

Driehaus Emerging Markets Small Cap Growth Fund Commentary

Stepping into 2017, there has been a marked shift in sentiment and positioning across various asset classes, mostly centered around the view that global growth is poised to accelerate behind structural reforms in the US. While protectionism, geopolitical uncertainties, and threats of a border tax are negative ramifications of President-elect Trump's anticipated economic policy, investors have embraced the potential for lower corporate tax rates,

deregulation, and the repatriation of corporate profits "trapped" abroad to lead to stronger economic growth.

As shown in Exhibit 1, correlations have fallen sharply since the US election as sector dispersion has picked up, with reflationary assets showing pronounced outperformance. Positive cyclical data have also supported this positioning trend, with Citigroup's G-10 Economic Surprise Index registering multi-year highs (Exhibit 2).

Exhibit 1: Implied correlations at historical lows



Source: Deutsche Bank

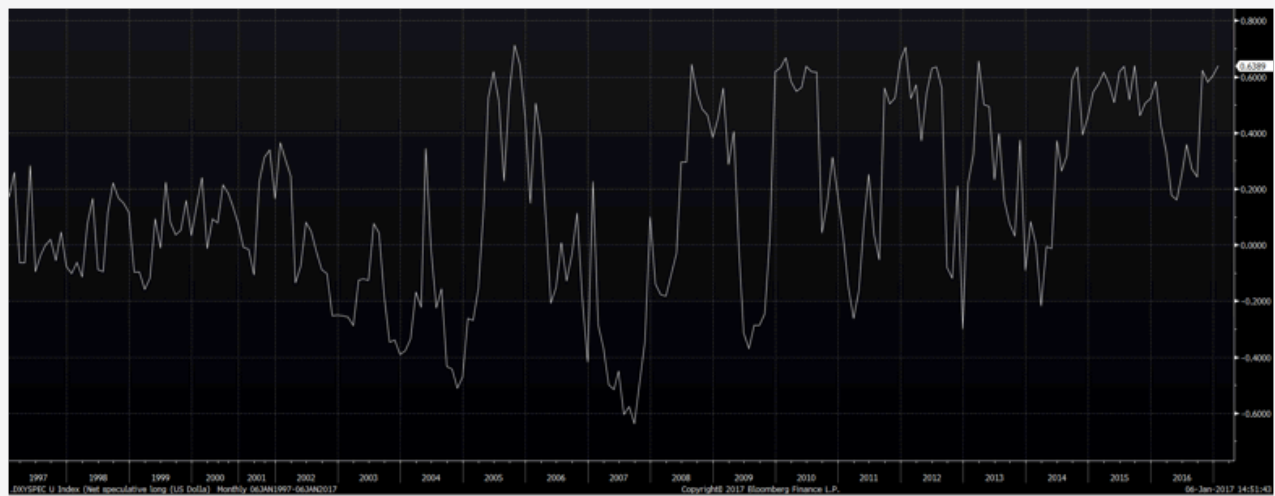
Exhibit 2: Citigroup G-10 Economic Surprise Index



Source: Bloomberg

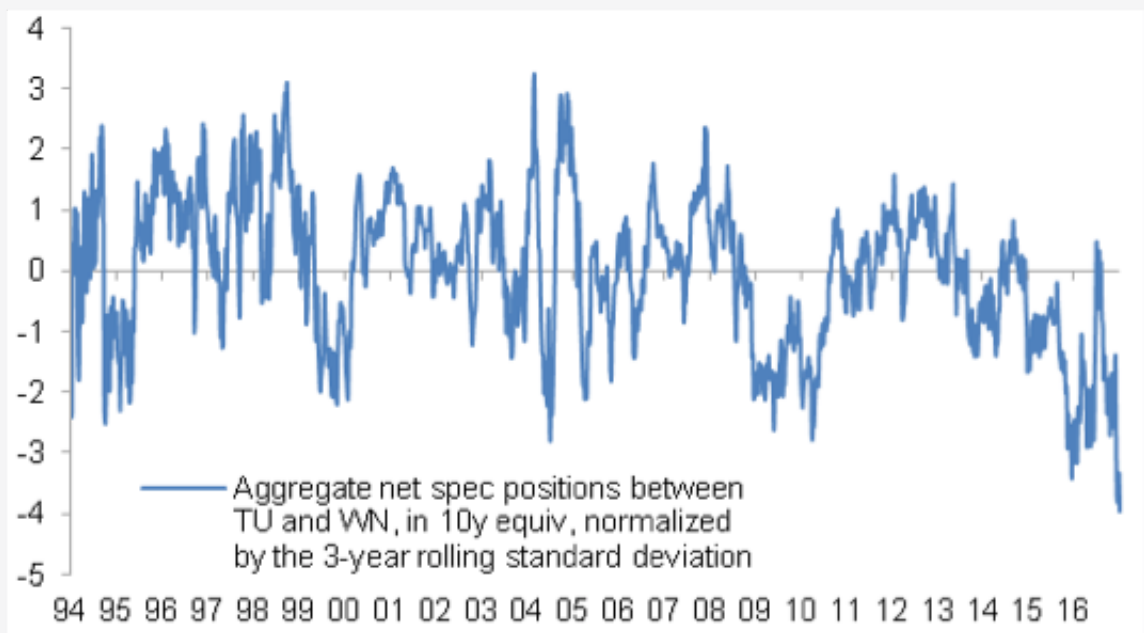
The perception of a reflationary impulse, accompanied by the improving economic data and renewed “animal spirits,” have led to a number of cross-asset positioning extremes, most notably in the US dollar and interest rates (Exhibit 3 & 4).

Exhibit 3: US dollar net speculative positioning as % of open interest



Source: Bloomberg

Exhibit 4: Net speculative positioning in US Treasuries



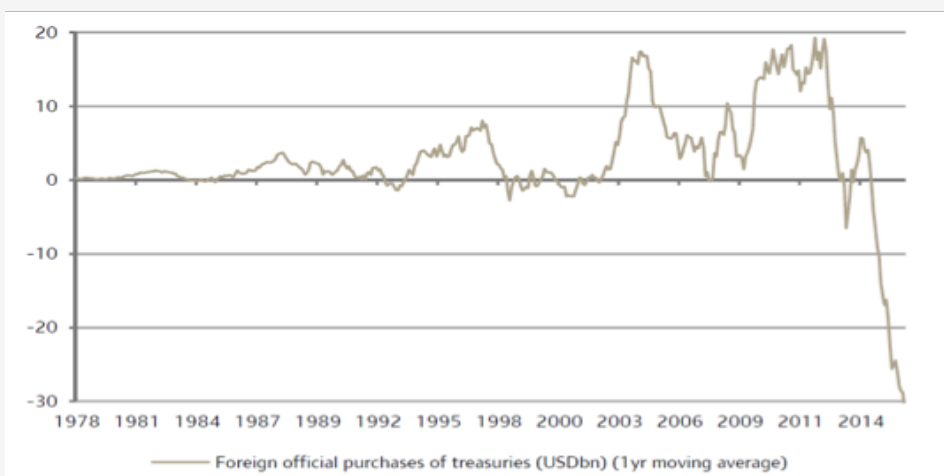
Source: Deutsche Bank

Given the seemingly universal sentiment toward reflation and accelerating growth, it may be an appropriate time to heed the words of market technician Joe Granville, who coined the phrase “if it’s obvious to the public, then it’s obviously wrong,” or to at least consider the risk-reward of positions that could benefit in a reversal of these conditions.

Looking at counterpoints to the consensus view, the execution of a late-cycle handoff from monetary to fiscal stimulus in the US poses a potential risk. Tepid as the post-global financial crisis economic expansion was, the

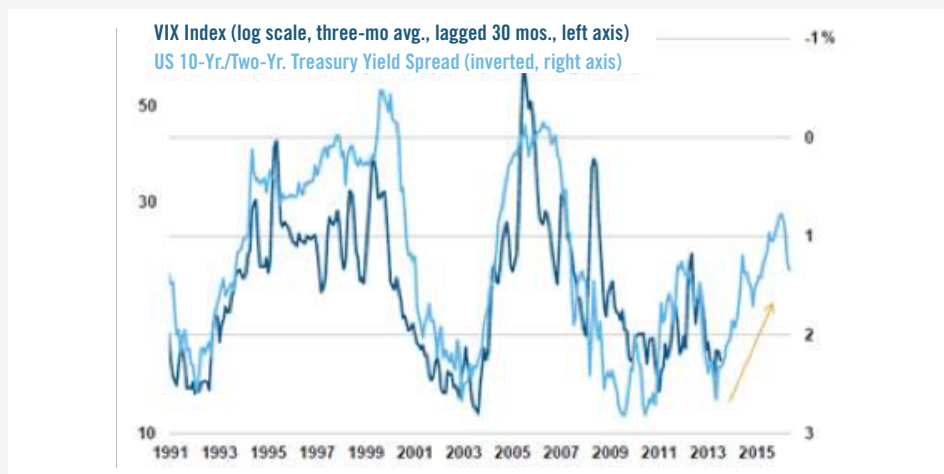
US has nonetheless seen its output gap close, calling into question the need for a large fiscal stimulus. Moreover, the combination of a rising entitlement burden and an end to QE suggests a growing funding need at a time when foreign official institutions have become aggressive net sellers of US Treasurys, as US dollar strength has led to reserve depletion (Exhibit 5). As shown in Exhibit 6, the nascent steepening trend in the yield curve has historically preceded higher equity volatility by approximately 30 months, suggesting the shift toward fiscal stimulus may entail a few bumps along the way.

Exhibit 5: Foreign official net purchases of US Treasurys



Source: Reuters

**Exhibit 6: Yield curve steepness leads equity volatility by 2.5 years—
will there be higher volatility in 2017?**



Source: Morgan Stanley, Bloomberg

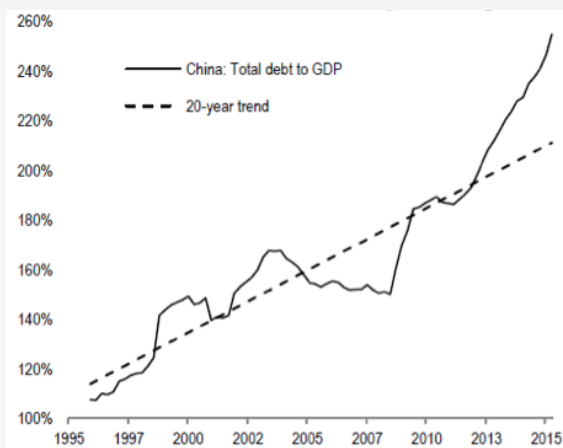
Elsewhere, we note the potential for China to shift back into rebalancing mode, following a clear prioritization of growth throughout 2016. After undertaking a round of stimulus to underpin economic growth as the world appeared headed for a deflationary deleveraging phase, China is left with a rapidly growing debt burden (Exhibit 7). While China's desire to support growth may continue through the first half of 2017 in advance of political transitions later this year, the potential remains for policymakers to refocus on the reform agenda, which does not necessarily portend a sharp deceleration in growth, but may limit further acceleration from here.

China has shouldered the bulk of global credit creation in recent years, and with corporate leverage ratios at or above previous cycle highs, the world can ill afford a debt-deflation scenario (Exhibits 8 & 9). Thus, one of the positive ramifications stemming from China's policies over the past year was the recovery in commodity prices. This was in part driven by supply constraints following a downturn in global mining capex, but was mostly a function of upside demand surprises along with direct intervention. Specifically, China reduced the number of working days allowed for coal mines to operate, leading to a spike in thermal and metallurgical coal prices, which flowed through to pricing power across various industries as a result of cost-push dynamics. Measures such as this led China's producer price index into positive territory for the first time in five

years. This improved the credit quality of large state-owned enterprises (SOEs) in the bulk commodity and industrial metals industries and reduced the associated tail risks to the banking system.

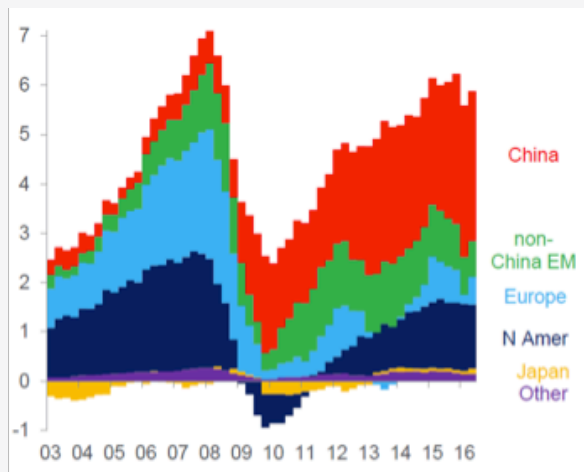
Having arrested the deflationary trend of the past several years, the high degree of financial leverage in the system suggests there may be no turning back from policies to maintain an acceptable level for commodity prices. The risk of embarking on this policy stance is that ultimately the rise in producer prices could flow through to consumer prices, and potentially lead to strained social tensions or unrest.

Exhibit 7: Total debt to GDP is now 42 percentage points above trend



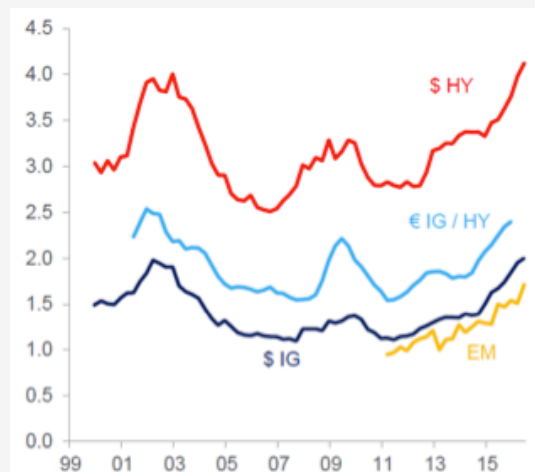
Source: Credit Suisse, Bloomberg

Exhibit 8: Global private sector credit creation, rolling 4q (\$tn)



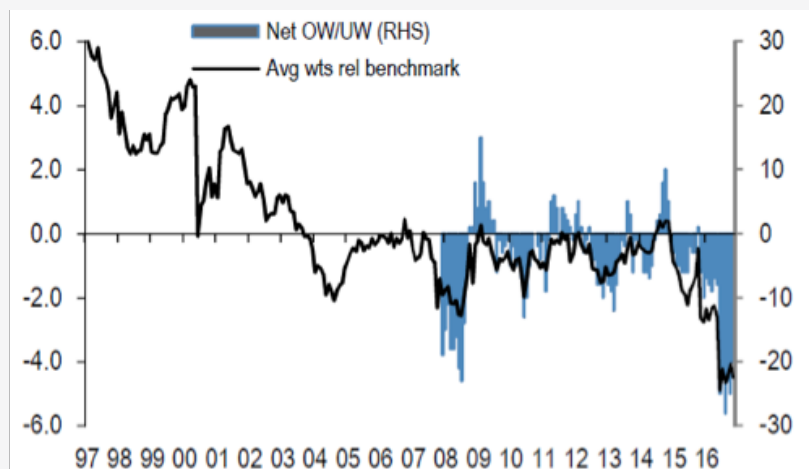
Source: BIS, Citi Research

Exhibit 9: Global nonfinancial corporate net debt/EBITDA



Source: Citigroup, S&P Capital IQ, Bloomberg, MSCI Research

Exhibit 10: China + HK average weightings relative to MSCI benchmark and net over-/underweights



Source: MSCI, Datastream, EPFR Global

Amid this backdrop, investors retain a high degree of skepticism toward Chinese equities, with EM fund manager positioning at its largest underweight on record (Exhibit 10). A renewed focus on rebalancing could again highlight the growth of domestic demand in areas such as health care, education, travel, and e-commerce, potentially coinciding with a stalling of earnings revisions in cyclical areas that performed well in 2016 and are arguably becoming more crowded positions.

2016 brought about numerous surprises to investors, and surveying the prospects for 2017, the words “policy uncertainty” continue to resonate. Considering the heavy election calendar in Europe, the unpredictability of policy in the incoming US administration, and the rising geopolitical risk in emerging markets such as Turkey, the coming

year is likely to hold many more surprises. Thus, it will remain important for investors and allocators to consider positioning, particularly at extremes, along with a range of scenarios when assessing risk-reward in this uncertain backdrop.

Our expectation is for the extreme style dispersion observed in 2016 to give way to an environment in which earnings revisions are of greater importance, following last year’s early-cycle EM rally in factors such as value and beta. Increasingly, we expect dispersion to rise at the macro level, particularly if some of the developments we have mentioned materialize. We believe that nimbleness, along with synthesizing both fundamental and macro factors, will become increasingly important in this environment.

Until next month,

Chad Cleaver, Lead Portfolio Manager
Driehaus Emerging Markets Small Cap Growth Fund

Disclosures

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 January 13, 2017 and are subject to change at any time due to changes in market or economic conditions. The commentary has not been updated since January 13, 2017 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.

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. Please read the prospectus and summary prospectus carefully before investing.

Driehaus Securities LLC, Distributor

DRESX Performance Review

Month-end Performance as of 12/31/16

Fund/Index	MTD	YTD	1 Year	Average Annual Total Return		
				3 Year	5 Year	Since Inception ¹
Driehaus Emerging Markets Small Cap Growth Fund ²	-1.50%	-9.97%	-9.97%	-5.09%	4.31%	10.49%
MSCI Emerging Markets Small Cap Index (ND) ³	-0.16%	2.28%	2.28%	-1.27%	3.51%	12.84%
MSCI Emerging Markets Small Cap Index (GD) ³	-0.12%	2.56%	2.56%	-0.97%	3.83%	13.16%
MSCI Emerging Markets Index (ND) ⁴	0.22%	11.19%	11.19%	-2.55%	1.28%	8.87%

Calendar Quarter-end Performance as of 12/31/16

Fund/Index	QTR	YTD	1 Year	Average Annual Total Return		
				3 Year	5 Year	Since Inception ¹
Driehaus Emerging Markets Small Cap Growth Fund ²	-10.80%	-9.97%	-9.97%	-5.09%	4.31%	10.49%
MSCI Emerging Markets Small Cap Index (ND) ³	-6.23%	2.28%	2.28%	-1.27%	3.51%	12.84%
MSCI Emerging Markets Small Cap Index (GD) ³	-6.18%	2.56%	2.56%	-0.97%	3.83%	13.16%
MSCI Emerging Markets Index (ND) ⁴	-4.16%	11.19%	11.19%	-2.55%	1.28%	8.87%

Annual Fund Operating Expenses⁵

Management Fee	1.50%
Other Expenses	0.19%
Total Annual Fund Operating Expenses	1.69%

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. 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. Contractual fee waivers were in effect from inception to 8/21/2014. Without such fee waivers, performance numbers would have been reduced. 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.

¹Inception Date: 12/1/2008. "Since Inception" is calculated to include performance from the Fund's predecessor limited partnership. ²The average annual total returns of the Driehaus Emerging Markets Small Cap Growth Fund include the performance of the Fund's predecessor limited partnership, which is calculated from December 1, 2008 before the Fund commenced operations and succeeded to the assets of its predecessor on August 22, 2011. 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, its 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 a regulated investment company and therefore did not distribute current or accumulated earnings. ³The Morgan Stanley Capital International Emerging Markets Small Cap Index (MSCI Emerging Markets Small Cap Index) is a market capitalization-weighted index designed to measure equity market performance of small cap stocks in global emerging markets. Data is in US dollars. The net dividend (ND) index is calculated with net dividend reinvestment. The gross dividend (GD) index is calculated with gross dividend reinvestment. The benchmark has changed from the MSCI Emerging Markets Small Cap Index (GD) to the MSCI Emerging Markets Small Cap Index (ND) because the net index is more commonly used industry wide and is a more representative comparison versus the fund because it is presented net of foreign withholding taxes. ⁴The 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. ⁵Represents the Annual Fund Operating Expenses as disclosed in the current prospectus dated April 30, 2016. 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.

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.

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Driehaus Securities LLC, Distributor

DRESX Portfolio Characteristics

Portfolio Snapshot

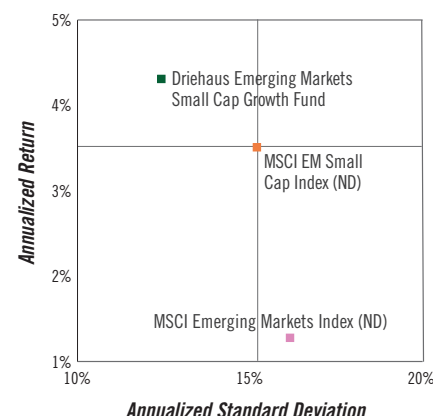
	<i>excluding cash</i>	
Assets Under Management (AUM)	\$261,992,625	
Long Exposure	\$343,448,594	\$331,994,188
Short Exposure	(\$123,800,876)	(\$123,800,876)
Net Exposure	\$219,647,717	\$208,193,312
Net Exposure/AUM	83.84%	79.47%
Gross Exposure	\$467,249,470	\$455,795,065
Gross Exposure/AUM	1.78x	1.74x

Portfolio Characteristics

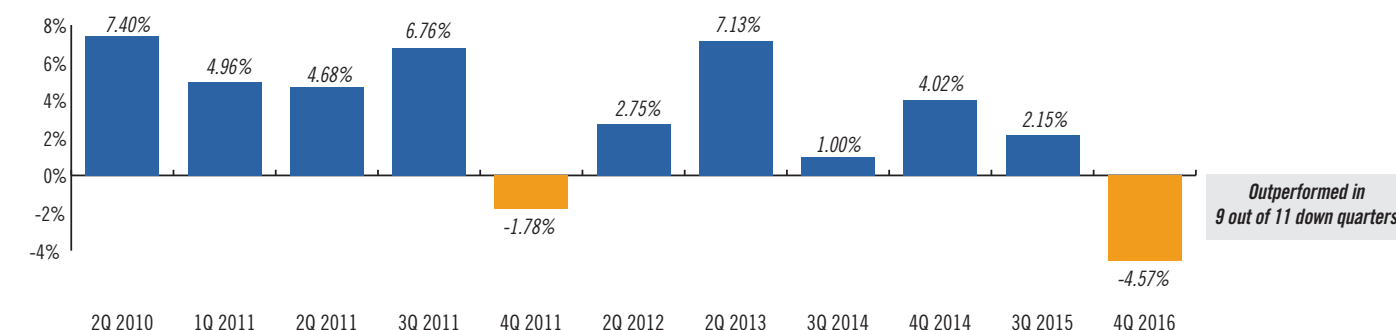
	Fund	Benchmark
Number of Equity Holdings	102	1,840
Active Share (3-year avg.) ¹	100.16	n/a
Est. 3-5 Year EPS Growth	17.6%	15.9%
Weighted Avg. Market Cap (\$M)	\$2,605	\$1,029
Median Market Cap (\$M)	\$1,897	\$581
Mkt. Cap Breakout	< \$5 billion	87.9%
	> \$5 billion	12.1%
		100.0%
		0.0%

Risk & Return Characteristics (Trailing 5-years)

	Fund	MSCI EM Small Cap Index (ND)	Fund	MSCI Emerging Markets Index (ND)
Annualized Return	4.31	3.51	4.31	1.28
Standard Deviation	12.43	15.20	12.43	16.16
Upside Capture	61.36	100.00	55.54	100.00
Downside Capture	59.78	100.00	49.46	100.00
Beta	0.65	1.00	0.54	1.00
Alpha	2.04	n/a	3.69	n/a
Sharpe Ratio	0.34	0.23	0.34	0.07
R-squared	0.63	1.00	0.49	1.00
Tracking Error	9.26	0.00	11.58	0.00
Information Ratio	0.09	n/a	0.26	n/a
# Negative Monthly Returns	24	27	24	28
# Positive Monthly Returns	36	33	36	32



FUND'S EXCESS RETURNS² (%pts) vs. MSCI EM Small Cap Index (ND) — Quarters with Negative Index Returns, Since Inception (12/1/08)



Source: FactSet Research Systems LLC and Driehaus Capital Management. Data calculated with monthly returns. Data as of 12/31/16. ¹Data is calculated monthly. ²This chart depicts Driehaus Emerging Markets Small Cap Growth Fund's (DRESX) outperformance (or under-performance) versus the MSCI Emerging Markets Small Cap Index in all instances where the MSCI Emerging Markets Small Cap Index (ND) had a negative quarterly return since DRESX's inception on 12/1/2008. Net of fee performance is used. MSCI Emerging Markets Small Cap Index. Data as of 12/31/16. Performance for the Driehaus Emerging Markets Small Cap Growth Fund (DRESX) is used. The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment

will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (800) 560-6111 or visiting our website at www.driehaus.com. Fund returns shown include the reinvestment of all dividends and capital gains. Contractual fee waivers were in effect from inception to 8/21/2014. Without such fee waivers, performance numbers would have been reduced. The total annual fund operating expense for DRESX is 1.69% as disclosed in the 4/30/16 prospectus. Please see notes at end of presentation for more information on indices used. A definition of key terms can be found on page 10.

Top 5 Holdings¹ as of 11/30/16

Company	Country	Description	% of Fund
Bharat Financial Inclusion Limited	India	A non-banking financial company-micro finance institution	4.0%
IRPC Public Co., Ltd. NVDR	Thailand	Engaged in the petrochemical and petroleum industries in Southeast Asia	1.9%
MONETA Money Bank AS	Czech Republic	Provides banking services, accounts, credit cards, personal loans, car leasing, mortgages, investments and insurance products	1.8%
Silergy Corp.	Taiwan	Engaged in the manufacture and sale of power integrated circuits	1.6%
Arvind Limited	India	A textile company	1.5%

Portfolio Weights (Net Exposure)

Frontier Market	5.66%
Emerging Market	88.05%
Other Countries	6.29%

Data as of 12/31/16.

Derivative positions (Delta-adjusted exposure %)

Turkey 5-year CDS	-3.0%	China ETF puts	-4.4%
Mexico ETF puts	-2.7%	Emerging markets ETF puts	-5.2%

Data as of 12/31/16.

Sector Attribution 11/30/16 to 12/31/16 (US Dollar Denominated)

Driehaus Emerging Markets Small Cap Growth Fund (%)			MSCI Emerging Markets Small Cap Index (ND) ² (%)		Attribution Analysis (%)
MSCI/GICS Sector	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Total Effect ³
Consumer Discretionary	18.84	-0.22	16.42	-0.12	-0.11
Consumer Staples	2.94	-0.00	6.87	-0.03	0.00
Energy	4.74	-0.03	1.82	0.03	-0.06
Financials	15.69	-0.61	8.75	0.07	-0.66
Health Care	4.27	-0.08	9.03	-0.08	-0.04
Industrials	16.45	0.02	15.26	-0.11	0.12
Information Technology	12.50	-0.19	16.59	-0.04	-0.18
Materials	6.51	0.11	11.58	0.13	-0.05
Real Estate	1.34	0.04	9.08	-0.07	0.10
Telecommunication Services	1.72	-0.07	1.00	-0.02	-0.06
Utilities	7.04	0.07	3.60	0.06	0.01
Cash	8.17	-0.01	--	--	0.08
Other ⁴	-0.20	-0.54	--	--	-0.54
Total	100.00	-1.53	100.00	-0.16	-1.37

Sources: FactSet Research Systems Inc. and Driehaus Capital Management LLC.

The information presented is intended for informational purposes only.

Attribution data is on a trade date basis and is estimated and unreconciled.

¹Holdings subject to change.²The Morgan Stanley Capital International Emerging Markets Small Cap Index (MSCI Emerging Markets Small Cap Index) is a market capitalization-weighted index designed to measure

equity market performance of small cap stocks in global emerging markets. Data is in US dollars. The net dividend (ND) index is calculated with net dividend reinvestment.

³Total Effect - The Total Effect for each MSCI/GICS Sector is equal to the sum of the individual Attribution Effects for that MSCI/GICS Sector.⁴Includes derivative securities and fees.

A definition of key terms can be found on page 10.

Country Attribution 11/30/16 to 12/31/16 (US Dollar Denominated)

	DrieHaus Emerging Markets Small Cap Growth Fund (%)		MSCI Emerging Markets Small Cap Index (ND) ¹ (%)		Attribution Analysis (%)
Argentina	2.30	-0.19	--	--	-0.18
Bermuda	--	--	0.13	-0.01	0.01
Brazil	6.46	0.32	3.89	0.13	0.18
Canada	1.07	0.11	--	--	0.11
Cayman Islands	1.19	-0.12	0.06	0.00	-0.12
Chile	--	--	1.11	-0.03	0.02
China	5.65	-0.16	12.04	-0.34	0.17
Colombia	--	--	0.15	0.01	-0.01
Czech Republic	2.07	-0.01	0.04	0.00	-0.01
Egypt	1.21	-0.06	0.40	0.04	-0.10
Greece	--	--	0.63	0.01	-0.01
Hong Kong	6.32	-0.48	10.72	-0.52	0.03
Hungary	--	--	0.13	0.00	-0.00
India	12.75	-0.77	11.71	-0.17	-0.59
Indonesia	2.65	-0.01	2.62	0.05	-0.05
Kenya	1.72	-0.07	--	--	-0.07
Luxembourg	--	--	0.04	-0.00	0.00
Malaysia	3.29	0.03	3.15	0.01	0.02
Mexico	5.60	-0.14	3.01	-0.03	-0.11
Pakistan	1.62	0.14	--	--	0.14
Panama	--	--	0.06	0.02	-0.02
Philippines	3.23	0.02	1.14	-0.03	0.05
Poland	0.66	0.04	1.05	0.06	-0.03
Qatar	--	--	0.76	0.05	-0.05
Russia	2.70	0.29	0.86	0.09	0.20
Singapore	--	--	0.18	-0.01	0.00
South Africa	2.42	0.15	5.63	0.29	-0.15
South Korea	3.76	0.07	17.14	0.16	-0.13
Spain	--	--	0.10	0.00	-0.00
Taiwan	11.57	-0.19	17.09	-0.10	-0.10
Thailand	8.81	0.06	3.93	0.09	-0.04
Turkey	1.20	0.09	1.08	0.04	0.05
United Arab Emirates	0.07	-0.00	0.82	0.04	-0.05
United Kingdom	2.37	0.01	--	--	0.01
United States	-1.63	-0.41	0.31	-0.01	-0.41
Cash	8.17	-0.01	--	--	0.08
Other ³	2.77	-0.22	0.00	0.00	-0.21
Total	100.00	-1.53	100.00	-0.16	-1.37

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.

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Notes

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: **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. **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. **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. **Sharpe ratio** is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation. **Downside/Upside capture** is a measure of performance in up markets (upside) and down markets (downside) relative to the Index. **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. **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. **Information ratio** is a measure of the value added per unit of active risk by a manager over the index. A positive ratio indicates "efficient" use of risk by the manager. **R-Squared** is a statistical measure that represents the percentage of a fund's movements that can be explained by movements in a benchmark index. **At-the-money** is a term used to describe a situation where an option's strike price is identical to the price of the underlying security. **Out-of-the-money** is a term used to describe an option that has no intrinsic value, such as when a call option has a strike price that is higher than the market price of the underlying asset, or a put option with a strike price that is lower than the market price of the underlying asset. **Moneyness** is a description of a derivative relating its strike price to the price of its underlying asset. It describes the intrinsic value of an option in its current state. **Skew** is the difference in implied volatility between out-of-the-money, at-the-money and in-the-money options. Volatility skew, which is affected by sentiment and the supply/demand relationship, provides information on whether fund managers prefer to write calls or puts. **Delta-adjusted exposure** measures the first order price sensitivity of an option or derivative to changes in the price of an underlying security.