LCMAX Performance Review

During the month of May, the fund returned -0.74%[1]. As corporate credit sold off and interest rates tumbled, the fund's credit hedges only partially offset mark to market declines on its directional long investments and the fund's interest rate hedge lost 26 basis points. During the month, the Bank of America Merrill Lynch U.S. High Yield Index declined -1.27%, while the Markit iBoxx Liquid Leveraged Loan Total Return Index declined -0.88%.

As we have discussed in previous letters, we position the fund to realize safe current yield and hedge against duration risk, market volatility, and the risk of capital impairment. The fund's year-to-date performance reflects these portfolio actions. Through May, the fund has recorded its best start to a year since 2012, while volatility and correlation remain muted relative to all relevant credit indexes. Our investment style is best judged over a long period of time, but nonetheless we are pleased that the fund has generated an attractive year-to-date return while protecting against market and position specific risks.

During May, the story across all asset classes was the move lower in interest rates as 2-, 5-, and 10-year Treasury yields all declined by more than 40 basis points. For context, the fund's **<u>un</u>**hedged duration was 0.9 years and we employ interest rate hedges to bring duration closer to zero. Thus, at the start of the month, the portfolio's duration was zero, however, as economic data devolved due to tariff jostling and late-cycle fatigue, we reduced the fund's rate hedge and ended May with portfolio duration of 0.4 years. The net effect of the UST yield decline during the month was that the fund's duration hedging strategy detracted approximately 26 basis points. The goal of the fund's duration hedge – like the goal of any efffective hedging strategy -- is to protect against negative outcomes with the lowest possible cost. While the rate hedge detracted from performance during the month, the cost was not excessive relative to the move in interest rates. More importantly, history has repeatedly illustrated the reflexivity of the treasury market and we are confident that we have not seen the last bout of volatility from the rates market.

Coming off a very strong month in April, the directional long strategy detracted 50 basis points during May. The month's largest contributor (6 basis points) was a position in the first lien bonds of a diversified conglomerate that reported better than expected earnings. The fund had two directional long positions that each contributed 3 basis points during the month. The first was a position in the short duration bonds of a leisure products manufacturing company, which announced the sale of one its subsidiaries for a better than expected price. The second was a position in the first lien loan of an apparel manufacturing company that provides a 10% yield and had a steady price during the month. The losses in the directional long strategy during the month were contained primarily to two positions. First, an event driven position in a company that is going through a strategic review process detracted 30 basis points during May. The fund has had a position in this company for nearly two-and-a-half years and it has historically been one of the fund's top performing investments; we currently own multiple securities within the company's capital structure. All of the company's securities declined in price in May because the company's strategic review process is taking longer than the market expected. The second largest detractor in the directional long category was a position in the unsecured bonds of a telecom company that declined in price due to market beta and negative sentiment surrounding the industry. We believe this loss is temporary as the company recently announced it is dedicating over $100 million annually to repurchase the bonds we hold; these repurchases should move our bonds closer to par (from their current price of $92) in the months ahead.

The fund's directional short strategy contributed 4 basis points during the month. The short strategy's largest contribution came from an ETF comprised of senior loans, which made 3 basis points. Directional short exposure at the start of June is approximately 9.0%.

We continue to position the portfolio conservatively but have done so in a way that enables the fund to generate an attractive portfolio yield. The portfolio's net exposure is approximately 75%, while its current yield is over 6.0%. We believe these portfolio attributes, combined with the continued attractiveness of the opportunity set in corporate credit, position the fund to successfully navigate the range of market scenarios that might unfold in the year ahead.

Going forward, we continue to see a favorable opportunity set for our style of credit investing. We have increased the fund's allocation to short duration bonds, which have become increasingly attractive on a risk adjusted basis. These positions have replaced some of the leveraged loans that were previously in the portfolio but were refinanced at terms we found unattractive.

As always, we welcome the opportunity to discuss market developments and their impact on the fund with our client base, so please do not hesitate to reach out to us if you would like any additional details.

[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 (877) 779-0079 or visit www.driehaus.com for more current performance information.

LCMAX Performance Review

Month-end Performance (%) as of 5/31/19

				Average Annual Total Return			
Fund/Index	**MTH**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**10 Year**	**Since Inception[1]**
Driehaus Active Income Fund[2]	**-0.74**	**2.53**	**-0.09**	**2.02**	**0.95**	**2.62**	**3.23**
FTSE 3-Month T-Bill Index[3]	0.21	1.01	2.24	1.29	0.80	0.44	1.20
Bloomberg Barclays Aggregate Index[4]	1.78	4.80	6.40	2.50	2.70	3.83	4.27

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 Active Income Fund[2]	**2.31**	**2.31**	**0.21**	**2.33**	**0.94**	**3.38**	**3.25**
FTSE 3-Month T-Bill Index[3]	0.60	0.60	2.11	1.17	0.72	0.41	1.18
Bloomberg Barclays Aggregate Index[4]	2.94	2.94	4.48	2.03	2.74	3.77	4.19

Annual Operating Expenses (%)[5]

Gross Expense	1.10
Net Expense	1.10

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 (877) 779-0079 or visit www.driehaus.com for more current performance information.

[1]Inception Date: 11/8/2005. [2]The Driehaus Active Income Fund commenced operations on June 1, 2009 following the receipt of the assets and liabilities of the Lotsoff Capital Management Active Income Fund (the "Predecessor Fund") through a reorganization into the Driehaus Active Income Fund (the "Fund"). Lotsoff Capital Management was the investment adviser from inception through April 2, 2009. Driehaus Capital Management LLC (the "Adviser") became the interim investment adviser to the Predecessor Fund on April 3, 2009. [3]The FTSE 3-Month T-Bill Index is designed to mirror the performance of the 3-Month U.S. Treasury Bill. The FTSE 3-Month T-Bill Index is unmanaged and its returns include reinvested dividends. [4]The Bloomberg Barclays Aggregate Index, an unmanaged index, represents securities that are SEC-registered, taxable and dollar denominated. This index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. [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.

The Driehaus Active Income Fund (the "Fund"), in addition to investing in unrated and investment grade bonds, may also invest in junk bonds, which involve greater credit risk, including the risk of default. The prices of high yield bonds are more sensitive to changing economic conditions and can fall dramatically in response to negative news about the issuer or its industry, or the economy in general. The use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value, and there is a risk that changes in the value of a derivative held by the Fund will not correlate with the Fund's other investments. Further, the Fund may invest in derivatives for speculative purposes. Gains or losses from speculative positions in a derivative may be much greater than the derivative's original cost and potential losses may be substantial. The Fund may make short sales. Short sales expose the Fund to the risk of loss. It is anticipated that the Fund will experience high rates of portfolio turnover, which may result in payment by the Fund of above-average transaction costs. This is a nondiversified fund; compared to other funds, the Fund may invest a greater percentage of assets in a particular issuer or a small number of issuers. As a consequence, the Fund may be subject to greater risks and larger losses than diversified funds. No investment strategy, including an absolute return strategy, can ensure a profit or protect against loss. Additionally, investing in an absolute return strategy may lead to underperforming results during an upward moving market. When interest rates increase, bond prices decrease and bond funds become more volatile.

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

LCMAX Portfolio Characteristics*

Executive Summary

Assets Under Management (AUM)	$497,256,172
Long Exposure	$464,874,927
Short Exposure	$(91,687,234)
Net Exposure	$373,187,693
Net Exposure % of AUM	75.05%
Gross Exposure	$556,562,161
Gross Exposure % of AUM	111.93%
Cash Exposure	$32,133,671
Cash Exposure % of AUM	6.46%

Risk Summary

Effective Duration	0.43 Years
Spread Duration[1]	3.31 Years
30-day SEC Yield	5.30%
Portfolio Yield-to-Worst[2]	6.21%
Average % of Par – Long Credit	99.72%
Average % of Par – Short Credit	101.77%
Correlation vs. S&P 500	0.48
100 Day Volatility	1.76%

Trade Type

	Gross Exposure	% of Gross Exposure	% Contribution to Total Return
Capital Structure Arbitrage[3]	29,839,601	5.4%	0.00%
Convertible Arbitrage[3]	0	0.0%	0.00%
Directional Long[3]	432,035,287	77.6%	-0.50%
Directional Short[3]	46,561,646	8.4%	0.04%
Event Driven[3]	7,686,042	1.4%	-0.01%
Interest Rate Hedge[3]	40,439,586	7.3%	-0.26%
Pairs Trading[3]	0	0.0%	0.00%
Volatility[3]	0	0.0%	0.00%
Cash and Expenses**			-0.05%
Total	**556,562,161**	**100.0%**	**-0.76%**

Source: Factset / Preliminary data. May differ from data shown by third-party providers because of rounding or for other reasons.

Source: Bloomberg, Factset

[1] Spread duration excludes treasury rate hedges
[2] Refers to credit only
[3] A definition of this term can be found on page 10.

*Exposure: please note exposure may be different than market value. For equities, bonds, foreign exchange forwards and interest rate swap products, exposure is the same as market value. For options, exposure represents delta-adjusted underlying exposure. For credit default swap and credit default swap indices, exposure represents bond equivalent exposure.

**Estimated expenses for the month (not annualized) as a percentage of the fund's net assets for the month. Interest on cash balances are netted against fund expenses.

***Note:** A definition of key terms can be found on page 10*

Credit Rating*

	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure
AAA[1]	0	0.0%	0	0.0%	0	0.0%
AA	0	0.0%	0	0.0%	0	0.0%
A[2]	15,035,729	3.3%	0	0.0%	15,035,729	3.1%
BBB	15,145,578	3.3%	(13,129,706)	48.4%	28,275,284	5.8%
BB	44,608,818	9.7%	(6,338,689)	23.4%	50,947,507	10.5%
B	294,214,359	64.1%	(3,876,790)	14.3%	298,091,149	61.3%
CCC	59,781,736	13.0%	(3,765,983)	13.9%	63,547,720	13.1%
CC	0	0.0%	0	0.0%	0	0.0%
C	5,290,895	1.2%	0	0.0%	5,290,895	1.1%
D	0	0.0%	0	0.0%	0	0.0%
Not Rated	24,811,492	5.4%	0	0.0%	24,811,492	5.1%
Total	**458,888,609**	**100.0%**	**(27,111,168)**	**100.0%**	**485,999,777**	**100.0%**

Credit rating data is shown only for the following asset classes: Bank Loan, Corporate CDS, Corporate Credit, Convertible Bonds and Preferred Stocks.

Sector

	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure
GICS[3]						
Communication Services	100,177,697	21.5%	(2,169,111)	2.4%	102,346,808	18.4%
Consumer Discretionary	74,186,081	16.0%	(8,580,725)	9.4%	82,766,806	14.9%
Consumer Staples	27,688,253	6.0%	(919,160)	1.0%	28,607,413	5.1%
Energy	21,247,439	4.6%	0	0.0%	21,247,439	3.8%
Financials	118,100,182	25.4%	0	0.0%	118,100,182	21.2%
Health Care	11,053,567	2.4%	(7,936,419)	8.7%	18,989,987	3.4%
Industrials	22,923,122	4.9%	(3,875,932)	4.2%	26,799,054	4.8%
Information Technology	70,985,978	15.3%	0	0.0%	70,985,978	12.8%
Materials	18,512,608	4.0%	(4,548,981)	5.0%	23,061,588	4.1%
Real Estate	0	0.0%	0	0.0%	0	0.0%
Utilities	0	0.0%	0	0.0%	0	0.0%
Other[4]	0	0.0%	(63,656,906)	69.4%	63,656,906	11.4%
Total	**464,874,927**	**100.0%**	**(91,687,234)**	**100.0%**	**556,562,161**	**100.0%**

Source: Bloomberg, Factset Moody's, Standard & Poor's, Global Industry Classification Standard

*Credit ratings listed are subject to change. Credit quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). "NR" is used to classify securities for which a rating is not available. The Adviser receives credit quality ratings on underlying securities of the portfolio from the three major ratings agencies - Moody's Investors Service (Moody's), Fitch Ratings (Fitch), and Standard & Poor's (S&P). When calculating the credit quality breakdown, the Adviser utilizes Moody's and if Moody's is not available the manager selects the lower rating of S&P and Fitch.

Note: *A definition of key terms can be found on page 10*

Credit Ratings:

AAA and AA:	High credit-quality investment grade
A and BBB:	Medium credit-quality investment grade
BB, B, CCC, CC, C:	Low credit-quality (non-investment grade), or "junk bonds"
Not Rated:	Bonds currently not rated

[1] All government bonds are rated AAA.

[2] All agency Mortgage Backed Securities (MBS) are rated A.

[3] The Global Industry Classification Standard (GICS), a collaboration between Standard & Poor's and Morgan Stanley Capital International, is a system of classification that identifies a company according to its business activity.

[4] The Other Industry Sector data is not categorized within the GICS classification system.

Product Type

	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure
Bank Loan	140,121,844	30.1%	(858)	0.0%	140,122,702	25.2%
Corporate	304,961,895	65.6%	(27,110,310)	29.6%	332,072,205	59.7%
Preferred	13,804,870	3.0%	0	0.0%	13,804,870	2.5%
Fixed Income	**458,888,609**	**98.7%**	**(27,111,168)**	**29.6%**	**485,999,777**	**87.3%**
Equity Common	5,986,319	1.3%	(919,160)	1.0%	6,905,479	1.2%
Exchange Traded Fund	0	0.0%	(23,217,320)	25.3%	23,217,320	4.2%
Equity	**5,986,319**	**1.3%**	**(24,136,480)**	**26.3%**	**30,122,799**	**5.4%**
Government Bond Future	0	0.0%	(40,439,586)	44.1%	40,439,586	7.3%
Derivatives	**0**	**0.0%**	**(40,439,586)**	**44.1%**	**40,439,586**	**7.3%**
Total	**464,874,927**	**100.0%**	**(91,687,234)**	**100.0%**	**556,562,161**	**100.0%**

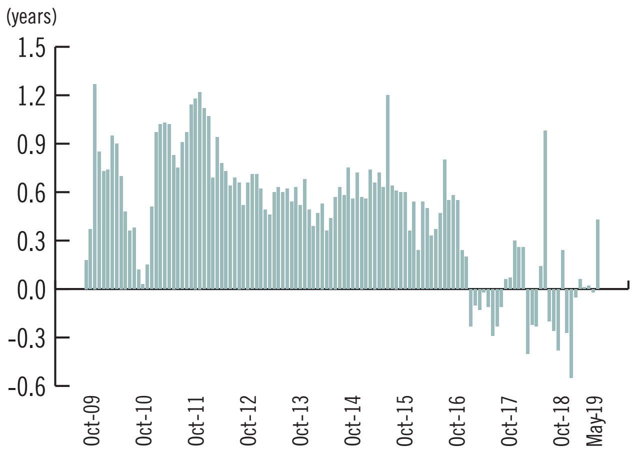
Region*

	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure
Developed	41,872,291	9.0%	(919,160)	1.0%	42,791,451	7.7%
Emerging	0	0.0%	0	0.0%	0	0.0%
United States	423,002,637	91.0%	(90,768,074)	99.0%	513,770,710	92.3%
Total	**464,874,927**	**100.0%**	**(91,687,234)**	**100.0%**	**556,562,161**	**100.0%**

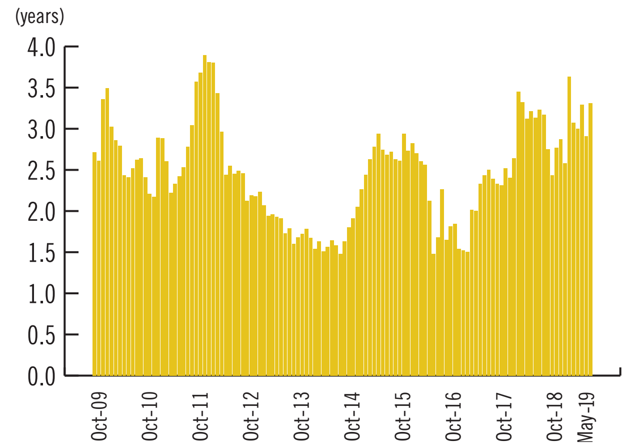
*Region exposure is based on country of domicile

Note: *A definition of key terms can be found on page 10*

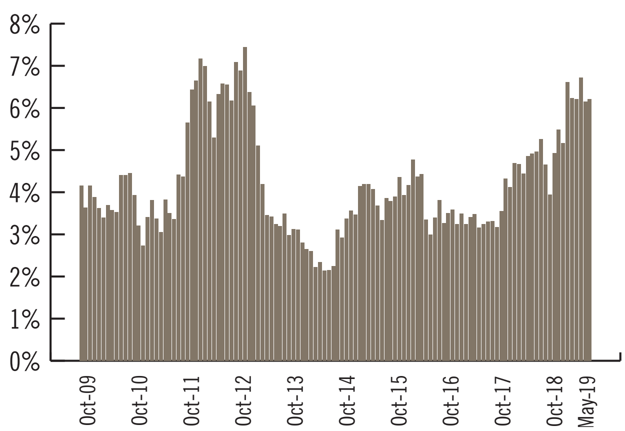
LCMAX Effective Duration



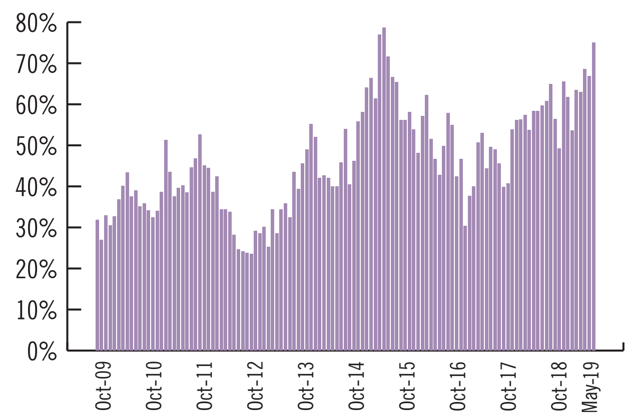
LCMAX Spread Duration



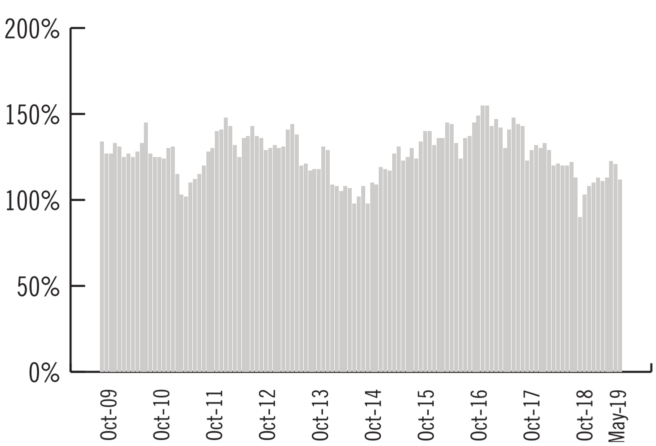
LCMAX Portfolio Yield-to-Worst



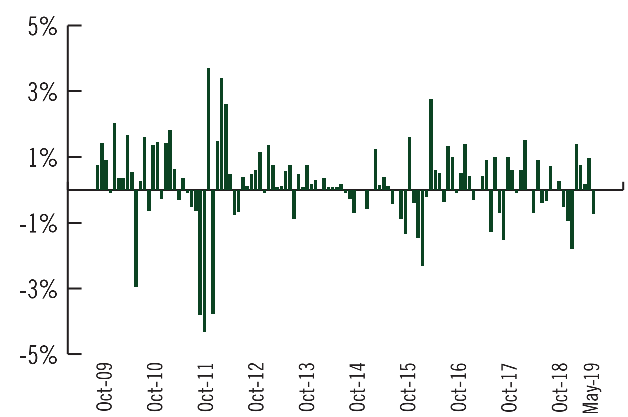
LCMAX Net Exposure % of AUM



LCMAX Gross Exposure % of AUM



LCMAX Monthly Return*



Sources: Driehaus Capital Management LLC, Bloomberg, Factset

Note: *A definition of key terms can be found on page 10*

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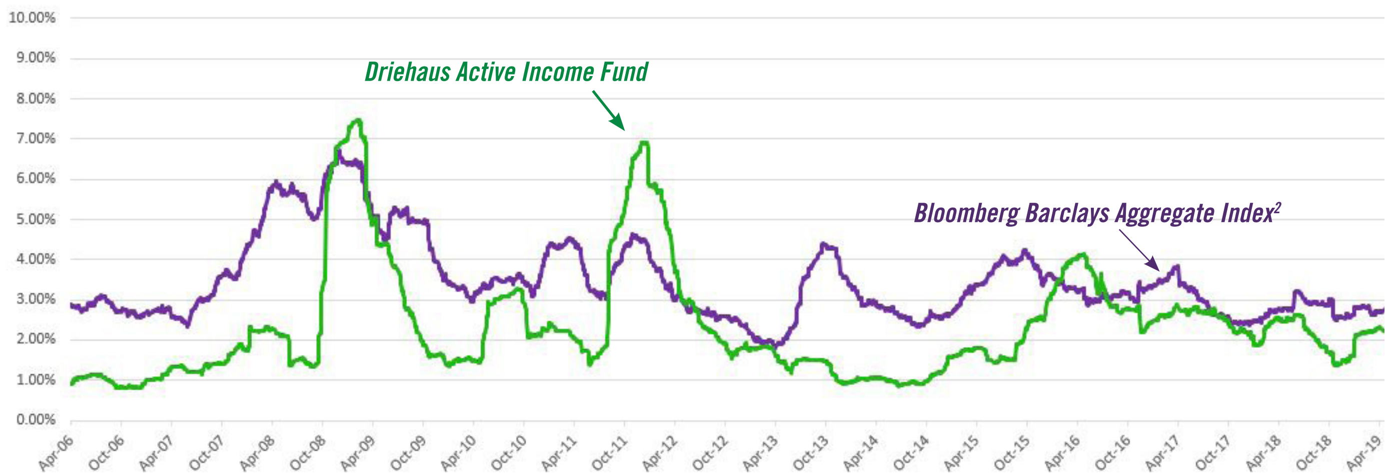
Spread Distribution* ($M)

		0-300	300-600	600-1000	>1000	Total
Bank Loan	Long Exposure	0	79,343,682	52,599,143	8,179,019	140,121,844
	Short Exposure	0	(858)	0	0	(858)
	Net Exposure	0	79,342,824	52,599,143	8,179,019	140,120,985
	Gross Exposure	0	79,344,540	52,599,143	8,179,019	140,122,702
Corporate	Long Exposure	44,823,474	214,059,929	37,353,306	8,725,186	304,961,895
	Short Exposure	(17,431,550)	(5,912,776)	(3,765,983)	0	(27,110,310)
	Net Exposure	27,391,924	208,147,153	33,587,323	8,725,186	277,851,586
	Gross Exposure	62,255,024	219,972,705	41,119,289	8,725,186	332,072,205
Preferred	Long Exposure	0	13,804,870	0	0	13,804,870
	Short Exposure	0	0	0	0	0
	Net Exposure	0	13,804,870	0	0	13,804,870
	Gross Exposure	0	13,804,870	0	0	13,804,870
Total	Long Exposure	44,823,474	307,208,481	89,952,449	16,904,205	458,888,609
	Short Exposure	(17,431,550)	(5,913,634)	(3,765,983)	0	(27,111,168)
	Net Exposure	27,391,924	301,294,846	86,186,465	16,904,205	431,777,441
	Gross Exposure	62,255,024	313,122,115	93,718,432	16,904,205	485,999,777
	Net Exposure %	**6.3%**	**69.8%**	**20.0%**	**3.9%**	**100.0%**
	Gross Exposure %	**12.8%**	**64.4%**	**19.3%**	**3.5%**	**100.0%**

Source: Bloomberg, Factset *Spread Distributions are shown only for the following asset classes: Bank Loan, Corporate CDS, Corporate Credit, Convertible Bonds and Preferred Stocks. Spread differential between the underlying securities and Treasury bonds in basis points. The chart above measures the excess yield (in basis points) that these securities provide over the yield offered by U.S. treasuries of comparable maturities according to market prices at the end of the month. We then define the security type, as well as the Fund's long and short exposure, and plot these exposures based on current market values to show a more accurate view of where the Fund's capital is allocated than can be depicted by simply defining exposures by credit rating or security type.

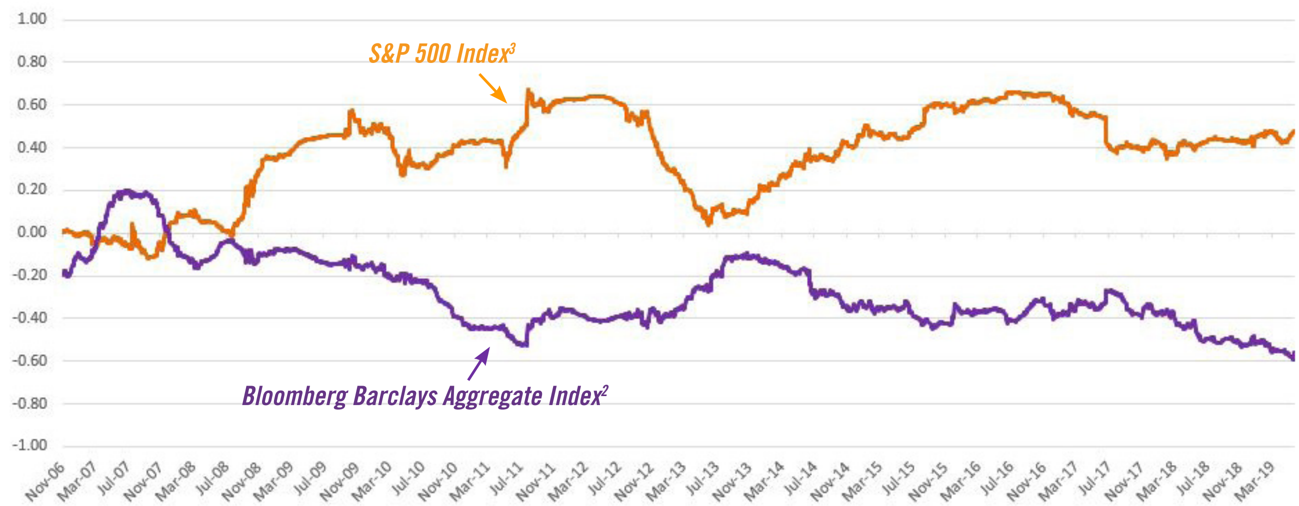
Note: *A definition of key terms can be found on page 10*

100-Day Volatility



Correlation[1] Comparison

12-Month Rolling Correlations vs. Driehaus Active Income Fund



Sources: Driehaus Capital Management, Bloomberg, Factset Standards & Poor's ("S&P") 500 Index total return data from Bloomberg. Bloomberg Barclays Aggregate Index data from Barclays

The benchmarks for the Driehaus Active Income Fund are the FTSE 3-Month T-Bill and the Bloomberg Barclays Aggregate Index. The S&P 500 Index is shown for illustrative purposes only.

[1] Correlation is a statistical measure of how return sets move in relation to each other. Correlation is computed into what is known as the correlation coefficient, which ranges between -1 and +1. Perfect positive correlation (a correlation co-efficient of +1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. Alternatively, perfect negative correlation means that if one security moves in either direction the security that is perfectly negatively correlated will move by an equal amount in the opposite direction. If the correlation is 0, the movements of the securities are said to have no correlation; they are completely random. The S&P 500 Index and the Bloomberg Barclays Aggregate Index are recognized proxies for the U.S. fixed income market.

[2] The Bloomberg Barclays Aggregate Index is a broad base index, maintained by Barclays, used to represent investment grade bonds being traded in the United States.

[3] The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group. It is a market-weighted index (stock price times number of shares outstanding), with each stock's weight in the index proportionate to its market value.

The Driehaus Active Income Fund (the "Fund"), in addition to investing in unrated and investment grade bonds, may also invest in junk bonds, which involve greater credit risk, including the risk of default. The prices of high yield bonds are more sensitive to changing economic conditions and can fall dramatically in response to negative news about the issuer or its industry, or the economy in general. The use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value, and there is a risk that changes in the value of a derivative held by the Fund will not correlate with the Fund's other investments. Further, the Fund may invest in derivatives for speculative purposes. Gains or losses from speculative positions in a derivative may be much greater than the derivative's original cost and potential losses may be substantial. The Fund may make short sales. Short sales expose the Fund to the risk of loss. It is anticipated that the Fund will experience high rates of portfolio turnover, which may result in payment by the Fund of above-average transaction costs. This is a nondiversified fund; compared to other funds, the Fund may invest a greater percentage of assets in a particular issuer or a small number of issuers. As a consequence, the Fund may be subject to greater risks and larger losses than diversified funds. No investment strategy, including an absolute return strategy, can ensure a profit or protect against loss. Additionally, investing in an absolute return strategy may lead to underperforming results during an upward moving market. When interest rates increase, bond prices decrease and bond funds become more volatile.

This material is not intended to provide investment advice. Nothing herein should be construed as a solicitation or a recommendation to buy or sell securities or other investments. You should assess your own investment needs based on your individual financial circumstances and investment objectives. The opinions expressed are those of Driehaus Capital Management LLC ("Driehaus") and are subject to change at any time due to changes in market or economic conditions. Driehaus does not guarantee the accuracy or completeness of this information. This data was prepared on June 17, 2019 and has not been updated since then. It may not reflect recent market activity. Driehaus assumes no obligation to update or supplement this information to reflect subsequent changes.

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

Driehaus Securities LLC, Distributor

FUND INFORMATION

The Fund invests primarily in U.S. fixed income and floating rate securities, of both investment and non-investment grade credit quality, as well as equities and derivative instruments. The Fund intends to pursue its fundamental opportunistic "bottom-up" trading approach using the following investment strategies:

Capital Structure Arbitrage – attempt to exploit pricing inefficiencies between two securities of the same company. Example: buying a debt instrument that is believed to be undervalued while simultaneously shorting a subordinated debt instrument of the same issuer that is believed to be overvalued.

Convertible Arbitrage – attempt to profit from changes in a company's equity volatility or credit quality by purchasing a convertible bond and simultaneously shorting the same issuer's common stock.

Directional Trading – taking long or short positions in equity or corporate debt instruments in anticipation of profiting from movements in the prices of these assets.

Event Driven – attempt to profit from the consummation of a given event, e.g. a takeover, merger, reorganization or conclusion of material litigation, or based upon the perceptions of a potential pending corporate event.

Pairs Trading – attempt to exploit pricing inefficiencies between the securities of two similar companies by buying the security of one company and shorting the security of the other.

Interest Rate Hedging – attempt to reduce the performance impact of rising or falling interest rates.

Volatility Hedging – attempt to profit from extreme market volatility.

DEFINITIONS OF KEY TERMS

Average % of Par – Long Credit - The average dollar price of a bond the Fund is long as a percentage of par.

Average % of Par – Short Credit - The average dollar price of a bond the Fund is short as a percentage of par.

Credit Default Swap (CDS) - A contract in which the buyer of the CDS makes a series of payments to the seller and, in exchange, receives a payoff if a credit instrument (typically a bond or loan) goes into default. In its simplest form, a credit default swap is a bilateral contract between the buyer and seller of protection.

Equity Beta - A measure describing the relation of a portfolio's returns with that of the financial market as a whole. A portfolio with a beta of 0 means that its price is not at all correlated with the market. A positive beta means that the portfolio generally follows the market. A negative beta shows that the portfolio inversely follows the market; the portfolio generally decreases in value if the market goes up and vice versa.

Effective Duration - A duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

Spread Duration - The sensitivity of the price of a bond to a 100 basis point change to its option-adjusted spread. As the rate of the Treasury security in the option-adjusted spread increases, the rate of the option-adjusted spread also increases.

Portfolio Coupon - The annualized interest earned for the portfolio.

Portfolio Current Yield - The annual income (interest or dividends) divided by the current price of the security, aggregated to the portfolio level.

Portfolio Yield-to-Worst - The lowest potential yield that can be received on a bond without the issuer actually defaulting, aggregated to the portfolio level. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer.

Sharpe ratio - A measure of return per unit of risk, it is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation.

Stock Vega - The change in the price of an option that results from a 1% change in volatility. Vega changes when there are large price movements in the underlying asset and Vega falls as the option gets closer to maturity. Vega can change even if there is no change in the price of the underlying asset (e.g., if there is a change in expected volatility).

Swap - A derivative in which two counterparties exchange certain benefits of one party's financial instrument for those of the other party's financial instrument.