	
Consumer Discretionary	21.4	17.8	3.5	Argentina	0.6	0.0	Luxembourg	2.9	0.4
Consumer Staples	5.0	8.8	-3.9	Australia	2.4	4.5	Netherlands	2.2	1.7
Energy	4.9	1.9	3.0	Austria	1.8	0.8	New Zealand	0.3	0.7
Financials	3.9	5.4	-1.5	Brazil	3.7	1.3	Norway	1.8	0.7
Health Care	6.8	12.0	-5.2	Canada	11.6	6.2	Philippines	0.7	0.2
Industrials	31.8	19.9	11.9	China	2.9	3.2	Portugal	1.2	0.2
Information Technology	9.9	18.4	-8.6	Denmark	0.8	1.6	South Africa	1.1	1.3
Materials	6.3	8.9	-2.7	Finland	1.0	0.8	South Korea	1.3	4.0
Real Estate	3.2	4.4	-1.2	France	2.0	2.9	Spain	2.5	1.6
Telecomm. Services	3.2	0.9	2.3	Germany	8.9	4.8	Sweden	1.9	4.0
Utilities	0.0	0.0	0.0	Hong Kong	1.8	2.7	Switzerland	2.1	3.3
Cash	3.7	0.0	3.7	Indonesia	0.4	0.5	Taiwan	1.4	3.8
				Isle Of Man	4.7	1.6	United Kingdom	9.9	9.3
				Israel	0.5	1.1	United States	1.0	0.4
				Italy	5.6	2.7	Cash	3.7	0.0
				Japan	17.5	22.8			

TOP 5 HOLDINGS<sup>1</sup> (as of 2/28/18)

Company	Sector	Country	% of Fund
Croda International Plc	Materials	United Kingdom	2.0
Ichikoh Industries, Ltd.	Consumer Discretionary	Japan	1.7
Vesuvius Plc	Industrials	United Kingdom	1.6
MasMovil Ibercom, S.A.	Telecom. Services	Spain	1.6
Mota-Engil SGPS SA	Industrials	Portugal	1.5

## PORTFOLIO CHARACTERISTICS

	Fund	Benchmark	5-year period	Fund	Benchmark
Number of Holdings	108	2,393	Annualized Alpha	3.46	n/a
Weighted Avg. Market Cap (M)	\$3,777	\$2,806	Sharpe Ratio	1.00	0.75
Median Market Cap (M)	\$2,539	\$1,016	Information Ratio	0.56	n/a
Est. 3-5 Year EPS Growth	19.1	17.3	Beta	0.90	1.00
Active Share (3-year avg.) <sup>2</sup>	91.72	n/a	Standard Deviation	11.39	11.58
<b>Market Cap Breakout (%)</b>			Tracking Error	4.84	0.00
< \$5 billion	74.4	86.9	R-squared	0.83	1.00
> \$5 billion	25.6	13.1			

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance  
Data as of 3/31/18. Benchmark: MSCI AC World ex USA Small Cap Growth Index (ND)

Driehaus Securities LLC, Distributor

<sup>1</sup>Holdings subject to change. <sup>2</sup>Data is calculated monthly.

The Fund invests in foreign securities, including small and mid cap stocks, which may be subject to greater volatility than other investments. During certain periods, the Fund has benefited from unusually strong market conditions. 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 the Fund may not experience similar performance results as its assets grow. **Investments in overseas markets can pose more risks than U.S. investments, and the Fund's share prices are expected to be more volatile than that of a U.S.-only fund.** In addition, the Fund'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 Fund invests. These risks are generally greater when investing in emerging markets. 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 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.