Driehaus Emerging Markets Small Cap Growth Fund Commentary

With the onset of Major League Baseball season, this month we analyze recent market performance while paying tribute to some of our favorite quotes from Hall of Famer, Yogi Berra. No slouch as a player, Berra was a 15-time All-Star and also enjoyed a prolific career as a coach and manager, participating in 22 World Series altogether. Despite this, he is best known for his quick wit and paradoxical sayings.

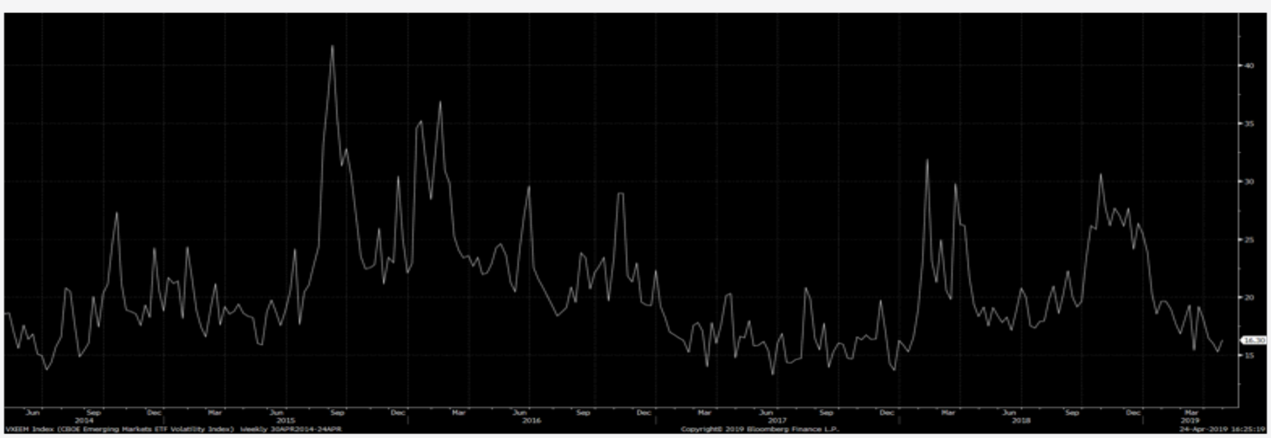
"If you don't know where you're going, you'll end up someplace else." – Yogi Berra

Building off the market selloff into year-end 2018, many investors expected a continuation of higher volatility into a more "normalized" regime in 2019. However, the year has started off with a compression of emerging markets equity volatility back to levels enjoyed throughout 2017, one of the least volatile years on record (Exhibit 1).

The macro narrative of improving economic growth, policy easing in China, and a dovish Fed pivot has brought renewed capital flows back to EM. When further considering that the median inflation rate reached a 25-year low across EM and real interest rate differentials started the year at relatively high levels against developed markets, this has proven an attractive combination for asset allocators. As shown below, ETF flows into EM rose to all-time highs near the end of 2018 (Exhibit 2).

"Nobody goes there anymore. It's too crowded." – Yogi Berra

Exhibit 1:
CBOE Emerging Markets ("EM") Volatility Index



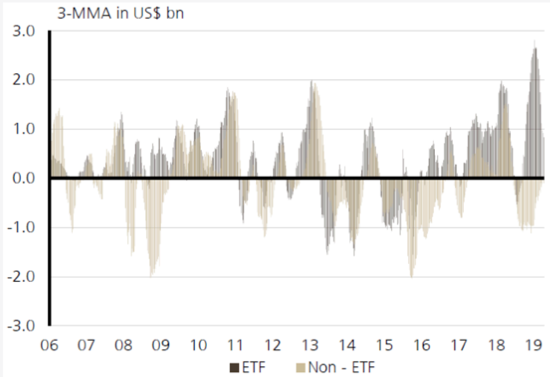
Source: Bloomberg

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 May 13, 2019 and are subject to change at any time due to changes in market or economic conditions. The commentary has not been updated since May 13, 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.

Please consider the investment objectives, risks, fees and expenses of the Fund carefully prior to investing. The prospectus and summary prospectus contain this and other important information about the Fund. To obtain a copy of the prospectus and/or summary prospectus, please call us at (800) 560-6111. Please read the prospectus and summary prospectus carefully before investing.

Driehaus Securities LLC, Distributor

Exhibit 2:
EM Fund Flows



Source: EPRF Global, UBS

The passive expression of EM performed well against most active managers during 2016, due to its large cap bias, at a time when large caps had become historically cheap relative to small caps. With extremely narrow participation in 2017-2018 as market breadth fell to 20-year lows, the ETF again benefited from the concentration of EM equity performance in four large Asian technology stocks.

Ironically, just as EM ETF flows have risen to new highs, there has been a marked pickup in performance breadth to start the year, with the largest percentage of stocks outperforming the overall market since 2015 (Exhibit 3). Further, with macro fundamentals and economic policies diverging across pockets of EM, we are seeing more macro dispersion than has been evident over the past few years. These factors have created a better environment for active management relative to the 2016-2018 period.

"It's like déjà vu all over again." – Yogi Berra

Last year on April 23, the US Dollar Index ("DXY") broke out to the upside from its trading range, marking the onset for a painful period for EM as tightening liquidity exacerbated the downturn for countries running fiscal and current account deficits or undertaking ill-advised economic policy.

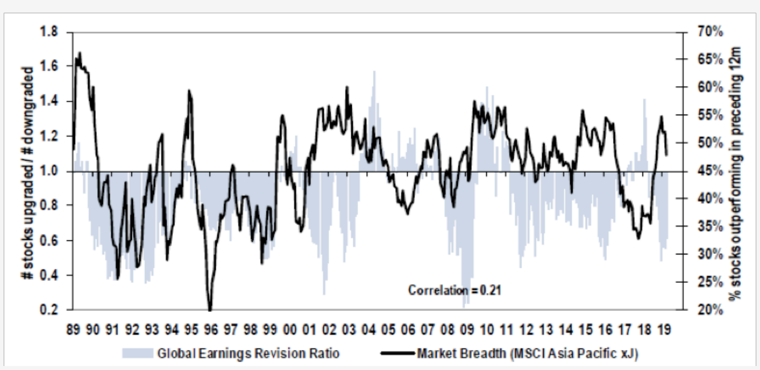
Fast forward to the current year, and the DXY formed another trading range, and once again on April 23, the dollar broke out to the upside, causing some observers to brace for another bout of EM weakness.

While significant US dollar strength would likely make for a challenging environment for parts of EM, the current backdrop differs from last year in a few meaningful ways.

First, the Fed is no longer in tightening mode. Last April, market participants expected three interest rate hikes over the subsequent 12 months, which the Fed delivered, while engaging in quantitative tightening. Currently, markets are pricing in an interest rate cut in the next 12 months and the Fed's pivot at the beginning of the year suggests a less restrictive backdrop for financial conditions than the one that materialized in 2018.

The recent strength of the DXY appears partly as a function of disappointing growth outside of the US, as the spillover effect from China's economic stimulus has yet to be felt more broadly across the world. Growth has faltered in countries with high sensitivity to trade, including Korea, Canada, Australia, and much of Europe, with government bond yields meaningfully lower in these countries compared to 12 months ago.

Exhibit 3:
Market Breadth Recovering



Source: BofA ML Asia Pac Quantitative Strategy, MSCI, IBES

Perhaps of most concern to EM is that supply shocks have recently occurred in oil (geopolitics), iron ore (cyclones and a mining accident), copper (weather and operational constraints), and agricultural commodities (African Swine Fever). This threatens a pause in the easy monetary conditions enjoyed recently by the likes of China and India, while it could force the hand of central banks in more fragile parts of EM, such as South Africa. These developments collectively reinforce a selective approach to country allocation, as the magnitude and fragility of the economic recovery across EM varies widely.

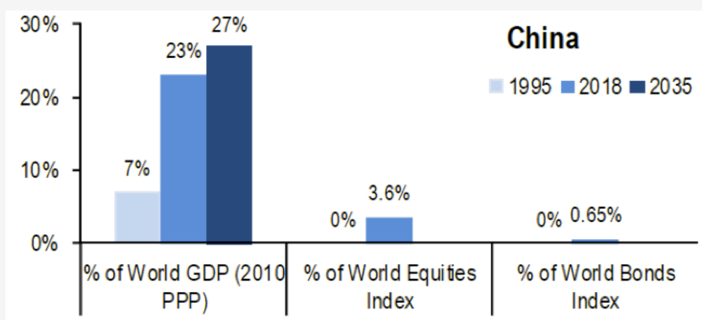
"You can observe a lot just by watching." – Yogi Berra

As shown in Exhibit 4, EM's relative performance against global equities has begun to exhibit a similar pattern to the late 1990s-early 2000s recovery following the Asian Financial Crisis. This is particularly interesting as this bottoming process is occurring at a time in which EM allocations appear increasingly out of line with the economic ascent in large EM economies, such as China and India (Exhibits 5-6).

**Exhibit 4:
MSCI Emerging Markets Index
Relative to MSCI World Index**

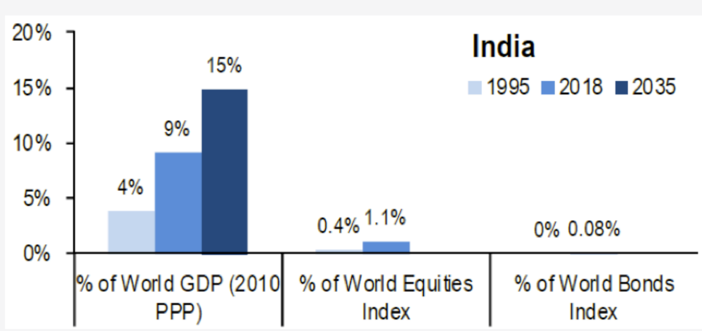
Source: BofA Merill Lynch Global Research Bloomberg

Exhibit 5: Underrepresentation of China in Global Equity and Bond Indices



Source: BofA ML Asia Pac Quantitative Strategy, MSCI, IBES

Exhibit 6: Underrepresentation of India in Global Equity and Bond Indices



Source: BofA ML Asia Pac Quantitative Strategy, MSCI, IBES

Exhibit 7: Regional Weightings of MSCI All Country World Index

	MSCI ALL COUNTRY WORLD INDEX WEIGHTS						CHINA A-SHARE INCLUSION FACTOR INCREASE				
	1987	1992	1997	2002	2007	2012	May'19 - 10%	Aug'19 - 15%	Nov'19 - 20%	Pro Forma - 50%	Pro Forma - 100%
DM	99.1%	95.4%	93.2%	96.0%	88.7%	87.2%	88.1%	87.8%	87.6%	87.0%	85.9%
EM	0.9%	4.6%	6.8%	4.0%	11.3%	12.8%	11.9%	12.2%	12.4%	13.0%	14.1%
EUROPE	21.2%	26.2%	31.6%	29.4%	32.8%	25.2%	20.7%	20.8%	20.8%	20.6%	20.4%
APAC	43.2%	28.8%	16.8%	13.6%	19.2%	20.2%	19.6%	19.7%	19.8%	20.4%	21.4%
DM APAC	42.8%	26.7%	14.3%	11.4%	13.0%	12.7%	10.8%	10.8%	10.8%	10.7%	10.6%
EM APAC	0.4%	2.1%	2.5%	2.2%	6.2%	7.5%	8.8%	8.9%	9.1%	9.7%	10.9%

Sources: UBS, MSCI

Further, as an increasing percentage of China A-shares are inevitably included in the MSCI Emerging Markets Index in the coming years, EM Asia is poised to become a substantial component of global equity indices (Exhibit 7). If one were to assume a 100% inclusion factor, the weighting of Asia Pacific in the MSCI All Country World Index would exceed that of Europe for the first time since the mid-1990s. Additionally, the EM portion of the Asia Pacific weighting would exceed the developed market portion for the first time ever.

This is particularly staggering, considering that in 1987 when the MSCI EM Index was first constructed and Japan was amid an asset price bubble, the EM weighting was only 0.4% of Asia Pacific, relative to the developed weighting of 42.8%.

While EM was little more than a rounding error in the All Country World Index back in 1987 at 0.9%, its share is on pace to rise to 12-14% in the coming years, making the asset class increasingly important from an allocation perspective.

Performance Review

The Driehaus Emerging Markets Small Cap Growth Fund, net of fees, returned 0.90% in April, compared to the MSCI Emerging Markets Small Cap Index, net dividend, return of 0.21%[1]. At the sector level, the most significant contributors to returns were financials and consumer discretionary. Industrials and materials detracted the most value. At the country level, China and Poland contributed most to performance for the month, while Bangladesh and Russia were notable detractors from performance.

Positioning and Outlook

Having started the year positioned for improving cyclical growth, driven by the lagged impact of economic stimulus in China, we remain overweight in Chinese equities, albeit having slightly reduced positions in sectors such as real estate and consumer discretionary that have appreciated substantially over the past 4 months.

Recent signals from the Chinese authorities suggest a pause in the stimulus, undertaken since the second half of 2018, acknowledging they have arrested the economic downturn, but suggesting a desire to not overstimulate the economy amid the aforementioned commodity supply shocks, which could lead to an unwelcomed acceleration of inflation.

[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. 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.**

Elsewhere, we maintain an equal-weight position in India amid the ongoing central government elections. Following a 15% rally from the February lows in US dollar terms, equities have begun to discount a benign election outcome. Meanwhile, we continue to hold a cautious view on the liquidity backdrop transpiring from challenges faced by non-banking financial companies in recent quarters, while observing a slowdown in the consumer sectors.

Modest reductions in positions in China and India have been offset by portfolio additions in the Middle East, where recent new listings have brought opportunities in rapidly growing areas, such as digital payments, an industry positioned to grow with rising e-commerce penetration in the region. Additionally, an operator of fitness clubs was added to the portfolio, as we continue to see accelerating trends in health and wellness across emerging markets.

Amid these slight portfolio rotations, we continue to observe a strong opportunity set across many emerging economies, as idiosyncratic sources of growth increasingly contribute to share price performance with an expansion of market breadth. Given the significant macro dispersion observed year-to-date, we are watching the degree to which a broadening out of economic growth occurs in the months ahead, as the scope of the economic recovery thus far has lacked synchronization.

Lastly, we remain attentive to the direction of US monetary policy, as this carries implications for currencies and sector performance across EM. While there remains potential for a reflationary policy to unfold, it is also fair to consider whether such monetary easing would occur in an environment in which US equities are back to their 2018 highs. As Yogi astutely said, "when you come to a fork in the road, take it."

Until next month,

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

DRESX Performance Review

Month-end Performance as of 4/30/19

				Average Annual Total Return			
Fund/Index	**MTH**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**10 Year**	**Since Inception[1]**
Driehaus Emerging Markets Small Cap Growth Fund[2]	0.90%	14.72%	-11.82%	2.75%	-1.54%	8.37%	9.62%
MSCI Emerging Markets Small Cap Index (ND)[3]	0.21%	7.98%	-12.14%	5.50%	1.73%	8.19%	11.55%
MSCI Emerging Markets Small Cap Growth Index (ND)[4]	0.27%	7.48%	-14.06%	2.64%	-0.10%	6.82%	10.29%

Calendar Quarter-end Performance as of 3/31/19

				Average Annual Total Return			
Fund/Index	**QTR**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**10 Year**	**Since Inception[1]**
Driehaus Emerging Markets Small Cap Growth Fund[2]	13.70%	13.70%	-14.13%	2.87%	-1.60%	9.79%	9.61%
MSCI Emerging Markets Small Cap Index (ND)[3]	7.76%	7.76%	-12.42%	5.95%	1.76%	10.37%	11.63%
MSCI Emerging Markets Small Cap Growth Index (ND)[4]	7.19%	7.19%	-15.13%	2.87%	-0.12%	9.01%	10.35%

Annual Operating Expenses[5]

Gross Expenses	1.95%
Net Expenses	1.45%

The performance data shown above represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Principal value and investment returns will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. The Fund will charge a redemption fee of 2.00% on shares held less than 60 days. Performance data represents the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). Average annual total return reflects annualized change, while cumulative total return reflects aggregate change. Contractual fee waivers were in effect from inception to 8/21/2014. Without such fee waivers, performance numbers would have been reduced. Since Fund performance is subject to change after the month-end, please call (800) 560-6111 or visit www.driehaus.com for more current performance information.

[1]Inception Date: 12/1/2008. "Since Inception" is calculated to include performance from the Fund's predecessor limited partnership. [2]The average annual total returns of the Driehaus Emerging Markets Small Cap Growth Fund include the performance of the Fund's predecessor limited partnership, which is calculated from December 1, 2008 before the Fund commenced operations and succeeded to the assets of its predecessor on August 22, 2011. The predecessor limited partnership was not registered under the Investment Company Act of 1940, as amended ("1940 Act") and thus was not subject to certain investment and operational restrictions that are imposed by the 1940 Act. If the predecessor had been registered under the 1940 Act, its performance may have been adversely affected. The Fund's predecessor performance has been restated to reflect estimated expenses of the Fund. After-tax performance returns are not included for the predecessor limited partnership. The predecessor was not a regulated investment company and therefore did not distribute current or accumulated earnings. [3]The Morgan Stanley Capital International Emerging Markets Small Cap Index (MSCI Emerging Markets Small Cap Index) is a market capitalization-weighted index designed to measure equity market performance of small cap stocks in global emerging markets. Data is in US dollars. The net dividend (ND) index is calculated with net dividend reinvestment. [4]The Morgan Stanley Capital International Emerging Markets Small Cap Growth Index (MSCI Emerging Markets Small Cap Growth Index) is a subset of the MSCI Emerging Markets Small Cap Index and includes only the MSCI Emerging Markets Small Cap Index stocks which are categorized as growth stocks. Data is in US Dollars. The net dividend (ND) index is calculated with net dividend reinvestment. [5]Represents the Annual Fund Operating Expenses as disclosed in the current prospectus dated April 30, 2019. 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 waive a portion of its management fee and to reimburse operating expenses to the extent necessary to cap the Driehaus Emerging Markets Small Cap Growth Fund's ordinary annual operating expenses (excluding interest, taxes, brokerage commissions, dividends and interest on short sales and other investment-related costs, 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 1.45% until the earlier of the termination of the investment advisory agreement, by the Board of Trustees or the Fund's shareholders, or October 31, 2021. Pursuant to the agreement, and so long as the investment advisory agreement is in place, for a period not to exceed three years from the date on which the waiver or reimbursement was made, the investment adviser is entitled to reimbursement or 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 as well as the existing operating expense cap.

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.

Driehaus Securities LLC, Distributor

SECTOR WEIGHTS (%)

	Fund	Benchmark	*Active Weights (%)*
Communication Services	4.9	4.1	*0.7*
Consumer Discretionary	18.6	14.6	*4.0*
Consumer Staples	8.2	6.8	*1.4*
Energy	0.0	0.0	*0.0*
Financials	10.9	11.0	*-0.1*
Health Care	6.1	8.2	*-2.1*
Industrials	12.9	14.2	*-1.3*
Information Technology	12.7	15.2	*-2.5*
Materials	8.5	11.5	*-3.0*
Real Estate	9.0	8.0	*1.0*
Utilities	2.3	4.5	*-2.3*
Cash	5.6	0.0	*5.6*
Unassigned	0.4	0.0	*0.4*

COUNTRY WEIGHTS (%)

	Fund	Benchmark		Fund	Benchmark
Bangladesh	1.2	0.0	Pakistan	0.4	0.7
Brazil	9.7	6.4	Philippines	3.2	1.0
Cambodia	1.6	0.0	Poland	3.7	1.0
China	17.5	7.0	Russia	1.5	0.8
Cyprus	2.0	0.1	Singapore	1.5	0.2
Egypt	1.3	0.5	South Africa	4.0	5.3
Hong Kong	9.6	4.9	South Korea	2.4	17.3
India	16.4	15.6	Taiwan	7.9	19.4
Indonesia	5.6	2.4	Thailand	1.3	3.9
Kazakhstan	0.5	0.0	UAE	0.9	0.5
Luxembourg	0.6	0.2	Vietnam	0.6	0.0
Mexico	1.2	3.2	Cash	5.6	0.0

TOP 5 HOLDINGS[1] (as of 3/31/19)

Company	Sector	Country	% of Fund
Li Ning Company Limited	Consumer Discretionary	Hong Kong	3.5
NagaCorp Ltd.	Consumer Discretionary	Hong Kong	3.2
GDS Holdings Ltd. Sponsored ADR Class A	Information Technology	China	3.0
Megaworld Corp.	Real Estate	Philippines	2.8
Info Edge India Ltd.	Communication Services	India	2.5

PORTFOLIO CHARACTERISTICS

	Fund	Benchmark
Number of Holdings	80	1,571
Weighted Avg. Market Cap (M)	$3,578	$1,238
Median Market Cap (M)	$3,079	$708
Est. 3-5 Year EPS Growth	19.5%	19.1%
Active Share (3-year avg.)[2]	113.62	n/a
Market Cap Breakout (%)		
< $5 billion	81.8	100.0
> $5 billion	18.2	0.0

5-year period	Fund	Benchmark
Annualized Alpha	-2.67	n/a
Sharpe Ratio	-0.19	0.07
Information Ratio	-0.40	n/a
Beta	0.69	1.00
Standard Deviation	11.86	14.11
Tracking Error	8.09	0.00
R-squared	0.67	1.00

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 4/30/19. Benchmark: MSCI EM Small Cap Index (ND)
[1]Holdings subject to change. [2]Data is calculated monthly.

Driehaus Securities LLC, Distributor

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.