

# Driehaus Multi-Asset Growth Economies Fund

## KEY OBJECTIVES

- Provide superior risk-adjusted returns and higher total return than the MSCI Emerging Markets Index over a full market cycle by investing across the emerging markets asset class
- Flexible structure that allows the fund to benefit from positive and negative developments across multiple markets
- Employs multiple trade-types to manage risk, correlation and volatility.

## INCEPTION DATE

April 10, 2017

## FUND ASSETS UNDER MANAGEMENT

\$41 million

## FIRM ASSETS UNDER MANAGEMENT

\$8.6 billion

## PORTFOLIO MANAGERS



**Richard Thies**  
Lead Portfolio Manager  
11 years of industry experience



**Howard Schwab**  
Portfolio Manager  
17 years of industry experience



**Chad Cleaver, CFA**  
Portfolio Manager  
16 years industry experience



**Ayman Ahmed**  
Assistant Portfolio Manager  
7 years industry experience

## MARKET OVERVIEW

While there seem to be more pitfalls than normalcy in emerging markets of late given increasing anti-trade rhetoric from the U.S. and stronger US dollar, we think risks are beginning to be much more priced in. Barriers to free trade are unequivocally negative, but the actual first order impact of the tariffs is not likely to have a meaningful impact on global economic growth in the immediate term, though increasing barriers to trade do lower potential global GDP on a long-term basis without question. We remain highly focused on whether the recent volatility in FX and trade policy leads to a material tightening in financial conditions and credit standards in emerging markets and are pleased that thus far, that has not occurred. While growth has been disappointing year-to-date, we still see most economies (ex-China) as being in the very early stages of an upcycle in bank credit including those worst hit by the volatility, like Brazil.

As we have commented in other reports, many emerging market countries have improved their external financial position and hold less hard-currency debt. Many corporates are putting in measures to improve governance and capital allocation. Valuations in emerging markets look attractive to us, particularly

after the pronounced weakness in the second quarter. While we certainly recognize that today's market backdrop is challenging for emerging markets and with potential pitfalls still remaining on trade, Chinese growth, and the U.S. dollar, we think those risks are now more adequately priced.

## PERFORMANCE REVIEW

In its fourth quarter since fund inception, beginning 4/02/2018, the Driehaus Multi-Asset Growth Economies Fund lost 9.59%,<sup>1</sup> underperforming the MSCI Emerging Markets Index -8.54% and outperformed the JPMorgan Global Bond Index Emerging Markets Global Diversified -10.4% during the same period. The fund was harmed by the concentration in high-yielding and off-index geographies which contributed to its outsized returns in prior quarters.

Egypt was the fund's top contributor during the quarter. The fund's positioning benefitted from its exposure to treasury bills, which performed well in the global selloff given the low beta nature of the Egyptian pound. The thesis for the trade remains given the consistent contribution as we see currency stability continuing as the country's external and fiscal fundamentals continue to improve.

### <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 (877) 779-0079 or visit [www.driehaus.com](http://www.driehaus.com) for more current performance information. Sources: Driehaus Capital Management LLC, Factset, Reuters and MSCI Indices

Within equities, India was the fund's top contributing market, driven mostly by stock selection within the information technology services sector as well as the financials sector. Beyond India, Korea was the second largest contributor with returns coming from an e-commerce service platform benefitting from the still early-stage ecommerce landscape in the country.

Our next highest contributor to relative returns was our underweight in Turkey for the third consecutive quarter. Higher than anticipated inflation, political risk, monetary mismanagement, fiscal carelessness and higher oil led to a rapid selloff in most assets when converted to USD. Today, the selloff continues and we remain on the sidelines despite our peers taking substantial losses as they seek value from the battered sovereign. Until we see fiscal consolidation, improvement in the current account, constructive politics, etc, we will remain underweight. As mentioned many times before, we need support from the central bank and government. Post Erdogan's executive presidency win, it is unlikely we see this anytime soon.

Brazil was the fund's largest country detractor during the quarter due to macro related risks. The combination of low yields, disappointing growth, currency weakness, and social issues lead to a major depreciation in equities. Our losses came primarily from the financial and consumer staples sectors. Early in the quarter we reduced our position in the country given the weakness in broader consumer sentiment

and retail spending. Looking forward, the outlook in Brazil remains heavily predicated on the upcoming presidential elections, but fundamentals remain greatly improved overall. With valuations much more favorable we see potential for superior returns going forward but the market will require clarity on the political outlook and what that means for the country's fiscal position.

Russia was also a net detractor during the quarter with US sanctions news causing an asset/liquidity meltdown in early April. That reaction was largely overdone and we have since seen Russia outperform peers. While EM came off more than 10% from April 10th to the end of the quarter, Russia was roughly unchanged. Some of this is a result of the increase in the oil price and we expect this to continue to support fiscal accounts and bottom line growth. We increased exposure to the country during the second quarter as growth numbers have rebounded, current account and fiscal surplus expands.

Within fixed income, our leveraged positions detracted from our overall performance. Despite only dedicating 23% of the capital towards the sector vs the index at 50%, we only slightly outperformed. Our losses came primarily from Russia where sanction issues plagued sentiment, Mexico where NAFTA issues weighed on monetary policy, and Argentina where institutional mismanagement resulted in an acute rerating. Going forward, we are focusing less on leveraged products (derivatives) and more on traditional fixed income. Within bonds,

we continue to focus on low beta and high yielding countries like Egypt and Nigeria and less on geographies driven heavily by core rates. Furthermore, we are allocating more of our capital towards external bonds (dollar assets) vs local as the risk of a stronger dollar is still lurking given the growth dispersion (US vs global).

## **OUTLOOK AND POSITIONING**

Going into the second quarter of 2018, we increased our fixed income exposure overall. We maintained our currency exposure at 50% but skewed it towards the lower beta currencies in Asia ex Japan. We increased our rates exposure from 50% to 75% but have hedged out specific risks that surround monetary policy. With macro risks front and center, we prefer a higher allocation towards fixed income. We will revisit an upsized equity exposure when there is more clarity on trade policy, geopolitical tensions and the underlying economies.

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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 July 18, 2018 and are subject to change at any time due to changes in market or economic conditions. The material has not been updated since July 18, 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 6/30/18

	Annualized Total Return						
	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Inception 4/10/17*
<b>Driehaus Multi-Asset Growth Economies Fund</b>	<b>-9.21</b>	<b>-6.07</b>	<b>7.15</b>	---	---	---	<b>11.13</b>
Equally weighted MSCI Emerging Markets (ND) / JPMorgan GBI Emerging Markets Global Diversified <sup>1</sup>	-9.17	-6.46	2.96	---	---	---	6.50
MSCI Emerging Markets Index (ND) <sup>2</sup>	-7.96	-6.66	8.20	---	---	---	11.73

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

Management Fee	1.00%
<b>Other Expenses:</b>	
Other Expenses Excluding Dividends and Interest on Short Sales <sup>4</sup>	1.04%
Dividends and Interest on Short Sales <sup>5</sup>	None
Acquired Fund Fees and Expenses <sup>4</sup>	0.02%
Total Annual Fund Operating Expenses	2.06%
Expense Reimbursement	(0.29%)
<b>Total Annual Fund Operating Expenses After Expense Reimbursement<sup>6</sup></b>	<b>1.77%</b>

Sources: Driehaus Capital Management LLC, Morgan Stanley Capital International Inc., SS&C Inc.

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 (877) 779-0079 or visit [www.driehaus.com](http://www.driehaus.com) for more current performance information.

\*Average Annual Total Return

<sup>1</sup>The equally weighted benchmark consists of 50 percent of the MSCI Emerging Market Index (ND) and 50 percent of the JPMorgan GBI Emerging Markets Global Diversified. JPMorgan Global Bond Index Emerging Markets Global Diversified tracks debt instruments in the emerging markets (includes a broader array of countries than the EMBI Plus).

<sup>2</sup>The Morgan Stanley Capital International Emerging Markets Index (MSCI Emerging Markets Index) is a market capitalization-weighted index designed to measure equity market performance in global emerging markets. 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, 2018. 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.

<sup>4</sup>"Other Expenses Excluding Dividends and Interest on Short Sales" and "Acquired Fund Fees and Expenses" are estimated for the current year.

<sup>5</sup>"Dividends and Interest on Short Sales" cannot be estimated and therefore, actual Fund expenses may be higher than those shown.

<sup>6</sup>Driehaus Capital Management LLC, the Fund's investment adviser, has entered into a contractual agreement to cap the Fund's ordinary annual operating expenses at 1.75% of average daily net assets until the earlier of the termination of the investment advisory agreement, by the Board of Trustees or the Fund's shareholders, or April 9, 2020. The expense cap excludes interest, taxes, brokerage commissions, and other investment-related costs and extraordinary expenses, including the acquired fund fees and expenses and dividends and interest on short sales, resulting in the current total annual fund operating expenses after expense reimbursement of 1.77%. 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 April 10, 2017, the investment 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 existing operating expense cap. Because dividends and interest on short sales are not included in the expenses subject to reimbursement, the net expenses of the Fund may be higher than those shown above.

**COUNTRY PERFORMANCE ATTRIBUTION** 3/31/18 to 6/30/18 (US Dollar Denominated)

MSCI/GICS Sector	Driehaus Multi-Asset Growth Economies Fund (Port) (%)		Equally weighted MSCI Emerging Markets (ND) / JPMorgan GBI Emerging Markets Global Diversified <sup>1</sup> (Bench) (%)		Attribution Analysis (%)		
	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Allocation Effect	Selection + Interaction	Total Effect
Argentina	1.22	-0.81	1.33	-0.52	-0.03	-0.55	-0.31
Australia	0.00	0.00	0.01	-0.00	-0.00	0.0	-0.00
Brazil	7.20	-2.54	7.72	-1.66	-0.01	-2.00	-0.92
Cayman Islands	0.33	0.02	0.17	-0.01	0.03	-0.00	0.04
Chile	0.00	0.00	2.25	-0.18	-0.05	0.0	-0.03
China	17.42	-0.90	13.41	-0.56	-0.13	-0.08	-0.00
Colombia	0.00	0.00	3.21	-0.11	-0.14	0.0	-0.19
Cyprus	1.09	-0.05	0.00	0.00	-0.01	0.0	0.06
Czech Republic	0.53	-0.06	1.76	-0.15	-0.02	-0.02	-0.03
Egypt	4.54	0.09	0.06	-0.00	-0.09	0.36	0.50
France	1.32	0.10	0.00	0.00	0.19	0.0	0.21
Germany	0.00	0.00	0.07	-0.01	-0.00	0.0	0.00
Great Britain	0.43	-0.11	0.00	0.00	-0.07	0.0	-0.07
Greece	0.49	-0.01	0.16	-0.00	0.03	-0.01	0.03
Hong Kong	3.65	0.16	1.98	-0.06	0.07	0.19	0.36
Hungary	0.67	-0.13	2.07	-0.28	0.01	-0.03	0.03
India	7.70	0.03	4.19	-0.04	0.21	0.03	0.40
Indonesia	1.45	-0.07	5.65	-0.62	0.22	0.02	0.13
Ireland	0.00	0.00	0.02	-0.00	-0.00	0.0	-0.00
Italy	0.08	-0.04	0.00	0.00	-0.04	0.0	-0.03
Japan	-0.05	-0.05	0.00	0.00	-0.00	0.0	-0.05
Luxembourg	0.00	0.00	0.98	-0.12	-0.02	0.0	0.03
Macau	1.25	0.03	0.00	0.00	0.05	0.0	0.13
Malaysia	2.86	-0.21	3.22	-0.23	-0.02	-0.01	-0.05
Mexico	4.42	-0.33	6.63	-0.36	-0.03	0.00	-0.18

*(Continues on page 5)*

**COUNTRY PERFORMANCE ATTRIBUTION** 3/31/18 to 6/30/18 (US Dollar Denominated) *(Continued)*

MSCI/GICS Sector	Driehaus Multi-Asset Growth Economies Fund (Port) (%)		Equally weighted MSCI Emerging Markets (ND) / JPMorgan GBI Emerging Markets Global Diversified <sup>1</sup> (Bench) (%)		Attribution Analysis (%)		
	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Allocation Effect	Selection + Interaction	Total Effect
Netherlands	0.00	0.00	0.02	-0.01	0.01	0.0	0.01
Nigeria	2.67	-0.22	0.00	0.00	-0.14	0.00	0.03
Pakistan	0.00	0.00	0.04	-0.01	0.00	0.00	0.00
Peru	1.23	-0.02	1.83	-0.10	0.04	0.04	0.04
Philippines	0.80	-0.12	2.12	-0.11	0.00	-0.07	-0.14
Poland	1.11	-0.05	5.30	-0.46	-0.08	0.02	0.04
Qatar	0.00	0.00	0.33	0.01	-0.02	0.00	-0.04
Romania	0.00	0.00	1.51	-0.11	-0.01	0.00	-0.03
Russia	2.00	-0.87	4.58	-0.37	-0.11	-0.40	-0.68
Saudi Arabia	1.64	0.05	0.00	0.00	0.10	0.00	0.21
Singapore	0.00	0.00	0.00	0.00	-0.00	0.00	-0.00
South Africa	5.19	-1.01	7.75	-1.19	-0.11	-0.17	-0.03
South Korea	8.70	-0.36	7.56	-0.70	-0.01	0.36	0.40
Taiwan	6.68	-0.78	5.75	-0.36	-0.00	-0.34	-0.32
Thailand	4.55	-0.39	4.42	-0.37	0.00	0.01	0.02
Turkey	0.62	-0.22	2.66	-0.62	0.14	-0.06	0.21
United Arab Emirates	0.93	0.04	0.31	-0.01	-0.01	0.08	0.11
United Kingdom	0.00	0.00	0.25	-0.02	-0.00	0.00	-0.00
United States	-0.38	0.03	0.63	-0.04	-0.07	0.32	0.18
Cash	6.82	0.03	0.03	0.00	0.22	-0.09	0.67
Unassigned	0.00	0.00	0.03	0.00	-0.00	0.00	-0.00
<b>Total</b>	<b>100.00</b>	<b>-9.29</b>	<b>100.00</b>	<b>-9.39</b>	<b>-0.53</b>	<b>-2.42</b>	<b>0.11</b>

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.** \*Unassigned refers to securities that are not recognized by FactSet.

**ATTRIBUTION ANALYSIS CATEGORIES ARE DEFINED AS:**

**Allocation Effect** - Measures the impact of the decision to allocate assets differently than those in the benchmark.

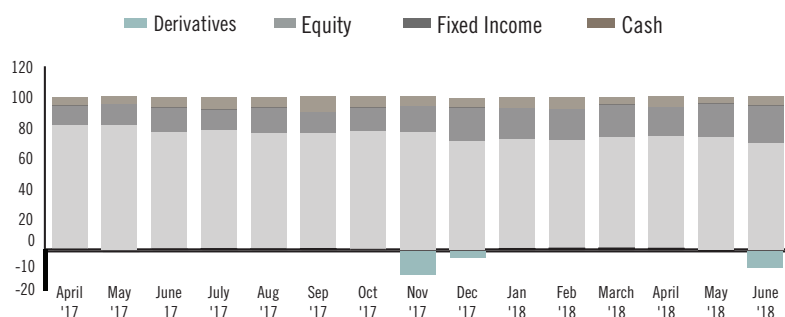
**Security Selection Effect** - Measures the effect of choosing securities, which may or may not outperform those of the benchmark.

**Interaction Effect** - Jointly measures the effect of allocation and selection decisions.

**Currency Effect** - The currency effect is the portion of the total effect the portfolio manager can potentially influence by using currency hedging.

**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.

## ASSET WEIGHTS



Source: Driehaus Capital Management LLC  
Data as of 6/30/18.

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.

**TERMS: Portfolio Yield** is the annual income (interest or dividends) divided by the current price of the security, aggregated to the portfolio level. **Effective duration** is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change. **Portfolio Yield** is the income return on an investment, such as the interest or dividends received from holding a particular security.

**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 (877) 779-0079. Please read the prospectus and summary prospectus carefully before investing.**

Driehaus Securities LLC, Distributor

## COUNTRY WEIGHTS

Country	DMAGX	Benchmark
Argentina	0.4	1.4
Brazil	6.0	7.6
China	16.6	13.9
Cyprus	1.2	0.0
Czech Republic	0.5	1.7
Egypt	4.1	0.1
France	1.4	0.0
Great Britain	0.7	0.0
Greece	0.5	0.2
Hong Kong	3.5	2.1
Hungary	0.6	1.9
India	8.0	4.3
Indonesia	1.0	5.6
Macau	1.0	0.0
Malaysia	1.9	2.8
Mexico	9.3	6.8
Nigeria	2.8	0.0
Peru	2.5	1.8
Philippines	0.9	2.1
Poland	3.8	5.3
Russia	3.0	4.7
Saudi Arabia	1.9	0.0
South Africa	2.8	7.6
South Korea	7.4	7.3
Taiwan	7.0	5.8
Thailand	3.7	4.4
Turkey	0.6	2.5
United Arab Emirates	1.0	0.3
United States	-18.7	0.7
Cash	6.0	0.0