

# Driehaus International Small Cap Growth Fund

## KEY FEATURES

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

## INCEPTION DATE

September 17, 2007

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

## FUND ASSETS UNDER MANAGEMENT

\$262.7 million

## FIRM ASSETS UNDER MANAGEMENT

\$7.1 billion

## INVESTMENT UNIVERSE

Developed and emerging markets small cap equity

## INVESTMENT STYLE

Growth equity

## PORTFOLIO MANAGERS



Daniel Burr, CFA  
Portfolio Manager  
18 years of industry experience



David Mouser  
Portfolio Manager  
21 years of industry experience



Ryan Carpenter  
Assistant Portfolio Manager  
14 years of industry experience

*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 April 18, 2019 and are subject to change at any time due to changes in market or economic conditions. The material has not been updated since April 18, 2019 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.*

## MARKET OVERVIEW

Global equity markets rallied sharply in the first quarter as the two primary concerns that drove the fourth quarter sell off - worries over central bank policy errors and increasing tariff rhetoric - were alleviated. The Federal Reserve moved forward guidance materially lower and the United States and China seemed to progress towards a trade deal resolution. The key issue for equities remains whether global growth has reached a near term low-point in the short term or the recent downturn is a more permanent state of affairs.

Last year saw growth disappointments in the Eurozone, with annual GDP growth slowing to sub 2% levels after trending above that a year earlier. That slowdown reflects a weakening in global manufacturing and trade as well as timing issues related to the implementation of the Worldwide Harmonized Light Vehicle Test Procedure (WLTP) for the auto sector. The early part of 2019 continued in the same manner, although more recent data suggest that the worst could be over and demand should accelerate over the rest of the year.

We are seeing signs that while revenue growth in Europe has been as expected, margins have disappointed as inputs costs (e.g. wages) have risen. This is a stark contrast to our thesis of two years ago (coinciding with our then substantial overweight) that operating margins would be better as operating leverage (kicked in) after years.

The good news is that there is a good deal of skepticism already priced into European equities. Valuation differentials versus the rest of the world are historically wide. Outflows from EU equity funds are near recent highs and the yield differential between EU stocks and EU bonds is at one of its widest levels in the past century.

More broadly, across developed-market equities, the equity risk premium versus bonds is around 4%, towards the high end of recent historical ranges. A mix of reasonable growth and dovish central banks would seem to favor asset classes like international equities, assuming a near term recession is not on the horizon.

## PERFORMANCE REVIEW

For the first quarter of 2019, the Driehaus International Small Cap Growth Fund returned 13.04%, net of fees, and the MSCI ACWI ex-US Small Cap Growth Index returned 11.56%.<sup>1</sup> Contributions to performance came from the industrials and consumer discretionary sectors, as well as Canada and Japan. Detractions from performance came from South Korea and Spain.

The most significant positioning change during the quarter was moving from substantially underweight technology to slightly overweight. The underweight in 2018 was driven by concerns over historically high valuations and potential for deterioration across the semiconductor and smartphone supply chains. Valuations pulled back to more reasonable levels during the first quarter and fundamentals appear to be at or near trough levels.

We also have meaningfully increased exposure to Japan, although the country is still an underweight. During 2018 we were concerned that decelerating global growth would be a relative headwind for Japanese equities given they are disproportionately levered to the technology and manufacturing supply chains. In addition, valuations across quality growth companies has been bid up to historically high levels. A more realistic assessment of growth expectations and cheaper valuations provided the opportunity to initiate new positions.

### <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*

## PERFORMANCE as of 3/31/19

	Annualized Total Return						
	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Inception 8/1/02 <sup>1</sup>
<b>Driehaus International Small Cap Growth Fund</b>	<b>13.04%</b>	<b>13.04%</b>	<b>-9.66%</b>	<b>8.69%</b>	<b>5.61%</b>	<b>13.51%</b>	<b>14.39%</b>
MSCI AC World ex USA Small Cap Growth Index (ND) <sup>2</sup>	11.56%	11.56%	-9.59%	6.79%	3.86%	11.91%	9.12%

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

Gross Expenses: 1.23%                      Net Expenses: 1.23%

## SECTOR PERFORMANCE ATTRIBUTION 1st Quarter — 12/31/18 to 3/31/19

	Driehaus International Small Cap Growth Fund (Port) (%)			MSCI AC World ex USA Small Cap Growth Index <sup>1</sup> (Bench) (%)			Attribution Analysis (%)		
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	Allocation Effect	Selection + Interaction	Total Effect
GICS Sector									
Communication Services	6.14	6.15	0.38	5.60	11.58	0.65	0.00	-0.25	-0.38
Consumer Discretionary	15.00	18.74	2.85	15.43	12.39	1.91	-0.01	0.86	0.90
Consumer Staples	7.04	5.25	0.45	8.36	4.62	0.41	0.08	0.07	0.18
Energy	3.10	20.34	0.59	2.81	18.69	0.51	0.01	-0.05	0.02
Financials	2.52	5.32	0.21	6.41	5.36	0.35	0.25	0.01	0.29
Health Care	9.44	13.28	1.21	11.51	11.52	1.33	-0.02	0.30	0.17
Industrials	28.74	11.70	3.55	19.38	10.63	2.08	-0.03	0.16	0.28
Information Technology	12.98	25.89	2.81	14.55	19.55	2.67	-0.16	0.58	0.48
Materials	6.57	15.80	0.91	8.72	7.53	0.70	0.07	0.41	0.53
Other	0.00	-0.27	-0.27	0.00	0.00	0.00	-0.27	0.00	-0.27
Real Estate	3.23	11.60	0.38	5.41	14.31	0.76	-0.06	-0.03	-0.14
Utilities	0.00	0.00	0.00	1.83	9.71	0.18	0.05	0.00	0.03
Cash	5.20	-0.38	-0.02	0.00	0.00	0.00	-0.62	0.00	-0.60
Unassigned*	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>100.00</b>	<b>13.04</b>	<b>13.04</b>	<b>100.00</b>	<b>11.56</b>	<b>11.56</b>	<b>-0.71</b>	<b>2.06</b>	<b>1.48</b>

Data as of 3/31/19 Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance, Morgan Stanley Capital International and Standard & Poor's Global Industry Classification Standard.

\*Unassigned refers to securities not recognized by Factset.

The performance data shown represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Principal value and investment returns will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. The Fund will charge a redemption fee of 2.00% on shares held less than 60 days. Performance data represents the rate that an investor would have earned (or lost), during the given month, on an investment in the Fund (assuming reinvestment of all dividends and distributions). Average annual total return reflects annualized change. Since Fund performance is subject to change after the month-end, please call (800) 560-6111 or visit www.driehaus.com for more current performance information. <sup>1</sup>The average annual total returns of the Driehaus International Small Cap Growth Fund include the performance of the Fund's predecessor limited partnership, which is calculated from August 1, 2002 before the Fund commenced operations and succeeded to the assets of its predecessor on September 17, 2007. The predecessor limited partnership was not registered under the Investment Company Act of 1940, as amended ("1940 Act") and thus was not subject to certain investment and operational restrictions that are imposed by the 1940 Act. If the predecessor had been registered under the 1940 Act, the performance may have been adversely affected. The Fund's predecessor performance has been restated to reflect estimated expenses of the Fund. After-tax performance returns are not included for the predecessor limited partnership. The predecessor was not regulated investment companies and therefore did not distribute current or accumulated earnings. <sup>2</sup>The Morgan Stanley Capital International (MSCI) AC World ex USA Small Cap Growth Index is a market capitalization-weighted index designed to measure equity performance in global developed markets and emerging markets, excluding the US and is composed of stocks which are categorized as small capitalization stocks. Data is in US Dollars. The net dividend (ND) index is calculated with net dividend reinvestment. <sup>3</sup>Represents the Annual Fund Operating Expenses as disclosed in the current prospectus dated April 30, 2018 as supplemented July 2, 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.

Per FactSet Research Systems Inc., the attribution report provides an in-depth analysis of relative performance. With this report one can research whether or not a portfolio outperformed a benchmark, and how each group contributed to performance. The performance data shown above is estimated and represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The information presented is intended for informational purposes only. Definitions of the attribution analysis can be found in the notes on page 4.

**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.

## COUNTRY PERFORMANCE ATTRIBUTION 1st Quarter — 12/31/18 to 3/31/19

MSCI Country	Driehaus International Small Cap Growth Fund (Port) (%)			MSCI AC World ex USA Small Cap Growth Index <sup>1</sup> (Bench) (%)			Total Effect
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	
Australia	1.86	-7.20	0.11	5.43	13.26	0.71	-0.24
Austria	0.00	0.00	0.00	0.61	10.29	0.06	0.01
Belgium	0.37	-13.71	-0.09	1.11	11.70	0.13	-0.11
Bermuda	0.00	0.00	0.00	0.47	0.31	0.00	0.06
Brazil	4.45	3.09	0.46	1.43	5.26	0.10	-0.07
British Virgin Islands	0.00	0.00	0.00	0.01	30.61	0.00	0.00
Cambodia	0.85	28.94	0.26	0.00	0.00	0.00	0.16
Canada	16.14	15.02	2.58	7.20	16.78	1.18	0.26
Cayman Islands	0.00	0.00	0.00	0.13	7.72	0.01	0.01
Chile	0.00	0.00	0.00	0.37	5.42	0.02	0.02
China	0.43	0.49	0.00	1.70	14.66	0.23	-0.07
Colombia	0.00	0.00	0.00	0.07	45.82	0.03	-0.02
Cyprus	0.00	0.00	0.00	0.01	0.32	0.00	0.00
Denmark	2.13	2.32	0.00	2.14	11.67	0.25	-0.21
Egypt	0.00	0.00	0.00	0.09	16.40	0.01	0.00
Finland	0.57	0.42	0.00	0.91	13.99	0.13	-0.04
France	2.65	13.12	0.26	2.02	14.07	0.28	-0.06
Germany	7.75	14.56	1.21	4.30	17.25	0.72	0.02
Greece	0.00	0.00	0.00	0.20	19.04	0.04	-0.01
Hong Kong	1.90	40.50	0.67	1.93	11.86	0.22	0.44
Hungary	0.00	0.00	0.00	0.03	-2.66	0.00	0.00
India	0.00	0.00	0.00	3.18	5.25	0.14	0.24
Indonesia	0.00	0.00	0.00	0.54	3.08	0.03	0.04
Ireland	0.00	0.00	0.00	0.86	10.32	0.09	0.01
Isle Of Man	2.47	8.43	0.22	1.91	14.25	0.27	-0.13
Israel	1.42	60.48	0.68	1.08	18.58	0.20	0.45
Italy	4.05	9.79	0.45	2.56	14.80	0.37	-0.12
Japan	14.58	20.11	2.66	22.21	9.28	2.07	1.58
Jersey	0.00	0.00	0.00	0.06	-4.91	0.00	0.01
Jordan	0.00	0.00	0.00	0.20	6.81	0.01	0.01
Kazakhstan	0.00	0.00	0.00	0.06	25.66	0.01	-0.01

*(Continues on page 4)*

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 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.

## COUNTRY PERFORMANCE ATTRIBUTION 1st Quarter — 12/31/18 to 3/31/19 (Continued)

MSCI Country	Driehaus International Small Cap Growth Fund (Port) (%)			MSCI AC World ex USA Small Cap Growth Index <sup>1</sup> (Bench) (%)			Total Effect
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	
Luxembourg	1.96	20.52	0.39	0.62	17.20	0.10	0.12
Macau	0.00	0.00	0.00	0.03	-2.46	0.00	0.00
Malaysia	0.00	0.00	0.00	0.62	11.37	0.07	0.00
Malta	0.21	-27.86	-0.06	0.05	-27.76	-0.02	-0.08
Mexico	0.49	7.24	0.04	0.60	9.36	0.06	-0.01
Monaco	0.00	0.00	0.00	0.03	-8.20	0.00	0.01
Netherlands	3.32	21.87	0.65	2.26	15.12	0.33	0.23
New Zealand	0.00	0.00	0.00	0.73	11.09	0.08	0.01
Norway	2.36	20.65	0.50	1.14	12.95	0.15	0.20
Pakistan	0.00	0.00	0.00	0.16	3.28	0.01	0.01
Peru	0.00	0.00	0.00	0.02	-11.14	0.00	0.00
Philippines	0.51	16.38	0.07	0.20	17.64	0.03	0.00
Poland	0.57	23.05	0.12	0.17	2.43	0.01	0.07
Portugal	0.00	0.00	0.00	0.17	4.75	0.01	0.01
Qatar	0.00	0.00	0.00	0.21	11.08	0.02	0.00
Russia	0.54	17.44	0.09	0.17	6.58	0.01	0.03
Singapore	0.00	0.00	0.00	1.39	9.06	0.13	0.04
South Africa	1.95	-3.28	0.04	1.09	-5.08	-0.04	-0.06
South Korea	2.62	-8.70	-0.29	3.62	1.39	0.05	-0.22
Spain	1.53	-5.34	-0.10	1.85	6.82	0.13	-0.22
Sweden	2.51	3.19	0.14	3.97	10.84	0.44	-0.15
Switzerland	2.18	19.12	0.40	2.92	11.32	0.34	0.15
Taiwan	1.18	32.30	0.32	3.81	13.57	0.50	0.16
Thailand	0.00	0.00	0.00	0.78	9.80	0.08	0.01
Turkey	0.00	0.00	0.00	0.27	1.91	0.01	0.02
United Arab Emirates	0.00	0.00	0.00	0.12	-6.72	-0.01	0.02
United Kingdom	11.25	15.13	1.53	10.01	18.29	1.75	-0.27
United States	0.00	0.00	0.00	0.20	0.08	0.00	0.03
Cash	5.20	-0.38	-0.02	0.00	0.00	0.00	-0.60
Unassigned*	0.00	-0.27	-0.27	0.00	0.00	0.00	-0.27
<b>Total</b>	<b>100.00</b>	<b>13.04</b>	<b>13.04</b>	<b>100.00</b>	<b>11.56</b>	<b>11.56</b>	<b>1.48</b>

\*Unassigned refers to securities 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. 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 WEIGHTS (%)			COUNTRY WEIGHTS (%)					
	Fund	Benchmark	Active Weights (%)	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Communication Services	6.1	5.7	0.3	Australia	1.4	5.5	Luxembourg	1.9	0.6
Consumer Discretionary	14.3	15.3	-1.0	Belgium	0.1	1.1	Mexico	0.5	0.6
Consumer Staples	7.0	8.2	-1.2	Brazil	3.2	1.3	Netherlands	4.0	2.3
Energy	2.6	2.8	-0.2	Cambodia	0.7	0.0	Norway	2.3	1.2
Financials	1.6	6.3	-4.8	Canada	13.4	7.1	Philippines	0.6	0.2
Health Care	11.1	11.4	-0.3	China	0.6	1.8	Poland	0.6	0.2
Industrials	27.6	19.4	8.3	Denmark	3.1	2.1	Russia	0.6	0.2
Information Technology	15.1	15.0	0.1	Finland	1.2	0.7	South Africa	1.4	1.0
Materials	7.2	8.5	-1.3	France	3.5	2.0	South Korea	2.7	3.5
Real Estate	2.6	5.5	-3.0	Germany	6.7	4.4	Spain	1.3	1.9
Utilities	0.0	0.0	0.0	Hong Kong	2.1	2.0	Sweden	2.0	4.0
Cash	4.9	0.0	4.9	Isle Of Man	1.7	2.0	Switzerland	2.3	2.9
				Israel	1.6	1.0	Taiwan	1.9	3.9
				Italy	4.7	2.6	United Kingdom	12.9	10.3
				Japan	16.5	22.2	Cash	4.9	0.0

TOP 5 HOLDINGS<sup>1</sup> (as of 2/28/19)

Company	Sector	Country	% of Fund
AVEVA Group plc	Information Technology	United Kingdom	2.4
PUMA SE	Consumer Discretionary	Germany	2.2
CAE Inc.	Industrials	Canada	2.2
Croda International Plc	Materials	United Kingdom	1.9
Li Ning Company Limited	Consumer Discretionary	Hong Kong	1.8

## PORTFOLIO CHARACTERISTICS

	Fund	Benchmark	5-year period	Fund	Benchmark
Number of Holdings	100	2,248	Annualized Alpha	2.08	n/a
Weighted Avg. Market Cap (M)	\$4,646	\$2,585	Sharpe Ratio	0.40	0.25
Median Market Cap (M)	\$3,420	\$890	Information Ratio	0.35	n/a
Est. 3-5 Year EPS Growth	16.5%	14.9%	Beta	0.91	1.00
Active Share (3-year avg.) <sup>2</sup>	92.63	n/a	Standard Deviation	12.35	12.43
<b>Market Cap Breakout (%)</b>			Tracking Error	5.00	0.00
< \$5 billion	59.1	88.1	R-squared	0.84	1.00
> \$5 billion	40.9	11.9			

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance  
Data as of 3/31/19. Benchmark: MSCI AC World ex USA Small Cap Growth Index (ND)

Driehaus Securities LLC, Distributor

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

The Fund invests in foreign securities, including small and mid cap stocks, which may be subject to greater volatility than other investments. During certain periods, the Fund has benefited from unusually strong market conditions. At times, a significant portion of a Fund's return may be attributable to investments in initial public offerings (IPOs) or concentrations in certain strong performing sectors, such as technology. Returns from IPOs or sector concentrations may not be repeated or consistently achieved in the future. In addition, participating in IPOs and other investments during favorable market conditions may enhance the performance of a Fund with a smaller asset base, and the Fund may not experience similar performance results as its assets grow. **Investments in overseas markets can pose more risks than U.S. investments, and the Fund's share prices are expected to be more volatile than that of a U.S.-only fund.** In addition, the Fund's returns will fluctuate with changes in stock market conditions, currency values, interest rates, foreign government regulations, and economic and political conditions in countries in which the Fund invests. These risks are generally greater when investing in emerging markets. These and other risk considerations are discussed in the Fund's prospectus. **Please consider the investment objectives, risks, fees and expenses of the Fund carefully prior to investing. The prospectus and summary prospectus contain this and other important information about the Fund. To obtain a copy of the prospectus and/or summary prospectus, please call us at (800) 560-6111 or visit www.driehaus.com. Please read the prospectus carefully before investing.**

**TERMS:** **Active share** represents the share of portfolio holdings that differ from the benchmark index holdings. **Average drawdown** is the arithmetic average of declines in value during a given period of time. **Downside risk** is a measure of the average deviations of a negative return series. A large downside risk implies that there have been large swings or volatility in the manager's return series. **Beta** is a measure of a portfolio's volatility. A beta of 1.00 implies perfect historical correlation of movement with the market. A higher beta manager will rise and fall more rapidly than the market, whereas a lower beta manager will rise and fall slower. **Standard deviation** is a measure of the average deviations of a return series from its mean; often used as a measure of portfolio volatility. A large standard deviation implies that there have been large swings or volatility in the manager's return series. **Tracking error** measures 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.