

# Driehaus Emerging Markets Small Cap Growth Fund Commentary

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*“...the natural next question is to ask whether it might be possible to reverse these adverse supply-side effects by temporarily running a ‘high-pressure economy,’ with robust aggregate demand and a tight labor market.”*

—Fed Chair Janet Yellen, October 14, 2016

*“Don’t ever permit the pressure to exceed the pleasure.”*

—Chicago Cubs manager Joe Maddon in his introductory Cubs press conference in November 2014

As both a lifelong Chicago Cubs fan and a financial market participant, the month of October has historically brought its fair share of horror shows. Recent history alone brought last year’s Cubs playoff meltdown at the hands of red-hot New York Mets slugger David Murphy, and two years ago we chronicled the surprise Bank of Japan (BoJ) policy maneuver in our piece [“Things That Go Bump in the Night.”](#) A longer look back in history brings October events such as “Black Monday” in 1987 and the “Bartman Ball” incident, which coincided with the Cubs losing their playoff mojo in 2003. Experience has taught Cubs fans and investors alike to be on high alert during the month.

With that in mind, will recent developments in central bank policy cause scary monsters to rear their ugly heads? After plunging into the abyss of negative interest rate policy in January of this year, the BoJ has pivoted to a policy of “Quantitative and Qualitative Easing with Yield Curve Control,” or “QQE + YCC” for short—seemingly recognizing the challenges of attempting to stimulate the economy at the expense of bank sector profitability.

While the eurozone similarly faces the challenges related to negative interest rates, ECB President Mario Draghi sees inflation gradually picking up to levels close to the ECB’s objective by 2018. However, questions remain around the scarcity of bonds eligible for QE, as well as the ability and efficacy of nations with “fiscal space” to take the stimulus baton.

So that leaves us with the Federal Reserve, which has shifted its rhetoric of late, with Boston Fed President Eric Rosengren noting, “because of financial stability concerns, the balance sheet composition could be adjusted to steepen the yield curve.” In what is perhaps the Fed’s spin on “QQE + YCC,” Chair Yellen made her mention of possibly running a “high pressure economy” on the same day as Rosengren’s yield curve comments.

This begs the question, at what point does the pressure exceed the pleasure? After seven years and multiple rounds of QE, it is arguably a bit late to become concerned about financial stability. With financial engineering and share buybacks dominating US equity market performance in recent years, and the scramble for yield notably lifting risk assets this year, seemingly irrespective of fundamental developments, what are the implications of yield curve steepening?

To answer that, we must first examine the starting point. The following charts show the extreme levels of term premium (Exhibit 1) and real rates (Exhibit 2) priced into US bond markets. Coming from these extremes, one could argue for a pickup in interest rate volatility even if inflation does not meaningfully accelerate.

**Exhibit 1: US term premium**



Source: Bloomberg

**Exhibit 2: US 5-year forward real interest rates**



Source: Bloomberg

So does this mean a repeat of the 2013 taper tantrum is in front of us? While some emerging markets would likely be vulnerable in an environment of rising interest rates, the starting point for many emerging markets is much different than it was in the summer of 2013. Since then, many EM economies have borne the pressure of deteriorating domestic demand and rising real interest rates. After three years, numerous economies have undertaken painful adjustments as a result of these factors and are now running healthier or, in some cases, surplus current accounts.

Thus, while we have seen the correlation between the US yield curve and EM FX basket (Exhibit 3) decline rapidly in recent weeks, this development may serve to bring about a higher degree of differentiation to emerging markets, which have experienced a flow-driven rally since March, in part driven by negative interest rates and the search for yield.

**Exhibit 3: Correlation between EM FX and the US yield curve**



Source: Bloomberg

## Performance Review

The Driehaus Emerging Markets Small Cap Growth Fund returned -1.34% in October, compared to the MSCI Emerging Markets Small Cap Index gain return of -1.48%, and the MSCI Emerging Markets Index gain of 0.24%.<sup>1</sup>

At the sector level, the most significant contributors to returns were health care, consumer discretionary and information technology. Industrials, materials and real estate detracted the most value. At the country level, South Korea, Brazil and

Thailand added value for the month. Taiwan, Hong Kong and the Philippines were notable detractors from returns.

From a positioning perspective, the fund ended the month overweight the financials, consumer discretionary, utilities and industrials sectors as well as Brazil, India and Thailand. The fund was underweight the real estate, technology, materials and health care sectors as well as South Korea, Hong Kong and South Africa.

<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

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## Positioning and Outlook

In the backdrop we envision of increasing differentiation, we continue to expect that fundamental developments related to profit margins and more effective capital deployment will remain paramount considerations for EM investors.

Further, at the country level, we continue to highlight the move toward openness and orthodox policy occurring in parts of EM, precisely at the same time that populism and protectionism are being embraced in the developed world.

This stance leads us to position for a cyclical recovery in countries such as Brazil and Russia, while favoring idiosyncratic growth in Taiwan, Thailand and India. We have become more selective in our positioning in interest rate sensitive areas. The fund continues to hold an underweight in consumer staples, which recognizes the long duration nature of the sector, while reducing its position in real estate in Asia.

Ahead of US elections we have noted a pickup in volatility and the demand for hedges, as both candidates have fallen victim to “October surprises,” and we view the elections as a “known unknown,” with a host of regulatory and geopolitical consequences, irrespective of the winner. This was exemplified by a recent macro seminar attended by our team in Chicago, in which the presenters showed the consensus forecasts for interest rates, the US dollar, equity markets and volatility depending on the winner of the election. While

Until next month,



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

there was widespread disagreement on the former three categories across Wall Street, there was unanimous agreement that volatility was likely to rise.

Beyond the obvious risks associated with the US election, we continue to closely monitor developments in China, while holding an underweight position in Chinese equities over the course of 2016. Given the potential conflicts of simultaneously propping up global growth and promoting state-owned-enterprise (SOE) reform, we are gauging the effectiveness of the recent debt-equity swaps undertaken by the banks and the nascent public-private partnerships (PPP) that will be looked upon to provide the next leg of investment spending.

Growth has been supported throughout 2016 by property, autos, and fixed asset investment, with the latter being driven solely by SOEs, resulting in a continued rise in debt as a percentage of GDP. The thawing of the property sector has reduced a near-term tail risk by bringing down excessive levels of inventory, but the accompanying sharp rise in property prices has recently led the government to enforce measures to cool down the pace of price increases. Lastly, the growth of the auto sector is unlikely to repeat in 2017 as incentives fade.

While we are increasingly optimistic about the potential for PPP to support infrastructure investment, and hence do not expect a disruptive growth slowdown in China, we expect that post the political leadership transitions of 2017, the will to support growth through policies that add substantially to the debt burden may fade as the focus shifts to reform and geopolitics.

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### 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 November 4, 2016 and are subject to change at any time due to changes in market or economic conditions. The commentary has not been updated since November 4, 2016 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 10/31/16

Fund/Index	MTD	YTD	1 Year	Average Annual Total Return		
				3 Year	5 Year	Since Inception <sup>1</sup>
DrieHaus Emerging Markets Small Cap Growth Fund <sup>2</sup>	-1.34%	-0.42%	-2.24%	-0.83%	4.51%	12.14%
MSCI Emerging Markets Small Cap Index (ND) <sup>3</sup>	-1.48%	7.46%	4.78%	-0.40%	2.48%	13.83%
MSCI Emerging Markets Small Cap Index (GD) <sup>3</sup>	-1.48%	7.70%	5.07%	-0.12%	2.78%	14.16%
MSCI Emerging Markets Index (ND) <sup>4</sup>	0.24%	16.30%	9.27%	-2.05%	0.55%	9.69%

## Calendar Quarter-end Performance as of 9/30/16

Fund/Index	QTR	YTD	1 Year	Average Annual Total Return		
				3 Year	5 Year	Since Inception <sup>1</sup>
DrieHaus Emerging Markets Small Cap Growth Fund <sup>2</sup>	3.64%	0.93%	-1.24%	0.65%	6.19%	12.47%
MSCI Emerging Markets Small Cap Index (ND) <sup>3</sup>	7.60%	9.08%	12.65%	1.29%	4.72%	14.20%
MSCI Emerging Markets Small Cap Index (GD) <sup>3</sup>	7.74%	9.32%	12.95%	1.58%	5.02%	14.53%
MSCI Emerging Markets Index (ND) <sup>4</sup>	9.03%	16.02%	16.78%	-0.56%	3.03%	9.76%

## Annual Fund Operating Expenses<sup>5</sup>

Management Fee	1.50%
Other Expenses	0.19%
<b>Total Annual Fund Operating Expenses</b>	<b>1.69%</b>

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](http://www.driehaus.com) for more current performance information.

<sup>1</sup>Inception Date: 12/1/2008. "Since Inception" is calculated to include performance from the Fund's predecessor limited partnership. <sup>2</sup>The 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. <sup>3</sup>The 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 more representative of the fund. <sup>4</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>5</sup>Represents 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](http://www.driehaus.com). Please read the prospectus carefully before investing.**

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# DRESX Portfolio Characteristics

## Portfolio Snapshot

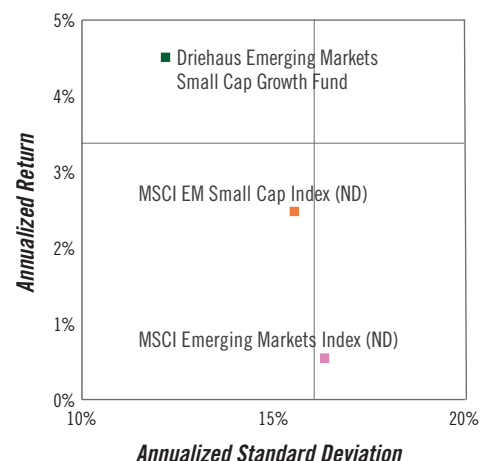
	<i>excluding cash</i>	
Assets Under Management (AUM)	\$383,739,939	
Long Exposure	\$465,318,955	\$444,763,462
Short Exposure	(\$125,363,342)	(\$125,363,342)
Net Exposure	\$339,955,612	\$319,400,120
Net Exposure/AUM	88.59%	83.23%
Gross Exposure	\$590,682,297	\$570,126,804
Gross Exposure/AUM	1.54x	1.49x

## Portfolio Characteristics

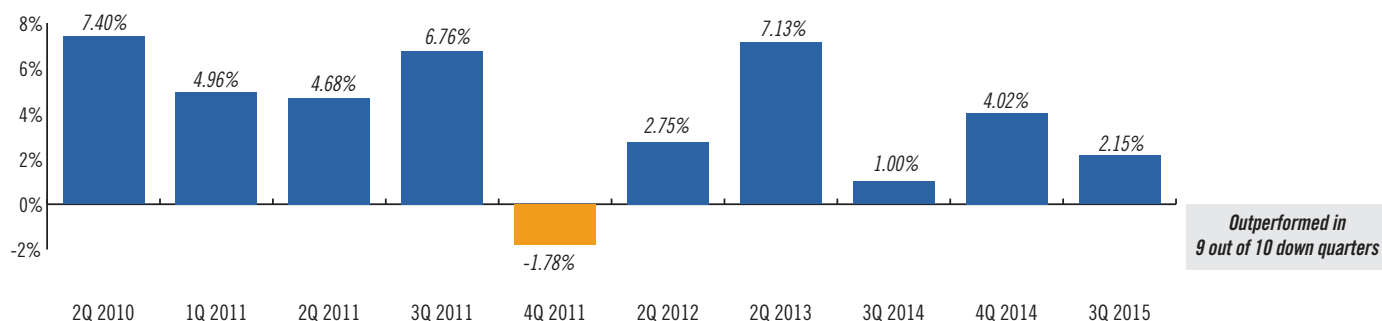
	Fund	Benchmark
Number of Equity Holdings	119	1,885
Active Share (3-year avg.) <sup>1</sup>	98.49	n/a
Est. 3-5 Year EPS Growth	19.7%	20.4%
Weighted Avg. Market Cap (\$M)	\$2,589	\$1,164
Median Market Cap (\$M)	\$1,824	\$584
Mkt. Cap Breakout	< \$5 billion	85.1%
	> \$5 billion	14.9%

## Risk & Return Characteristics (Trailing 5-years)

	Fund	MSCI EM Small Cap Index (ND)	Fund	MSCI Emerging Markets Index (ND)
Annualized Return	4.51	2.48	4.51	0.55
Standard Deviation	12.18	15.54	12.18	16.33
Upside Capture	61.36	100.00	56.94	100.00
Downside Capture	56.18	100.00	48.53	100.00
Beta	0.62	1.00	0.53	1.00
Alpha	2.93	n/a	4.27	n/a
Sharpe Ratio	0.36	0.15	0.36	0.03
R-squared	0.63	1.00	0.50	1.00
Tracking Error	9.40	0.00	11.58	0.00
Information Ratio	0.22	n/a	0.34	n/a
# Negative Monthly Returns	24	27	24	29
# Positive Monthly Returns	36	33	36	31



## FUND'S EXCESS RETURNS<sup>2</sup> (%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 9/30/16. <sup>1</sup>Data is calculated monthly. <sup>2</sup>This 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 9/30/16. 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](http://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 11.

## Country Exposures<sup>1</sup>

	Equity Weights	Long Hedges <sup>3</sup>	Short Hedges <sup>3</sup>	Net Exposure	Benchmark Weight	Net Exposure Over-/Underweight
Argentina	2.52	--	--	2.52	--	2.52
Brazil	9.84	2.06	-4.96	6.94	3.90	3.04
Chile	--	--	--	--	1.11	-1.11
China	11.43	--	--	11.43	22.68	-11.25
Colombia	--	--	--	--	0.14	-0.14
Czech Republic	1.49	--	--	1.49	0.04	1.45
Egypt	1.24	--	--	1.24	0.56	0.69
Greece	--	--	--	--	0.61	-0.61
Hungary	--	--	--	--	0.12	-0.12
India	15.60	--	--	15.60	12.60	2.99
Indonesia	3.24	--	--	3.24	2.48	0.76
Kenya	1.36	--	--	1.36	--	1.36
Malaysia	2.30	--	--	2.30	3.30	-1.00
Mexico	5.77	--	--	5.77	3.20	2.57
Pakistan	1.60	--	--	1.60	--	1.60
Panama	--	--	--	--	0.04	-0.04
Philippines	3.27	--	--	3.27	1.12	2.14
Poland	0.51	--	--	0.51	1.04	-0.53
Qatar	--	--	--	--	0.48	-0.48
Russia	2.25	--	--	2.25	0.90	1.35
South Africa	1.17	--	--	1.17	5.34	-4.17
South Korea	5.46	--	--	5.46	17.08	-11.63
Taiwan	13.22	--	--	13.22	16.64	-3.42
Thailand	6.77	--	--	6.77	3.88	2.88
Turkey	1.19	--	-4.58	-3.39	1.20	-4.59
United Arab Emirates	--	--	--	--	0.82	-0.82
Other Countries <sup>2</sup>	4.34	--	--	4.34	0.69	3.64
EM Index Equity Hedges	--	1.18	-4.45	-3.27	--	-3.27
US Index Equity Hedges	--	--	--	--	--	--
Other - Sector/Currency/Volatility Hedges	--	18.11	-18.68	-0.57	--	-0.57
<b>Total Exposure (ex-cash)</b>	<b>94.55</b>	<b>21.35</b>	<b>-32.67</b>	<b>83.23</b>	<b>100.00</b>	<b>-16.77</b>

<sup>1</sup>Data is on a trade date basis and has not been reconciled. Exposures reflect hedged positions.

<sup>2</sup>Other represents companies with significant emerging markets related exposures that are not

domiciled within an emerging market. <sup>3</sup>Delta-adjusted and underlying exposures include ETFs that may be domiciled in the U.S. but provide specific sector, country or market related exposure.

## Sector Exposures<sup>1</sup>

	Equity Weights	Long Hedges <sup>2</sup>	Short Hedges <sup>2</sup>	Net Exposure	Benchmark Weight	Net Exposure Over-/Underweight
Consumer Discretionary	23.56	--	--	23.56	16.85	6.72
Consumer Staples	2.56	--	--	2.56	6.52	-3.96
Energy	3.46	--	--	3.46	1.72	1.74
Financials	16.92	--	--	16.92	9.07	7.85
Health Care	3.85	--	--	3.85	8.69	-4.84
Industrials	17.06	--	--	17.06	15.21	1.85
Information Technology	11.60	--	--	11.60	17.67	-6.07
Materials	6.09	--	--	6.09	11.01	-4.92
Real Estate	2.23	--	--	2.23	9.00	-6.77
Telecommunication Services	1.36	--	--	1.36	0.95	0.41
Utilities	5.87	--	--	5.87	3.32	2.55
Other - Sector/Currency/Volatility Hedges	--	21.35	-32.67	-11.32	--	-11.32
<b>Total Exposure (ex-cash)</b>	<b>94.55</b>	<b>21.35</b>	<b>-32.67</b>	<b>83.23</b>	<b>100.00</b>	<b>-16.77</b>

## Portfolio Weights (Net Exposure)

Frontier Market: 5.48%	Emerging Market: 73.41%	Other Countries: 4.34%
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## Sector Attribution 9/30/16 to 10/31/16 (US Dollar Denominated)

MSCI/GICS Sector	Driehaus Emerging Markets Small Cap Growth Fund (%)		MSCI Emerging Markets Small Cap Index (ND) <sup>3</sup> (%)		Attribution Analysis (%)
	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Total Effect <sup>4</sup>
Consumer Discretionary	23.29	0.35	16.81	-0.08	0.50
Consumer Staples	2.88	-0.11	6.55	-0.15	-0.03
Energy	3.62	0.08	1.70	0.06	0.04
Financials	16.82	0.08	8.92	0.22	-0.04
Health Care	3.53	-0.20	9.10	-0.90	0.61
Industrials	17.31	-0.78	15.21	-0.22	-0.52
Information Technology	11.23	-0.05	17.80	-0.54	0.40
Materials	6.94	-0.32	10.82	0.10	-0.48
Real Estate	1.97	-0.11	8.89	-0.05	-0.16
Telecommunication Services	1.34	-0.01	0.92	0.03	-0.04
Utilities	4.48	0.25	3.27	0.04	0.24
Cash	6.29	-0.03	--	--	0.12
Other <sup>5</sup>	0.31	-0.47	--	--	-0.48
<b>Total</b>	<b>100.00</b>	<b>-1.31</b>	<b>100.00</b>	<b>-1.48</b>	<b>0.17</b>

<sup>1</sup>Data is on a trade date basis and has not been reconciled. Exposures reflect hedged positions.

<sup>2</sup>Delta-adjusted and underlying exposures include ETFs that may be domiciled in the US but provide specific sector, country or market related exposure.

<sup>3</sup>The 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.

<sup>4</sup>Total Effect - The Total Effect for each MSCI/GICS Sector is equal to the sum of the individual Attribution Effects for that MSCI/GICS Sector. <sup>5</sup>Includes derivative securities and fees.



## Country Attribution 9/30/16 to 10/31/16 (US Dollar Denominated)

Country of Domicile	Driehaus Emerging Markets Small Cap Growth Fund (%)		MSCI Emerging Markets Small Cap Index (ND) <sup>1</sup> (%)		Attribution Analysis (%)
	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Total Effect <sup>2</sup>
Argentina	1.80	-0.01	--	--	0.02
Bermuda	--	--	0.13	-3.25	0.00
Brazil	8.50	0.60	3.71	11.16	0.29
Canada	0.66	-0.04	--	--	-0.03
Cayman Islands	--	--	0.07	-1.84	0.00
Chile	--	--	1.05	7.98	-0.10
China	7.69	-0.14	12.52	-2.00	0.05
Colombia	--	--	0.14	-0.79	-0.00
Czech Republic	1.47	0.14	0.04	-4.35	0.16
Egypt	1.17	0.13	0.54	5.45	0.11
Greece	--	--	0.60	6.13	-0.04
Hong Kong	4.79	-0.16	10.41	-0.99	-0.15
Hungary	--	--	0.12	1.12	-0.00
India	15.13	0.41	12.28	4.31	-0.06
Indonesia	3.51	-0.07	2.41	3.66	-0.14
Jersey	0.18	0.01	--	--	0.02
Kenya	1.34	-0.01	--	--	0.01
Luxembourg	--	--	0.04	1.76	-0.00
Malaysia	2.00	0.05	3.29	-1.52	0.08
Mexico	5.19	0.09	3.10	7.08	-0.08
Pakistan	1.61	-0.03	--	--	-0.01
Panama	--	--	0.04	-2.14	0.00
Philippines	3.70	-0.26	1.12	-0.96	-0.20
Poland	0.21	0.01	1.01	0.76	-0.01
Qatar	--	--	0.48	-3.68	0.01
Russia	1.47	-0.12	0.87	4.31	-0.15
Singapore	--	--	0.07	-2.70	0.00
South Africa	1.29	-0.05	5.15	0.56	-0.15
South Korea	5.81	-0.56	18.15	-11.29	1.40
Spain	--	--	0.10	-1.95	0.00
Taiwan	14.83	-0.96	16.59	-2.52	-0.58
Thailand	7.57	0.35	3.69	4.11	0.23
Turkey	1.24	-0.09	1.19	-0.97	-0.09
United Arab Emirates	--	--	0.81	-2.94	0.01
United Kingdom	1.55	-0.06	--	--	-0.03
United States	-3.18	-0.29	0.28	0.32	-0.35
Cash	6.29	-0.03	--	--	0.12
Other <sup>3</sup>	4.17	-0.21	--	--	-0.15
<b>Total</b>	<b>100.00</b>	<b>-1.31</b>	<b>100.00</b>	<b>-1.48</b>	<b>0.17</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. Attribution data is on a trade date basis and is estimated and unreconciled. <sup>1</sup>A definition of this index can be found on page 5. <sup>2</sup>A definition of this term can be found on page 8. <sup>3</sup>Includes derivative securities and fees.

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**Top 5 Holdings<sup>1</sup>** as of 9/30/16

<b>Company</b>	<b>Country</b>	<b>Description</b>	<b>% of Fund</b>
Bharat Financial Inclusion Limited	India	Microfinance company	3.3%
TAL Education Group Unsponsored ADR Class A	China	Holding company for a group of companies engaged in provision of after-school tutoring programs for primary and secondary school students	1.7%
Taiwan Paiho Co., Ltd.	Taiwan	Multi-brand hotel	1.6%
Ennoconn Corp.	Taiwan	Taiwan-based company mainly engaged in the manufacture and sale of embedded systems and boards	1.5%
IRPC Public Co., Ltd. NVDR	Thailand	Engaged in the petrochemical and petroleum industries in Southeast Asia	1.5%

<sup>1</sup>Holdings subject to change.

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.

## 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](http://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.