

# Driehaus Multi-Asset Growth Economies Fund

## KEY OBJECTIVES

- Provide superior risk-adjusted returns and higher total return than the MSCI Emerging Markets Index over a full market cycle by investing across the emerging markets asset class
- Flexible structure that allows the fund to benefit from positive and negative developments across multiple markets
- Employs multiple trade-types to manage risk, correlation and volatility.

## INCEPTION DATE

April 10, 2017

## FUND ASSETS UNDER MANAGEMENT

\$35 million

## FIRM ASSETS UNDER MANAGEMENT

\$7.1 billion

## PORTFOLIO MANAGERS



**Richard Thies**  
Lead Portfolio Manager  
12 years of industry experience



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



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



**Ayman Ahmed**  
Assistant Portfolio Manager  
8 years industry experience

## MARKET OVERVIEW

Emerging market assets rallied in the first quarter of 2019. The MSCI EM Index climbed 9.9% (USD) over the quarter. On the non-equity side, local currency bonds lagged the rally in equities only rising 2.9% and also lagged a stronger performance from EM external debt which advanced 6.6%. On the aggregate, EM FX was broadly flat relative to the dollar, advancing 0.44% during the quarter.

The start to the year has been quite the opposite experience to what was witnessed in the second half of 2018. The rare combination of both improving sentiment towards global economic activity, led by Chinese stimulus and a cessation in the trade war rhetoric, and increasingly dovish global central banks made for a very nice backdrop for risk assets and most emerging markets participated in kind.

## PERFORMANCE REVIEW

The Driehaus Multi-Asset Growth Economies Fund gained 9.4%<sup>1</sup> during the first quarter, a strong performance relative to the fund's benchmark, which advanced 6.3% over the same period. There was unusually wide dispersion between the performance of emerging market equities and emerging market fixed income during the quarter, with equities outperforming significantly due to a combination of starting the year in at more

depressed valuations and seeing more upside from expectations of an earnings growth recovery in 2019. The fund was appropriately positioned for such a turn in sentiment and outperformed through both security selection and asset allocation.

Going into the year, our expectations were that the Chinese authorities had already reversed the deleveraging process that hurt economic activity in 2018 and that 2019 would be a year of economic recovery. Despite that view, we have been surprised by how quickly those leading indicator improvements have become visible in the data and to date have been impressed by the speed at which things have improved. The fund benefited from an overweight position to Chinese equities, gaining 140 basis points relative to the index from our positions. In addition to the heavier exposure in equities in the country, the fund removed long positions in Chinese interest rates and downside protection on the yuan, which had been accretive positions for the fund in 2018. Going forward, we remain more positive on the outlook for Chinese activity given the twin stimulus ongoing in both the fiscal and monetary policy. The best part of the positive data surprise has likely passed however, and thus we believe the market will be more discerning at the security level going forward.

### <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 (877) 779-0079 or visit [www.driehaus.com](http://www.driehaus.com) for more current performance information. Sources: Driehaus Capital Management LLC, Factset, Reuters and MSCI Indices

The fund also saw strong relative contributions from some smaller markets. In particular, the fund gained 86 basis points relative to the index in Argentina from a combination of strong performance in a single equity holding in the ecommerce space and a position to the country's poorly performing local-currency fixed income as macro dynamics continue to prove challenging and are now risking to threaten the political future of the current government. In a similar vein, the fund benefited from its underweight position to Turkey and no exposure to Turkish fixed income which weighed heavily on emerging market fixed income benchmarks. The flexibility of the fund and ability to avoid the unstable environments like those in Turkey and Argentina in the first quarter was a benefit.

On the less positive side, the fund lost performance in Mexico. In total, the fund's underweight position to a strongly performing local fixed income market cost the fund a total of 31 basis points during the quarter. The local market saw a strong rally following very poor performance last year following the inauguration of the new president and the perception that political risk was excessively priced into local interest rates. The fund did increase its position materially to start the year but remained underweight in the benchmark.

## OUTLOOK

The end of the fourth quarter provided a unique opportunity for the fund to broadly express an out of consensus view on the global growth outlook for 2019. We now believe this improvement in cyclical conditions is well-known in the market. While we are not abandoning our more pro-cyclical positioning, we do think the re-rating already seen in many assets reflects or even exceeds the level of economic rebound we will likely see this year. As such, we are becoming more discerning with our equity positions and do not expect an equivalently strong quarter for equity markets in the second quarter. Interestingly, one potential risk to market sentiment is that this improvement in global cyclical trends becomes more evident in the US data, preventing the dollar from depreciating and showing the Fed to have erred in turning so dovish near a short-term cyclical trough. We further feel that the market is near peak complacency on global inflation trends and will be watching the recent uptick in global food prices as well as major commodities for signs of input cost inflation returning. On the fixed income side of the fund, we look to retain our relatively lower-beta exposure in higher-yielding local markets, like those in Egypt, with idiosyncratic drivers and relatively more shielded from global interest rate volatility.

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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 22, 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 22, 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 4/10/17
<b>Driehaus Multi-Asset Growth Economies Fund</b>	<b>9.37%</b>	<b>9.37%</b>	<b>-8.28%</b>	---	---	---	<b>7.32%</b>
Equally weighted MSCI Emerging Markets (ND) / JPMorgan GBI Emerging Markets Global Diversified <sup>1</sup>	6.39%	6.39%	-7.34%	---	---	---	5.03%
MSCI Emerging Markets Index (ND) <sup>2</sup>	9.92%	9.92%	-7.41%	---	---	---	7.44%

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

<b>Gross Expenses</b>	<b>2.06</b>
<b>Net Expenses</b>	<b>1.77</b>

Sources: Driehaus Capital Management LLC, Morgan Stanley Capital International Inc., SS&C Inc.

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<sup>1</sup>The equally weighted benchmark consists of 50 percent of the MSCI Emerging Market Index (ND) and 50 percent of the JPMorgan GBI Emerging Markets Global Diversified. JPMorgan Global Bond Index Emerging Markets Global Diversified tracks debt instruments in the emerging markets (includes a broader array of countries than the EMBI Plus).

<sup>2</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>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. Driehaus Capital Management LLC, the Fund's investment adviser, has entered into a contractual agreement to cap the Fund's ordinary annual operating expenses at 1.75% of average daily net assets until the earlier of the termination of the investment advisory agreement, by the Board of Trustees or the Fund's shareholders, or April 9, 2020. The expense cap excludes interest, taxes, brokerage commissions, dividends and interest on short sales, other investment-related expenses, acquired fund fees and expenses, and extraordinary expenses, such as litigation and other expenses not incurred in the ordinary course of the Fund's business, resulting in the current net expense ratio of 1.77%. Pursuant to the agreement, and so long as the investment advisory agreement is in place, for a period of three years subsequent to the Fund's commencement of operations on April 10, 2017, the investment adviser is entitled to reimbursement for previously waived fees and reimbursed expenses to the extent that the Fund's expense ratio remains below the operating expense cap that was in place at the time of the waiver/expense reimbursement as well as the existing operating expense cap.

**COUNTRY PERFORMANCE ATTRIBUTION** 12/31/18 to 3/31/19 (US Dollar Denominated)

MSCI/GICS Sector	Driehaus Multi-Asset Growth Economies Fund (Port) (%)		Equally weighted MSCI Emerging Markets (ND) / JPMorgan GBI Emerging Markets Global Diversified (Bench) (%)		Attribution Analysis (%)		
	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Allocation Effect	Selection + Interaction	Total Effect
Argentina	3.19	0.75	1.47	-0.21	-0.15	0.83	0.86
Australia	0.00	0.00	0.01	-0.00	0.00	0.00	0.00
Brazil	8.38	0.75	9.68	0.53	0.03	0.21	0.24
Cayman Islands	0.20	-0.08	0.15	0.04	0.04	-0.17	-0.14
Chile	0.55	-0.08	2.05	0.11	0.04	-0.07	-0.07
China	17.29	3.87	13.54	2.26	0.49	0.92	1.40
Colombia	0.76	0.23	2.77	0.18	0.04	0.18	0.22
Cyprus	0.76	0.09	0.00	0.00	0.06	0.00	0.06
Czech Republic	0.01	0.00	1.57	-0.02	0.07	0.00	0.12
Dominican Republic	0.00	0.00	1.47	0.08	-0.00	0.00	0.02
Egypt	4.94	0.42	0.06	0.01	0.28	-0.25	0.12
Germany	0.00	0.00	0.03	-0.00	0.00	0.00	0.00
Greece	0.00	0.00	0.11	0.01	-0.01	0.00	-0.00
Hong Kong	3.48	0.61	1.95	0.24	0.15	0.13	0.26
Hungary	2.10	0.09	1.79	0.02	-0.01	0.05	0.05
India	7.75	0.52	4.39	0.29	-0.02	0.26	-0.01
Indonesia	6.23	0.33	5.66	0.28	0.01	0.02	0.02
Ireland	0.0	0.0	0.02	0.00	0.00	0.00	0.00
Japan	0.25	-0.04	0.00	0.00	-0.06	0.00	-0.08
Jersey	0.00	0.00	0.02	0.00	0.00	0.00	0.00
Kuwait	1.07	0.18	0.00	0.00	0.13	0.00	0.11
Luxembourg	0.00	0.00	0.80	0.02	0.02	0.00	0.03
Macau	0.59	0.10	0.00	0.00	0.07	0.00	0.07
Malaysia	0.00	0.00	2.59	0.06	0.11	0.00	0.11
Mexico	-5.48	-0.01	6.03	0.44	2.79	-1.89	-0.31

*(Continues on page 5)*

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.

**COUNTRY PERFORMANCE ATTRIBUTION** 12/31/18 to 3/31/19 (US Dollar Denominated)

MSCI/GICS Sector	Driehaus Multi-Asset Growth Economies Fund (Port) (%)		Equally weighted MSCI Emerging Markets (ND) / JPMorgan GBI Emerging Markets Global Diversified (Bench) (%)		Attribution Analysis (%)		
	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Allocation Effect	Selection + Interaction	Total Effect
Netherlands	0.89	0.16	0.03	0.00	-0.08	0.22	0.11
Nigeria	0.94	0.21	0.00	0.00	0.12	0.00	0.09
Pakistan	0.00	0.00	0.02	0.00	0.00	0.00	0.00
Peru	3.00	0.21	1.69	0.11	-0.00	-0.05	0.01
Philippines	1.19	0.03	2.06	0.15	-0.02	-0.05	-0.06
Poland	3.26	0.15	4.77	-0.05	0.03	0.19	0.24
Qatar	0.00	0.00	0.50	-0.02	0.05	0.00	0.05
Romania	0.00	0.00	1.51	-0.04	0.05	0.00	0.14
Russia	2.88	0.28	4.48	0.47	-0.01	0.13	-0.11
Singapore	0.00	0.00	0.02	0.00	0.00	0.00	0.00
South Africa	4.04	0.21	6.94	0.29	0.06	0.20	0.09
South Korea	6.83	0.21	6.79	0.34	0.00	-0.14	-0.14
Taiwan	3.78	0.48	5.48	0.46	-0.06	0.16	0.12
Thailand	3.03	0.14	4.79	0.25	0.05	-0.03	-0.01
Turkey	0.50	-0.03	1.89	-0.16	0.00	0.08	0.27
Ukraine	0.67	0.08	0.00	0.00	0.05	0.00	0.05
United Arab Emirates	0.00	0.00	0.36	0.03	-0.01	0.00	-0.00
United Kingdom	0.00	0.00	0.20	0.01	0.01	0.00	0.01
United States	0.03	-0.63	0.62	0.09	-0.06	-0.52	-0.69
Uruguay	0.00	0.00	1.49	0.01	0.02	0.00	0.09
Unassigned*	0.00	0.00	0.15	0.00	0.01	0.00	0.01
Cash	16.92	-0.05	0.03	0.00	-0.35	-0.10	-0.49
<b>Total</b>	<b>100.00</b>	<b>9.14</b>	<b>100.00</b>	<b>6.28</b>	<b>3.96</b>	<b>0.28</b>	<b>2.86</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.

## ASSET ALLOCATION (%)

Equity	79.4
Fixed Income	20.6

## COUNTRY WEIGHTS (%)

Country	DMAGX	Benchmark
Argentina	3.3	0.0
Brazil	7.5	7.2
Chile	0.8	1.0
China	19.7	28.2
Colombia	2.3	0.5
Cyprus	1.7	0.0
Czech Republic	0.0	0.2
Egypt	5.4	0.1
Hong Kong	3.4	4.0
Hungary	2.1	0.3
India	8.0	9.2
Indonesia	6.2	2.2
Kuwait	1.1	0.0
Macau	0.6	0.0
Mexico	-12.0	2.7
Netherlands	0.9	0.1
Nigeria	1.0	0.0
Peru	2.9	0.4
Philippines	1.1	1.1
Poland	2.3	1.1
Russia	2.6	3.6
South Africa	3.2	5.8
South Korea	5.1	13.0
Taiwan	4.7	11.3
Thailand	2.9	2.3
Turkey	0.9	0.5
Ukraine	0.7	0.0
United States	-0.1	0.5
Cash	7.4	0.0

Source: Driehaus Capital Management LLC  
Data as of 3/31/19.

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.

**TERMS: Portfolio Yield** is the annual income (interest or dividends) divided by the current price of the security, aggregated to the portfolio level. **Effective duration** is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change. **Portfolio Yield** is the income return on an investment, such as the interest or dividends received from holding a particular security.

**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 (877) 779-0079. Please read the prospectus and summary prospectus carefully before investing.**

Driehaus Securities LLC, Distributor