Driehaus Micro Cap Growth Fund

KEY FEATURES

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

INCEPTION DATE

November 18, 2013

The fund's predecessor limited partnership has a performance inception date of 1/1/2003.

FUND ASSETS UNDER MANAGEMENT

$265 million

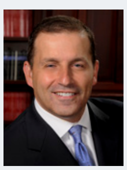
FIRM ASSETS UNDER MANAGEMENT

$6.5 billion

INVESTMENT STYLE

Growth equity

PORTFOLIO MANAGERS



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29 years of industry experience

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19 years of industry experience

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MARKET OVERVIEW

The December quarter was very difficult for US equities as the market experienced one of the largest fourth quarter declines in market history. It was also one of the quickest declines of this magnitude. Since 1946, for the S&P 500, only 1987 and 2008 had worse fourth quarters (both years were down 23%) than 2018 which was down 14%. It was the worst month of December (down 9%) for the S&P 500 since 1946. Market breadth was poor as all major sectors and market caps sold off sharply. Micro caps and small caps declined more than large caps and value declined less than growth and the most defensive areas of the market outperformed.

Historically, prior instances of similarly sharp market declines and poor breadth have yielded forward returns on a 12-month basis that are consistently positive. For instance, since the inception of the Russell 2000 in 1979, there have been 12 prior declines greater than 20%. In the subsequent 12 months that index was higher 11 out of 12 times (2008 was the lone exception) with a median gain of 15.3%, per SentimenTrader, a leading market researcher. Going back to 1950, looking at similar declines of greater than 17% in a one quarter period for the S&P 500, there have been six such events. Forward 12-month returns were positive in all six periods with a median return of 26.7%, also per SentimenTrader. Since 2000, there have been 16 periods where less than 2% of all S&P 500 stocks were trading above their 50-day moving average, an extreme oversold condition. Similarly, looking out 12 months, forward returns were positive in all 16 periods.

Near and intermediate term, the outlook for US equities will depend on the key items that have been the major causes for the market's sharp decline: the Federal Open Market Committee (FOMC)'s monetary policy, the slope of the yield curve, US/China trade policy, stabilization of the US and global economies and the health of corporate earnings. 2019 earnings expectations are likely too high and need to come down. Near-term volatility will likely continue to be elevated and market returns likely choppy near-term. While historically forward 12-month market performance following severe declines has been positive, the three and six-month performance record is more mixed as retests of lows typically occur with stocks needing to stabilize and base as fundamental concerns are digested.

US real GDP growth averaged a robust 3% for the six quarters from the second quarter of 2017 to the third quarter of 2018, but economic conditions clearly decelerated and softened in the December quarter resulting in a dramatic shift in investor sentiment over the past four months. Extreme bullishness turned to extreme bearishness as strong market breadth and new highs in September turned into a widespread bear market by December.

Doubt about the sustainability of the US economic cycle is being fueled by potential monetary and trade policy mistakes by the FOMC and the White House. Continued rate increases and a shrinking Fed balance sheet in the face of suddenly slowing economic conditions have created a "growth scare" at best and a potential recession at worst. In October, Jerome Powell's "long way from neutral" comment started the decline and in December he further spooked the market as his hawkish comments seemed tone deaf to the market's concerns. With inflation at or below the Fed's 2% target, the market fears that the rate normalization process and the "auto-pilot" reduction of the Fed's balance are tightening the money supply, slowing economic growth and potentially inverting the most critical parts of the yield curve. The market also fears that the trade war with China is slowing global trade and the overall global economy. China and the EU have seen economic growth slow significantly over the past couple quarters and the ripple effect on US growth has become a major concern.

Recessions often occur after the following conditions: the Fed makes a policy mistake, the economy is at full employment, and the yield curve inverts. This set of dynamics has led cyclical stocks, including housing, semiconductors, banks, industrials, materials and energy to severely underperform not only in the December quarter but for 2018 overall. Also, despite one of the strongest years on record for earnings growth and earnings revisions, 2018 had the third largest decline in price to earnings (P/E) multiples over the past 40 years (only 2000 and 2002 were worse) as the market fears the economic cycle is not sustainable.

Yet other factors suggest a recession is not yet around the corner. For instance, while GDP and Purchasing Manager's Index (PMI)s have weakened and hurt equity multiples, they are both still expansionary and are not yet close to negative or contractionary levels. The labor market is still generally robust. The credit and high yield markets have experienced some stress of late but in general, most measures of financial conditions are healthy. Consumer spending is still positive. Also, the US consumer and economy will get a boost in the first half of 2019 from several key factors: larger tax refunds (2018 tax reform), lower crude oil, lower interest rates (positive for housing) and a lower US dollar.

In early January, Jerome Powell changed tact and presented a much more dovish tone suggesting that the FOMC will be 'data dependent', rate hikes are now on pause and they will be flexible in reducing the size of its balance sheet. This was a major positive for the market and signals that a key headwind may now become a tailwind. Economic data has also shown some signs of strength and stabilization (such as the blowout December jobs report) and there is now optimism that some sort of truce or deal will eventually be announced with China. Stock valuations have also pulled back several multiples points. These dynamics have fueled a nascent but still significant rally since the day after Christmas. There has been a dramatic shift in market breadth and market sentiment which has been consistent with other important market bottoms historically. A lot can still change fundamentally and a market retest of the December lows is possible, even likely, however as of the second week of January, the market turnaround has been significant and positive.

PERFORMANCE REVIEW

For the fourth quarter, the Driehaus Micro Cap Growth Fund outperformed its benchmark. The Fund returned -23.58%, net of fees, while the Russell Microcap Growth Index declined -24.93%.[1]

The Fund also outperformed its benchmark for 2018 by a significant margin, returning 3.88%, net of fees, while the Russell Micro cap Growth Index declined -14.18%. It also outperformed the other major indices, such as the Russell 2000 which declined -11.01%, the Russell 2000 Growth which fell -9.31% and the S&P 500 which contracted -4.38%. 2018 also marked the 20th year out of the past 21 years (since 1998) that the Fund has outperformed its available and relevant Russell benchmark (the Russell Microcap Growth and before that existed the Russell 2000 Growth).

[1]Performance Disclosure

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

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

By sector, the Fund's relative outperformance was led by health care and technology for the quarter. Within health care, biotech and pharma holdings outperformed, which offset our medical devices holdings which fell greater than the index. Technology's outperformance came from the software sector as cloud/Software as a Service (SaaS) enterprise software holdings continued their outperformance as earnings and fundamentals remained robust. On the downside, consumer discretionary, industrials, financials and staples all had modest relative underperformance versus the index.

For the 2018 calendar year, the large relative outperformance came from every sector except industrials and energy, which were difficult sectors for most of the year. Our largest outperforming sectors (in order) were health care, technology, consumer discretionary, communication services, staples, financials, real estate and finally materials. Health care, technology, communication services and staples all experienced positive absolute performance for the year.

OUTLOOK & POSITIONING

As described above, the economic and market environment changed dramatically from the end of September to the end of December. Yet conditions entering 2019 have potentially shifted again, this time positively. Valuations have come down sharply, perhaps discounting most of the market's headaches. Investor sentiment turned extremely pessimistic and the market exuberance from the summer is now long gone. The Fed seems to be in a data dependent pause mode and the market is hoping for a US/China trade deal. If the US economy can stabilize and corporate earnings only need to be reset modestly, 2019 economic growth and earnings growth will occur, yielding a backdrop supportive of equity prices.

In terms of portfolio positioning, we remain underweight most cyclical areas and will likely remain so until we see stabilization in macroeconomic indications and individual company earnings expectations look more conservative. A number of industrials, housing related stocks and semiconductor companies have pulled back sharply and some attractive entry points will likely form over the coming months and quarters. As a US-centric Fund, we are also minimally exposed to the continued weakness in Europe, China and other regions outside the US.

We continue to see fundamental strength within health care (biotech, med devices, diagnostics) as many innovative companies and products continue to gain market share. Within technology, software, IT services and ecommerce remain robust as the mega-trends of cloud adoption and digitalization are multi-year in nature. We also remain overweight consumer discretionary as numerous individual companies continue to outperform in a consumer environment that remains relatively healthy with solid household spending.

In terms of sector weights, the Fund is overweight consumer discretionary, technology, consumer staples and industrials. Health care, consumer discretionary, technology and industrials are the four largest absolute weightings. During the quarter, we increased our health care and industrials sector weightings and decreased our consumer discretionary and energy sector weightings. Versus the index, the Fund is underweight health care, materials, financials and energy.

We look forward to the upcoming earnings season to assess the fundamental progress of our portfolio companies. Even with the recent slowdown and bearish market conditions, we continue to hold and discover an exciting number of companies across a wide number of industries that are hitting growth inflections and will likely exceed expectations and become larger companies over time.

PERFORMANCE as of 12/31/18

	QTR	YTD	1 Year	Annualized Total Return: 3 Year	5 Year	10 Year	Inception 1/1/03
Driehaus Micro Cap Growth Fund[1]	**-23.58%**	**3.88%**	**3.88%**	**15.00%**	**10.36%**	**17.11%**	**16.52%**
Russell Microcap® Growth Index[2]	-24.93%	-14.18%	-14.18%	2.27%	1.41%	12.04%	8.14%

ANNUAL OPERATING EXPENSES[3]

Gross Expense: 1.45% Net Expense: 1.45%

SECTOR PERFORMANCE ATTRIBUTION 4th Quarter — 9/30/18 to 12/31/18

	Driehaus Micro Cap Growth Fund (Port) (%)		Russell Microcap® Growth Index[1] (Bench) (%)		Attribution Analysis (%)		
GICS Sector	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Allocation Effect	Selection + Interaction	Total Effect
Comm. Services	3.15	-0.21	3.82	-0.73	-0.08	0.37	0.29
Consumer Discretionary	15.53	-4.72	10.02	-2.50	-0.02	-0.84	-0.87
Consumer Staples	6.43	-1.68	2.62	-0.42	0.34	-0.77	-0.42
Energy	2.58	-1.25	2.25	-1.18	-0.18	0.16	-0.02
Financials	4.17	-1.16	10.56	-2.14	-0.31	-0.29	-0.60
Health Care	37.26	-8.16	42.83	-11.86	0.18	2.13	2.31
Industrials	12.04	-3.53	10.77	-2.46	-0.01	-0.70	-0.71
Information Technology	15.52	-2.56	13.42	-3.07	0.02	1.22	1.25
Materials	0.19	-0.06	1.56	-0.42	-0.01	-0.06	-0.07
Other	0.00	-0.28	0.00	0.00	-0.31	0.00	-0.31
Real Estate	0.00	-0.01	1.30	-0.21	-0.10	0.05	-0.05
Utilities	0.64	0.00	0.82	0.02	-0.27	0.00	-0.27
Cash	0.00	0.00	0.00	0.00	0.85	0.00	0.85
Unassigned	2.50	0.00	0.03	0.00	-0.05	0.00	-0.05
Total	**100.00**	**-23.63**	**100.00**	**-24.97**	**0.06**	**1.26**	**1.34**

Data as of 12/31/18 Sources: Russell Investments, eVestment Alliance, LLC, SS&C Inc., Russell Investments and Standard & Poor's Global Industry Classification Standard and Driehaus Capital Management LLC. The performance data shown represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Principal value and investment returns will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. The Fund will charge a redemption fee of 2.00% on shares held less than 60 days. Performance data represents the rate that an investor would have earned (or lost), during the given month, on an investment in the Fund (assuming reinvestment of all dividends and distributions). Average annual total return reflects annualized change. Since Fund performance is subject to change after the month-end, please call (800) 560-6111 or visit www.driehaus.com for more current performance information. **Please consider the investment objectives, risks, fees and expenses of the Fund carefully prior to investing. The prospectus and summary prospectus contain this and other important information about the Fund. To obtain a copy of the prospectus and/or summary prospectus, please call us at (800) 560-6111 or visit www.driehaus.com. Please read the prospectus carefully before investing.** [1]The average annual total returns of the Driehaus Micro Cap Growth Fund include the performance of one of the Fund's predecessor limited partnerships, which is calculated from January 1, 2003, before the Fund commenced operations and succeeded to the assets of its predecessors on November 18, 2013. The Fund's predecessors are the Driehaus Micro Cap Fund, L.P. (1996 inception) and the Driehaus Institutional Micro Cap Fund, L.P. (2011 inception). The performance of the Driehaus Micro Cap Fund, L.P., which was selected because it has the longer track record of the two predecessor partnerships, has been restated to reflect estimated expenses of the Fund. The predecessor limited partnerships were not registered under the Investment Company Act of 1940, as amended ("1940 Act") and thus were not subject to certain investment and operational restrictions that are imposed by the 1940 Act. If the predecessors had been registered under the 1940 Act, their performance may have been adversely affected. After-tax performance returns are not included for the Driehaus Micro Cap Fund, L.P. The predecessors were not regulated investment companies and therefore did not distribute current or accumulated earnings. [2]The Russell Microcap® Growth Index is constructed to provide a comprehensive and unbiased barometer of the microcap growth market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine growth probability approximates the aggregate microcap growth manager's opportunity set. The index has an inception date of July 2000. [3]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. A shareholder may be required to pay a commission to their financial intermediary. The Russell Indices are a trademark/service mark of the Frank Russell Company. Russell is a trademark of the Frank Russell® Company. Per FactSet Research Systems Inc., the Attribution Report provides an in-depth analysis of relative performance. With this report one can research whether or not a portfolio outperformed a benchmark, and how each group contributed to performance. The performance data shown above is estimated and represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The information presented is intended for informational purposes only. Driehaus Securities LLC, Distributor
ATTRIBUTION ANALYSIS CATEGORIES ARE DEFINED AS: Allocation Effect - Measures the impact of the decision to allocate assets differently than those in the benchmark. **Security Selection Effect** - Measures the effect of choosing securities, which may or may not outperform those of the benchmark. **Interaction Effect** - Jointly measures the effect of allocation and selection decisions. **Total Effect** - The Total Effect for each MSCI/GICS Sector is equal to the sum of the individual Attribution Effects for that MSCI/GICS Sector.

SECTOR PERFORMANCE ATTRIBUTION 1-Year — 12/31/17 to 12/31/18

	Driehaus Micro Cap Growth Fund (Port) (%)		Russell Microcap® Growth Index[1] (Bench) (%)		Attribution Analysis (%)		
GICS Sector	Port Avg. Weight	Port Contrib To Return	Bench Avg.Weight	Bench Contrib To Return	Allocation Effect	Selection + Interaction	Total Effect
Communication Services	2.73	0.46	3.09	-0.67	0.01	1.22	1.23
Consumer Discretionary	17.92	-0.42	9.24	-2.67	-1.41	3.93	2.52
Consumer Staples	5.77	0.69	2.73	0.60	1.21	-0.53	0.68
Energy	2.52	-1.69	2.49	-1.11	-0.18	-0.24	-0.41
Financials	6.09	0.15	9.64	-1.77	0.03	0.50	0.53
Health Care	32.62	5.29	40.93	-5.31	-0.51	10.16	9.68
Industrials	11.03	-3.51	11.15	-1.91	0.03	-1.02	-0.98
Information Technology	18.96	4.56	16.11	-1.04	0.16	5.53	5.72
Materials	0.00	-1.13	0.00	0.00	-1.11	0.00	-1.11
Other	1.11	-0.22	1.90	-0.57	0.20	-0.03	0.17
Real Estate	0.19	-0.04	1.51	-0.22	0.17	0.12	0.29
Utilities	0.00	0.00	0.79	0.06	-0.14	0.00	-0.14
Cash	1.05	0.00	0.00	0.00	0.83	0.00	0.83
Unassigned	0.00	0.00	0.42	0.29	-0.52	0.00	-0.52
Total	**100.00**	**4.16**	**100.00**	**-14.32**	**-1.24**	**19.65**	**18.48**

Data as of 12/31/18.

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance

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.

[1]The definition of this index can be found on page 4.

ATTRIBUTION ANALYSIS CATEGORIES ARE DEFINED AS:

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

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

Total Effect - The Total Effect for each MSCI/GICS Sector is equal to the sum of the individual Attribution Effects for that MSCI/GICS Sector.

TOP 5 HOLDINGS[1] (as of 11/30/18)

Company	Sector	Description	% of Fund
Crocs, Inc.	Consumer Discretionary	Leader in casual footwear	2.1
Tactile Systems Technology, Inc.	Health Care	Medical device company that sells solutions for patients with lymphedema.	2.0
QuinStreet, Inc.	Communication Services	Leading Internet performance marketplace product and technology provider	1.9
Malibu Boats Inc Class A	Consumer Discretionary	Leading designer and manufacturer of recreational powerboats	1.8
Array BioPharma Inc.	Health Care	Commercial-stage therapeutics company developing targeted therapies for cancer.	1.8

SECTOR WEIGHTS

Month-End Absolute Weights

	Comm. Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	Cash
Fund	3.4	13.8	5.6	1.4	3.2	40.5	12.9	17.4	0.2	0.9	0.0	0.6
Benchmark	3.6	9.8	2.7	1.9	10.6	43.4	10.8	13.5	1.3	1.3	0.9	0.0
Active Weights	*-0.2*	*4.0*	*2.9*	*-0.5*	*-7.5*	*-2.9*	*2.1*	*3.9*	*-1.0*	*-0.5*	*-0.9*	*0.6*

PORTFOLIO CHARACTERISTICS

	Fund	Benchmark
Number of Holdings	114	961
Weighted Avg. Market Cap (M)	$1,276	$604
Median Market Cap (M)	$812	$194
Active Share (3-year avg.)[2]	81.46	n/a
Market Cap Breakout		
< $1 billion	54.3	86.6
> $1 billion	45.7	13.4

5-year period	Fund	Benchmark
Annualized Alpha	9.07	n/a
Sharpe Ratio	0.46	0.04
Information Ratio	1.28	n/a
Beta	1.07	1.00
Standard Deviation	21.03	18.61
Tracking Error	6.99	0.00
R-squared	0.89	1.00

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance

Driehaus Securities LLC, Distributor

Data as of 12/31/18. Benchmark: Russell Microcap® Growth Index
[1]Holdings subject to change. [2]Data is calculated monthly.
At times, a significant portion of a Fund's return may be attributable to investments in initial public offerings (IPOs) or concentrations in certain strong performing sectors, such as technology. Returns from IPOs or sector concentrations may not be repeated or consistently achieved in the future. In addition, participating in IPOs and other investments during favorable market conditions may enhance the performance of a Fund with a smaller asset base, and this Fund may not experience similar performance results as its assets grow. The securities of micro-cap companies may be more volatile in price, have wider spreads between their bid and ask prices, and have significantly lower trading volumes than the securities of larger capitalization companies. As a result, the purchase and sale of more than a limited number of shares of the securities of a smaller company may affect its market price. Growth stocks may involve special risks and their prices may be more volatile than the overall market. It is anticipated that the Fund will experience high rates of portfolio turnover, which may result in payment by the Fund of above-average transaction costs. These and other risk considerations are discussed in the Fund's prospectus. **Please consider the investment objectives, risks, fees and expenses of the Fund carefully prior to investing. The prospectus and summary prospectus contain this and other important information about the Fund. To obtain a copy of the prospectus and/or summary prospectus, please call us at (800) 560-6111 or visit www.driehaus.com. Please read the prospectus carefully before investing.**

TERMS: Active share represents the share of portfolio holdings that differ from the benchmark index holdings. Average drawdown is the arithmetic average of declines in value during a given period of time. Downside risk is a measure of the average deviations of a negative return series. A large downside risk implies that there have been large swings or volatility in the manager's return series. **Beta** is a measure of a portfolio's volatility. A beta of 1.00 implies perfect historical correlation of movement with the market. A higher beta manager will rise and fall more rapidly than the market, whereas a lower beta manager will rise and fall slower. **Standard deviation** is a measure of the average deviations of a return series from its mean; often used as a measure of portfolio volatility. A large standard deviation implies that there have been large swings or volatility in the manager's return series. **Tracking error** measures of the amount of active risk that is being taken by a manager. Tracking error accounts for the deviation away from the benchmark and does not indicate in which direction it occurred, either positive or negative. Source: eVestment Alliance. **Alpha** is the measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. **Sharpe ratio** is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation. **Information Ratio (IR)** measures a portfolio manager's ability to generate excess returns relative to a benchmark, but also attempts to identify the consistency of the investor. This ratio will identify if a manager has beaten the benchmark by a lot in a few months or a little every month. The higher the IR the more consistent a manager is and consistency is an ideal trait. **R-squared** is a statistical measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. For fixed-income securities, the benchmark is the T-bill. For equities, the benchmark is the S&P 500.