Driehaus Emerging Markets Small Cap Growth Fund Commentary

"Life all comes down to a few moments. This is one of them."

– (Bud Fox, Wall Street)

Life changed quite dramatically for equity investors as a result of President Trump's early afternoon tweet on May 5, setting in motion the renewed prospect of an intensifying trade war and catalyzing the worst month for EM equities since August 2015.

June holds a number of key events, which have the potential to set the tone for global markets in the coming months.

Between the Federal Reserve's framework review, Federal Open Market Committee (FOMC) meeting, and European Central Bank (ECB) meeting, central banks in the developed world will be grappling with the impacts of low inflation and an uncertain global economic outlook. Much of the public commentary by Fed officials in recent months has centered around the notion of targeting an average inflation rate over a prolonged period of time to bring credibility to the Fed's 2% target.

With Personal Consumption Expenditure (PCE) inflation having topped out just above 2% last July before nosediving to 1.6% by March of this year, it is not surprising that the inflation framework would be central to discussions.

However, the uncertain trade outlook may complicate the Fed's situation, as all else equal, tariffs and deglobalization would theoretically be inflationary, if not induce stagflation.

Of course, should 25% tariffs on the next round of $300 billion of goods be introduced, factors such as demand destruction, substitution, and potential depreciation of the Chinese yuan would likely counteract some of the inflationary effect.

The ECB continues to confront low growth rates and inflation, ongoing concerns over the health of large European banks, and 10-year German bund rates falling deeper into negative territory. With five-year inflation swaps probing the 2016 lows at 1.3%, the ECB faces mounting credibility issues. The key question for investors is whether the ECB will undertake more aggressive policy options to combat this sluggish backdrop.

The G20 Osaka summit will be held on June 28-29, an event that will be closely watched for obvious reasons, given the worsening status of the trade war. Will the ongoing brinksmanship be a precursor to more conciliatory trade discussions between the US and China, or will events like Huawei's inclusion on the US "Entity List," preventing the company from sourcing US components, usher in a more prolonged strain between the two countries akin to a new cold war? Below, we discuss our current portfolio positioning moving into this pivotal month.

Performance Review

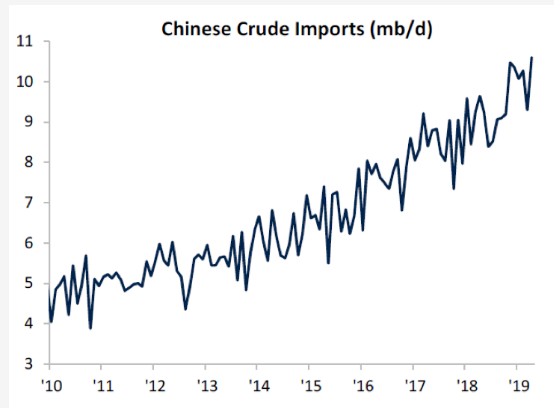
The Driehaus Emerging Markets Small Cap Growth Fund, net of fees, returned -1.86% in April, compared to the MSCI Emerging Markets Small Cap Index, net dividend, return of -4.92.%[1]. At the sector level, the most significant contributors to returns were consumer discretionary and financials. Utilities and communication services detracted the most value. At the country level, India and Brazil contributed most to performance for the month, while Greece and Kazakhstan were notable detractors from performance.

Positioning and Outlook

After starting the year off on strong footing, China is increasingly facing a delicate balancing act. Worsening economic data in April, combined with the flare-up of trade tensions and a recent bank default all point to the need to keep system-wide liquidity flush. However, as the G20 summit approaches, allowing the yuan to depreciate would likely be taken as a sign of further last-minute brinksmanship, rendering a trade détente less likely. The inherent incompatibility of these two goals presents a near-term challenge.

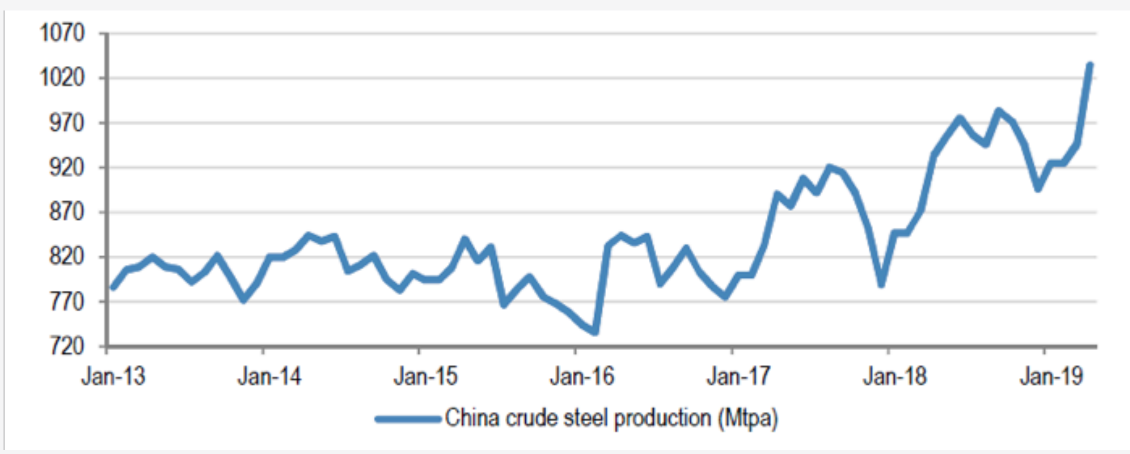
Simply looking at the following two charts of Chinese crude oil imports and steel production (Exhibits 1 & 2), one would be forgiven for thinking the Chinese economy is in remarkable shape.

**Exhibit 1:
Chinese Crude Oil Imports (mbd)**



Source: China Customs, Bloomberg, Jefferies

**Exhibit 2:
Chinese Steel Production (Annualized Run Rate; Million Tons Per Annum)**



Source: China Customs, Bloomberg, Jefferies

[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.**

However, inventory stockpiling ahead of new refinery startups and Iran sanctions likely flatters China's oil import data. With China representing approximately 1/3 of global oil demand growth, the risk for oil prices is that the market narrative shifts from tightening supply, as a result of rising geopolitical tensions to slowing demand.

Steel production may represent a more credible signal of forthcoming stimulus, particularly in the steel-intensive property market. This may prove a more effective tool to partially counterbalance the impact of an escalating trade war. However, the main challenge for listed property developers in China is a generally large proportion of FX-denominated debt. Should the growth outlook deteriorate to the point that Chinese authorities decide to stimulate property markets, they may also opt for further currency depreciation in tandem with such stimulus, again emblematic of the delicate balancing act facing investors in China at the moment.

We have reduced the fund's weighting in China, but despite the concerns highlighted above, we have not gone underweight. This represents a relative preference for the domestic growth found in China as opposed to the export-oriented economies of Korea and Taiwan within North Asia. While select beneficiaries of the trade war may be found in Korea, we see continued pressure on growth and FX as headwinds to performance. Similarly, the ripple effect induced by the US blacklisting of Huawei suggests a more subdued outlook for Taiwan, particularly within the technology supply chain.

Conversely, we continue to maintain positions in markets with less open economies or more idiosyncratic drivers of performance, such as India and Brazil, while continuing to highlight the unique nature of specific companies that are domestically oriented and less dependent on the global macroeconomic backdrop.

While much was made of the resounding victory of Prime Minister Narendra Modi's Bharatiya Janata Party (BJP) in the recent Indian election, an overshadowed element of the post-election market rally was the increased discussion centered around the woes of the non-banking financial companies (NBFCs) within the country.

As discussed in past commentaries, NBFCs have represented a growing portion of India's credit growth in recent years, but have faced turbulence stemming from funding and asset quality issues. Steps to improve liquidity would be welcomed by market participants, even if this does not effectively solve the root cause of the NBFCs' asset quality problems.

An emboldened Modi appears likely to focus his second term on job creation, increasing the share of manufacturing in the economy, and initiatives such as rural housing and infrastructure. Delivery on any of these fronts would be a welcomed change for investors as compared to the first Modi administration, which was marked by controversial policies such as demonetization and the Goods and Services Tax, which led to economic disruptions.

Brazil reasserted its relative outperformance within EM during May, and equities continue to be driven by the prospects for pension reform and privatizations, along with a gradual recovery in economic growth. While there have been bumps along the way, the idiosyncratic nature of companies in the education, retail, and fintech industries have delivered outperformance amid an uncertain global environment.

In light of the ongoing trade tensions and key events slated for the month of June, we maintain a nimble approach to portfolio construction. Specifically, we are cognizant that secular growth stocks with long duration cash flow streams, along with high dividend yielding stocks, have generated significant outperformance year-to-date, particularly relative to value-oriented stocks tied to the global economic cycle. Should any of the aforementioned events trigger a reversal in these conditions, the primary risk we see is to the sustainability of the valuations of secular growth stocks.

Conversely, as cyclical growth stocks have de-rated during this period, we are assembling a short list of stocks that meet our investment criteria and may represent attractive recovery growth opportunities. Overall, we see growing potential for a shift in the market conditions that have prevailed over the past three months and will remain flexible amid such potential changes in the market backdrop.

Until next month,

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

DRESX 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 Emerging Markets Small Cap Growth Fund[2]	-1.86%	12.59%	-11.24%	2.96%	-2.11%	6.40%	9.34%
MSCI Emerging Markets Small Cap Index (ND)[3]	-4.92%	2.67%	-14.68%	4.99%	0.12%	5.43%	10.92%
MSCI Emerging Markets Small Cap Growth Index (ND)[4]	-5.02%	2.04%	-17.11%	1.90%	-1.69%	4.17%	9.66%

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.

Sources: Morgan Stanley Capital International Inc., eVestment Alliance, LLC, SS&C Inc.

Driehaus Securities LLC, Distributor

SECTOR WEIGHTS (%)

	Fund	Benchmark	*Active Weights (%)*
Communication Services	5.1	4.3	*0.9*
Consumer Discretionary	18.5	14.1	*4.5*
Consumer Staples	8.0	6.6	*1.4*
Energy	0.0	0.0	*0.0*
Financials	14.7	11.1	*3.5*
Health Care	5.2	8.0	*-2.8*
Industrials	12.5	14.5	*-1.9*
Information Technology	9.9	14.2	*-4.3*
Materials	7.0	11.7	*-4.7*
Real Estate	8.0	8.4	*-0.4*
Utilities	2.9	4.9	*-1.9*
Cash	7.1	0.0	*7.1*
Unassigned	0.9	0.0	*0.9*

COUNTRY WEIGHTS (%)

	Fund	Benchmark
Bangladesh	0.6	0.0
Brazil	14.5	7.6
Cambodia	1.0	0.0
China	12.6	7.1
Cyprus	2.5	0.1
Czech Republic	1.0	0.0
Greece	0.5	0.7
Hong Kong	8.2	4.1
India	15.3	16.1
Indonesia	4.9	2.3
Kazakhstan	0.4	0.0
Luxembourg	1.1	0.2
Mexico	1.5	2.8

	Fund	Benchmark
Panama	1.0	0.0
Philippines	1.1	1.0
Poland	3.1	0.9
Russia	0.5	1.0
Singapore	2.9	0.2
South Africa	4.3	5.4
South Korea	2.5	16.0
Taiwan	5.8	18.4
Thailand	3.5	4.7
Turkey	0.5	1.2
UAE	1.6	0.6
Vietnam	1.8	0.0
Cash	7.1	0.0

TOP 5 HOLDINGS[1] (as of 4/30/19)

Company	Sector	Country	% of Fund
Megaworld Corp.	Real Estate	Philippines	3.2
GDS Holdings Ltd. Sponsored ADR Class A	Information Technology	China	3.1
Li Ning Company Limited	Consumer Discretionary	Hong Kong	3.0
Info Edge India Ltd.	Communication Services	India	2.7
Eclat Textile Co., Ltd.	Consumer Discretionary	Taiwan	2.3

PORTFOLIO CHARACTERISTICS

	Fund	Benchmark
Number of Holdings	85	1,644
Weighted Avg. Market Cap (M)	$3,478	$1,248
Median Market Cap (M)	$2,913	$693
Est. 3-5 Year EPS Growth	18.3%	18.4%
Active Share (3-year avg.)[2]	113.35	n/a
Market Cap Breakout (%)		
< $5 billion	81.2	99.6
> $5 billion	18.8	0.4

5-year period	Fund	Benchmark
Annualized Alpha	-2.17	n/a
Sharpe Ratio	-0.25	-0.05
Information Ratio	-0.27	n/a
Beta	0.68	1.00
Standard Deviation	11.87	14.24
Tracking Error	8.19	0.00
R-squared	0.67	1.00

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance *Driehaus Securities LLC, Distributor*
Data as of 5/31/19. Benchmark: MSCI EM Small Cap Index (ND)
[1]Holdings subject to change. [2]Data is calculated monthly.
The Fund invests in foreign securities, including small and mid cap stocks, which may be subject to greater volatility than other investments. During certain periods, the Fund has benefited from unusually strong market conditions. At times, a significant portion of a Fund's return may be attributable to investments in initial public offerings (IPOs) or concentrations in certain strong performing sectors, such as technology. Returns from IPOs or sector concentrations may not be repeated or consistently achieved in the future. In addition, participating in IPOs and other investments during favorable market conditions may enhance the performance of a Fund with a smaller asset base, and the Fund may not experience similar performance results as its assets grow. **Investments in overseas markets can pose more risks than U.S. investments, and the Fund's share prices are expected to be more volatile than that of a U.S.-only fund.** In addition, the Fund's returns will fluctuate with changes in stock market conditions, currency values, interest rates, foreign government regulations, and economic and political conditions in countries in which the Fund invests. These risks are generally greater when investing in emerging markets. These and other risk considerations are discussed in the Fund's prospectus. **Please consider the investment objectives, risks, fees and expenses of the Fund carefully prior to investing. The prospectus and summary prospectus contain this and other important information about the Fund. To obtain a copy of the prospectus and/or summary prospectus, please call us at (800) 560-6111 or visit www.driehaus.com. Please read the prospectus carefully before investing.**

TERMS: Active share represents the share of portfolio holdings that differ from the benchmark index holdings. Average drawdown is the arithmetic average of declines in value during a given period of time. Downside risk is a measure of the average deviations of a negative return series. A large downside risk implies that there have been large swings or volatility in the manager's return series. **Beta** is a measure of a portfolio's volatility. A beta of 1.00 implies perfect historical correlation of movement with the market. A higher beta manager will rise and fall more rapidly than the market, whereas a lower beta manager will rise and fall slower. **Standard deviation** is a measure of the average deviations of a return series from its mean; often used as a measure of portfolio volatility. A large standard deviation implies that there have been large swings or volatility in the manager's return series. **Tracking error** measures of the amount of active risk that is being taken by a manager. Tracking error accounts for the deviation away from the benchmark and does not indicate in which direction it occurred, either positive or negative. Source: eVestment Alliance. **Alpha** is the measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. **Sharpe ratio** is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation. **Information Ratio (IR)** measures a portfolio manager's ability to generate excess returns relative to a benchmark, but also attempts to identify the consistency of the investor. This ratio will identify if a manager has beaten the benchmark by a lot in a few months or a little every month. The higher the IR the more consistent a manager is and consistency is an ideal trait. **R-squared** is a statistical measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. For fixed-income securities, the benchmark is the T-bill. For equities, the benchmark is the S&P 500.