

# Driehaus Emerging Markets Growth Fund

Investor Class: **DREGX**Institutional Class: **DIEMX**

## KEY FEATURES

- All cap global emerging markets exposure
- Benchmark aware, not benchmark constrained
- Opportunistic investment approach
- High active share

## INCEPTION DATES

DREGX: 12/31/1997

DIEMX: 7/17/2017

## FUND ASSETS UNDER MANAGEMENT

DREGX: \$849 million

DIEMX: \$794 million

## FIRM ASSETS UNDER MANAGEMENT

\$7.1 billion

## INVESTMENT UNIVERSE

Emerging markets all cap equity

## INVESTMENT STYLE

Growth equity

## PORTFOLIO MANAGERS



**Howard Schwab**  
Lead Portfolio Manager  
18 years of experience



**Chad Cleaver, CFA**  
Portfolio Manager  
17 years experience



**Richard Thies**  
Portfolio Manager  
12 years of investment experience



## MARKET OVERVIEW

Emerging markets rallied in the first quarter of 2019. The MSCI Emerging Markets Index climbed 9.9% (USD) over the quarter, still lagging the MSCI World Index and the S&P 500 Index, which posted 12.7% and 13.7% returns, respectively.

The quarter saw a reversal of heightened concern about Chinese economic activity and US monetary posture, as Chinese stimulus efforts that began late last year started to have a more visible impact and the US Federal Reserve shifted to a more accommodative stance. While ongoing trade negotiations have not resulted in a public agreement, a more regular cadence of discussions and more constructive commentary on the eventual outcome have for now eased concerns.

The positive turn in sentiment supported most emerging markets during the quarter with cyclical areas such as Chinese property and financials, energy and consumer discretionary all showing strength. Technology stocks recovered after the sharp sell-off at the end of last year as markets started to discount a recovery in the second half of 2019.

China provided significant support to index performance, largely driven by improving sentiment on Chinese economic activity. Continued optimism about the economic direction of the new administration in Brazil buoyed the market through January, but

momentum began to fade as the challenges of legislating reform surfaced. Turkey faced continued political turbulence and macroeconomic headwinds, which restrained performance in the quarter and culminated in an election on March 31st.

Commodities were broadly higher with OPEC cuts, an unplanned disruption in Venezuela supporting oil, and base metals supported by tight inventories and improved demand side expectations driven by China stimulus. Growth outperformed value during the first quarter within emerging markets, reversing the relative performance trend that have been in place since the summer of last year.

## PERFORMANCE REVIEW

The Driehaus Emerging Markets Growth Fund outperformed the MSCI Emerging Markets Index as the fund returned 10.8% ahead of the index's 9.9% rise.<sup>1</sup> On a sector basis, information technology was the largest detractor from the fund's relative performance, as we lagged the outperformance of the sector. Our underweight to North Asian information technology was a headwind as a number of South Korean and Taiwanese information technology companies began to discount a recovery in demand the back half of 2018 and rallied sharply off the December lows as a result. Communication services posted the best relative performance for the fund as stock selection relative to the index kept us ahead.

<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

From a country standpoint, South Korea and Argentina were key drivers of the fund's outperformance. In South Korea, our outperformance was largely attributable to being underweight the underperforming market as well as positive attribution from stock selection. In Argentina, our outperformance was attributable to a single position in the e-commerce space, which rose sharply during the quarter.

## **OUTLOOK AND POSITIONING**

Over the quarter, the fund shifted exposure towards communication services, consumer and industrials, and reduced exposure to materials, energy and financials. The fund also added to its weight in China and Taiwan during the quarter, narrowing our underweights in both markets. While we believe the improved economic sentiment that has taken hold in recent months will be borne out by improving activity levels, we are mindful of becoming overextended in areas that have moved too fast.

A shift towards accommodative policy in the world's two largest economies has broadly supported global economic activity. While it is unclear what meaningful changes will emerge from any trade deal that may be announced, progress towards some sort of détente would clearly be supportive. Poor policy could prove a headwind for certain

markets that are exhibiting some late-cycle dynamics, in spite of stimulus in some industries. That said, we still see the fiscal and economic backdrop as supporting a sustained upcycle across an array of developing nations.

Domestic politics continue to dominate the narrative in several markets. The new Brazilian administration has picked up the threads of an ambitious reform program but is still finding its way through the complexities of governance and dealing with a less than fully cooperative congress. In China, government efforts to ease financial conditions and stimulate growth have been successful, and a continuing cadence of new initiatives promises to sustain the momentum. India is in the midst of its 2019 elections, in which Modi is defending the BJP's majority against an opposition coalition led by Rahul Gandhi.

Even following the strong year-to date performance, we believe emerging markets will continue to provide fertile hunting grounds for investing. As areas of policy uncertainty resolve, we see potential for the recent upturn to evolve into broader strength.

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*This update is not intended to provide investment advice. Nothing herein should be construed as a solicitation, recommendation or an offer to buy, sell or hold any securities, other investments or to adopt any investment fund or strategies. You should assess your own investment needs based on your individual financial circumstances and investment objectives. This material is not intended to be relied upon as a forecast or research. The opinions expressed are those of Driehaus Capital Management LLC ("Driehaus") as of 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.*

PERFORMANCE (%) as of 3/31/19	Annualized Total Return						
	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Inception 12/31/97
<b>Investor Class: DREGX</b>	<b>10.76</b>	<b>10.76</b>	<b>-9.08</b>	<b>10.91</b>	<b>3.43</b>	<b>10.82</b>	<b>11.10</b>
<b>Institutional Class: DIEMX<sup>+</sup></b>	<b>10.77</b>	<b>10.77</b>	<b>-8.93</b>	<b>11.02</b>	<b>3.48</b>	<b>10.85</b>	<b>11.12</b>
MSCI Emerging Markets Index <sup>1</sup> (ND) (Benchmark)	9.92	9.92	-7.41	10.68	3.68	8.94	*
MSCI Emerging Markets Growth Index <sup>2</sup> (ND)	12.04	12.04	-9.52	11.75	5.04	9.98	*

<sup>+</sup>Institutional Class performance is that of the Investor Class from December 31, 1997 through the inception of the Institutional Class on July 17, 2017, and actual Institutional Class performance thereafter. Performance has not been adjusted to reflect the expenses of the Institutional Class for the period prior to the Class's inception, and Institutional Class performance results would differ if such expenses were reflected.

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

	Gross Expense	Net Expense
<b>Investor Class: DREGX</b>	1.43%	1.43%
<b>Institutional Class: DIEMX</b>	1.21%	1.21%

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

	DrieHaus Emerging Markets Growth Fund (DREGX) (Port) (%)			MSCI Emerging Markets Index (ND) <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 <sup>4</sup>
GICS Sector									
Communication Services	10.03	15.97	1.51	14.14	10.19	1.46	0.01	0.54	0.55
Consumer Discretionary	13.62	22.40	2.86	10.99	19.74	2.03	0.23	0.24	0.54
Consumer Staples	10.11	6.16	0.62	6.53	5.33	0.38	-0.15	0.12	-0.05
Energy	7.11	13.07	0.97	8.11	12.20	0.99	-0.01	0.17	0.02
Financials	27.07	9.14	2.56	24.63	7.20	1.85	-0.04	0.45	0.42
Health Care	2.95	7.25	0.20	2.72	3.63	0.10	-0.02	0.03	0.04
Industrials	2.77	10.95	0.28	5.45	4.82	0.28	0.12	0.17	0.30
Information Technology	11.24	10.67	1.21	14.34	12.79	1.72	-0.06	-0.25	-0.28
Materials	3.14	9.27	0.43	7.41	6.87	0.52	0.09	0.16	0.24
Real Estate	1.18	23.97	0.29	3.04	15.62	0.45	-0.12	0.14	0.02
Utilities	0.78	2.76	0.11	2.62	4.21	0.13	0.11	0.03	0.15
Cash	10.00	-0.30	-0.03	0.00	0.00	0.00	-0.84	0.00	-0.85
Unassigned**	0.00	-0.27	-0.28	0.00	0.00	0.00	-0.27	0.00	-0.27
<b>Total</b>	<b>100.00</b>	<b>10.74</b>	<b>10.74</b>	<b>100.00</b>	<b>9.92</b>	<b>9.92</b>	<b>-0.95</b>	<b>1.81</b>	<b>0.83</b>

Data as of 3/31/19

\*The inception of the fund predates the inception of the index. \*\*Unassigned refers to securities not recognized by Factset.

Sources: DrieHaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance, Morgan Stanley Capital International and Standard & Poor's Global Industry Classification Standard. 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. 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](http://www.driehaus.com) for more current performance information. <sup>1</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>2</sup>The Morgan Stanley Capital International Emerging Markets Growth Index (MSCI Emerging Markets Growth Index) is a subset of the MSCI Emerging Markets Index and includes only the MSCI Emerging Markets Index stocks which are categorized as growth 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. 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. <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.

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.

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

Driehaus Emerging Markets Growth Fund (DREGX) (Port) (%)				MSCI Emerging Markets Index (ND) <sup>1</sup> (Bench) (%)			
MSCI Country	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	Total Effect <sup>4</sup>
Argentina	1.14	47.72	0.46	0.00	0.00	0.00	0.34
Australia	0.00	0.00	0.00	0.02	-5.59	0.00	0.00
Brazil	8.11	6.01	0.82	7.74	8.14	0.78	-0.01
Cambodia	0.29	14.18	0.04	0.00	0.00	0.00	0.03
Cayman Islands	1.11	32.91	0.37	0.24	32.34	0.07	0.20
Chile	0.00	0.00	0.00	1.10	4.12	0.06	0.06
China	22.92	19.58	4.26	27.08	18.08	4.59	0.06
Colombia	0.00	0.00	0.00	0.44	24.80	0.10	-0.06
Czech Republic	0.00	0.00	0.00	0.17	3.82	0.01	0.01
Egypt	0.55	20.43	0.11	0.13	15.82	0.02	0.05
France	0.61	19.72	0.11	0.00	0.00	0.00	0.06
Greece	0.17	8.35	0.04	0.22	12.78	0.03	0.03
Hong Kong	4.62	18.07	0.84	3.87	13.56	0.49	0.26
Hungary	0.53	8.87	0.04	0.32	6.01	0.02	0.01
India	11.43	6.99	0.75	8.79	7.16	0.58	-0.12
Indonesia	3.98	5.57	0.26	2.26	4.27	0.11	-0.03
Israel	0.19	-4.34	-0.01	0.00	0.00	0.00	-0.04
Japan	0.10	0.61	0.00	0.00	0.00	0.00	0.01
Jey	0.00	0.00	0.00	0.04	6.34	0.00	0.00
Luxembourg	0.00	0.00	0.00	0.04	12.69	0.01	0.00
Malaysia	0.00	0.00	0.00	2.31	0.33	0.01	0.23
Mexico	2.30	1.11	0.05	2.75	5.51	0.18	-0.09
Netherlands	1.32	18.52	0.22	0.06	0.21	0.00	0.11
Pakistan	0.00	0.00	0.00	0.04	8.30	0.00	0.00
Peru	1.16	8.33	0.09	0.37	7.97	0.03	-0.01
Philippines	1.62	5.58	0.09	1.12	7.88	0.09	-0.05
Poland	0.81	33.85	0.23	1.20	-0.58	0.00	0.28
Qatar	0.00	0.00	0.00	1.01	-3.51	-0.03	0.14
Romania	0.00	0.00	0.00	0.06	7.20	0.01	0.00
Russia	5.08	11.47	0.57	3.67	12.52	0.47	-0.03
Saudi Arabia	0.02	7.53	0.02	0.00	0.00	0.00	0.02
Singapore	0.00	0.00	0.00	0.03	10.24	0.00	0.00
South Africa	3.15	2.11	0.17	6.03	4.34	0.32	0.10
South Korea	6.92	6.52	0.52	13.58	4.89	0.69	0.41
Taiwan	5.02	11.14	0.53	10.97	8.94	0.92	0.19
Thailand	2.98	3.55	0.21	2.42	7.43	0.19	-0.08
Turkey	0.51	-22.87	-0.06	0.64	-3.15	-0.01	-0.05
United Arab Emirates	0.03	1.59	0.00	0.73	8.69	0.06	0.01
United Kingdom	1.01	18.93	0.18	0.04	6.56	0.00	0.08
United States	2.12	9.64	0.19	0.52	27.79	0.13	-0.12
Vietnam	0.21	-7.30	-0.04	0.00	0.00	0.00	-0.05
Cash	10.00	-0.30	-0.03	0.00	0.00	0.00	-0.86
Unassigned*	0.00	-0.27	-0.28	0.00	0.00	0.00	-0.27
<b>Total</b>	<b>100.00</b>	<b>10.74</b>	<b>10.74</b>	<b>100.00</b>	<b>9.92</b>	<b>9.92</b>	<b>0.83</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. <sup>1</sup>A definition of this index can be found on page 3. <sup>2</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.

\*Unassigned refers to securities not recognized by Factset.

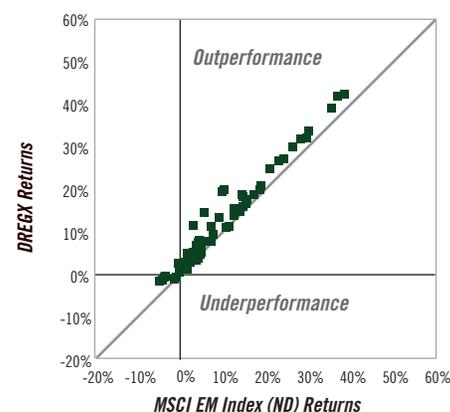
PORTFOLIO CHARACTERISTICS		
	DREGX	Benchmark
Number of Holdings	103	1,136
Weighted Avg. Market Cap (M)	\$100,422	\$94,125
Median Market Cap (M)	\$15,689	\$6,527
Est. 3-5 Year EPS Growth	17.7%	15.0%
Active Share (3-year avg.) <sup>1</sup>	77.00	n/a
<b>Market Cap Breakout</b>		
< \$5 billion	7.5%	12.0%
\$5 - \$15 billion	24.1%	26.1%
> \$15 billion	68.4%	61.9%
<b>5-year period</b>		
Annualized Alpha	0.34	n/a
Sharpe Ratio	0.21	0.19
Information Ratio	-0.05	n/a
Beta	0.81	1.00
Standard Deviation	12.97	15.25
Tracking Error	4.76	0.00
R-squared	0.91	1.00

SECTOR WEIGHTS (%)		
	DREGX	Benchmark
Comm. Services	11.1	12.3
Consumer Discretionary	14.0	13.4
Consumer Staples	10.5	6.4
Energy	6.5	8.1
Financials	27.0	24.2
Health Care	4.4	2.6
Industrials	3.5	5.4
Information Technology	12.1	14.6
Materials	2.5	7.4
Real Estate	0.6	3.2
Utilities	0.5	2.6
Cash	7.2	0.0

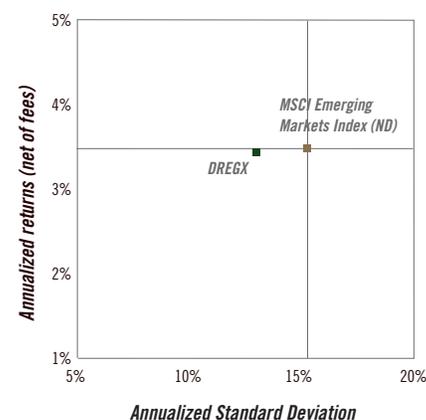
COUNTRY WEIGHTS (%)		
	DREGX	Benchmark
Argentina	0.8	0.0
Brazil	8.1	7.2
Cambodia	0.4	0.0
China	24.2	28.2
Egypt	0.5	0.1
Greece	0.5	0.2
Hong Kong	4.9	4.0
Hungary	0.9	0.3
India	11.9	9.2
Indonesia	4.0	2.2
Mexico	2.5	2.7
Peru	1.1	0.4
Philippines	1.6	1.1
Poland	1.0	1.1
Russia	4.8	3.6
South Africa	2.9	5.8
South Korea	5.7	13.0
Taiwan	6.2	11.3
Thailand	2.4	2.3
Vietnam	0.5	0.0
Other <sup>2</sup>	7.8	1.0
Cash	7.2	0.0

TOP 5 HOLDINGS<sup>4</sup> (as of 2/28/19)

Company			% of Fund
Tencent Holdings Ltd.	Communication Services	Hong Kong	4.6
Alibaba Group Holding Ltd. Sponsored ADR	Consumer Discretionary	China	4.5
Taiwan Semiconductor Manufacturing Co., Ltd.	Information Technology	Taiwan	3.1
Ping An Insurance (Group) Company of China, Ltd.	Financials	Hong Kong	2.9
HDFC Bank Limited Sponsored ADR	Financials	India	2.6

ROLLING FIVE-YEAR RETURNS<sup>3</sup>

## RISK VS. RETURN (FIVE-YEARS)



Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance  
Data as of 3/31/19. Benchmark: MSCI Emerging Markets Index (ND)

Driehaus Securities LLC, Distributor

<sup>1</sup>Data is calculated monthly. <sup>2</sup>Represents companies domiciled in developed countries that have significant emerging markets exposures. <sup>3</sup>Net of fee returns. MSCI Emerging Markets Index. Returns are calculated from monthly returns and shown for every quarter interval since the inception of the index (January 1999). The inception of the fund predates the inception of the index. Data as of March 31, 2019. <sup>4</sup>Holdings subject to change.

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:** **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.