

# 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

\$37 million

## FIRM ASSETS UNDER MANAGEMENT

\$8.1 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

In our note following the first quarter, we discussed the generally positive backdrop for emerging market assets being driven by improving economic momentum coming from China and a more balanced Federal Reserve, while also highlighting some growing concern that cyclical assets had already priced in a stronger economic recovery than we were likely to see. While we did not anticipate the rapid deterioration in China/US trade negotiations in May that has led to the latest economic slowdown, the fund's reduction of exposure to higher beta cyclical equities and its increase in exposure to fixed income and rates exposure helped the fund navigate a volatile quarter. The flexibility to allocate outside of equities to attractively priced, diversifying fixed income securities has helped to allow the fund to return 5.2% over the past one year compared to just 1.54% for the MSCI Emerging Markets index with realized volatility 25% below that of the equity index over the same period.

## PERFORMANCE REVIEW

The Driehaus Multi-Asset Growth Economies Fund returned 4.14%<sup>1</sup> for the second quarter, outperforming the equally-weighted MSCI Emerging Markets Index and the JPMorgan Global Bond Index Emerging Markets Global Diversified returning 3.12% as well as the MSCI Emerging Markets index returning 0.61% during the same period. The fund was

supported by strong stock selection and an increased allocation to fixed income, which benefited from the bid for duration and currency appreciation particularly in some markets that had until recently been major underperformers.

Geographically, China was the fund's top contributor during the quarter due to our equity positions in the insurance, consumer staples and consumer discretionary sectors outperforming while also being underweight in some of the larger, worse-performing large index constituents such as banks and communication services companies. In addition to this benefit, we felt the most visible trend in China was the necessity for lower rates given the growing risks of a double-dip growth slowdown, growing financial market stresses, and downside economic risks from trade increasing the impetus to keep liquidity loose. While we, and other foreign investors, are still not able to invest directly in the local bond market, the fund did hold an interest rate position in local Chinese rates that contributed to the fund's performance during the period.

Russia was the fund's largest country detractor during the quarter principally due to our lack of local fixed income exposure, which outperformed. The country enjoys something rare in emerging markets and across the world; heightened fiscal discipline, high real

### <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

rates and now falling inflation. Unfortunately, as with most US investors, sanctions preclude our participation. Fortunately, this underweight was partially offset by the fund's equity allocation to the country, namely within the financial and energy sectors. We anticipate Russia's favorable fundamentals will continue to support the market as will the country's very high dividend yield. The political momentum behind further sanctions appears to have waned but risks remain given geopolitical realities in the Middle East and the always-present risk of a decline in the oil price.

Within equities, the fund's focus on idiosyncratic growth, higher total return investments and lower exposure to cyclical companies, particularly in China and tech hardware, allowed for positive returns despite the flattish performance of emerging equities during the period. The fund continues to favor companies with earnings growth that are more agnostic to macroeconomic trends, however the valuation dispersion between cyclical and non-cyclical companies has become fairly extreme in many countries which has warranted some recent positioning changes.

Within fixed income, our top performing active allocation was in Egypt. We continue to remain constructive on the country given its recent reengagement with the International Monetary Fund, the lack of inflation volatility, alongside accelerating de-dollarization of the economy. In Egypt, and a few other key markets, we have increased duration across the fund. We prefer duration in Mexico, South Africa, and Indonesia. All boast relatively high real yields, have capacity to ease policy further and have seen decreasing correlation of equity and bond returns, allowing for a more efficient portfolio construction. Beyond this, we have increased exposure to Argentina which we had been very underweight, but opportunistically added meaningful exposure due to a more positive view on the political cycle and the extreme scenario being priced into the bond market in the second quarter.

#### **OUTLOOK**

Going forward, emerging markets remain in a very dynamic position. While we have some caution about the extreme dovishness priced into US rates, and what that could mean for emerging markets fixed income, the salient view is that the Federal Reserve now unequivocally favors a lower real rate policy than it did previously and that is an

unequivocal positive for emerging markets. There are many countries that have priced that in aggressively already and will struggle to see much more fixed income strength in the near-term. As described above however, we do still see many less correlated areas of the market, in both local and external debt that are well-positioned for this renewed dovish shift in global monetary policy. Within equities, the sharp dispersion between the performance of cyclical and non-cyclical companies remains a material risk. Growth and leading indicators look quite negative still and we expect incoming information regarding earnings growth to remain disappointing. While dovish central bank actions are welcome, emerging markets still broadly need growth to at least stabilize in order for returns to improve. A true détente on trade, that provided actual visibility for companies in both the U.S. and China, combined with the already-significant liquidity support provided in China could allow for a cyclical surprise off extremely pessimistic expectations by the end of the year. We await incoming information before turning more positive but continue to think the flexibility of the fund will allow us to navigate what is likely to be a challenging second half for both fixed income and equity returns.

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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 July 10, 2019 and are subject to change at any time due to changes in market or economic conditions. The material has not been updated since July 10, 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.*

**MONTH-END PERFORMANCE** as of 6/30/19

	Annualized Total Return						
	MTH	YTD	1 Year	3 Year	5 Year	10 Year	Inception 4/10/17
<b>Driehaus Multi-Asset Growth Economies Fund</b>	<b>6.00%</b>	<b>13.90%</b>	<b>5.22%</b>	---	---	---	<b>8.43%</b>
Equally weighted MSCI Emerging Markets (ND) / JPMorgan GBI Emerging Markets Global Diversified <sup>1</sup>	5.88%	9.71%	<b>5.20%</b>	---	---	---	5.91%
MSCI Emerging Markets Index (ND) <sup>2</sup>	6.24%	10.58%	<b>1.21%</b>		---	---	6.87%

**CALENDAR QUARTER-END PERFORMANCE** as of 6/30/19

	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>4.14%</b>	<b>13.90%</b>	<b>5.22%</b>	---	---	---	<b>8.43%</b>
Equally weighted MSCI Emerging Markets (ND) / JPMorgan GBI Emerging Markets Global Diversified <sup>1</sup>	3.12%	9.71%	<b>5.20%</b>	---	---	---	5.91%
MSCI Emerging Markets Index (ND) <sup>2</sup>	0.61%	10.58%	<b>1.21%</b>		---	---	6.87%

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

<b>Gross Expenses</b>	<b>1.97</b>
<b>Net Expenses</b>	<b>1.01</b>

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

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), 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](http://www.driehaus.com) for more current performance information.

<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, 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 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** 3/31/19 to 6/30/19 (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	3.77	0.34	1.48	0.14	0.23	-0.10	0.04
Australia	0.00	0.00	0.01	0.00	0.00	0.00	0.00
Brazil	6.34	0.59	9.80	0.78	-0.18	0.09	-0.17
Cayman Islands	0.00	0.00	0.16	-0.00	0.01	0.00	0.01
Chile	0.35	-0.06	1.99	0.08	-0.03	-0.05	-0.07
China	18.14	0.00	13.82	-0.66	-0.39	1.03	0.69
Colombia	1.10	-0.13	2.77	0.06	-0.03	-0.24	-0.17
Comoros	0.00	0.00	0.01	0.00	-0.00	0.00	-0.00
Cyprus	1.44	-0.02	0.00	0.00	-0.03	0.00	-0.03
Czech Republic	0.79	0.02	1.58	0.08	-0.01	-0.02	-0.06
Dominican Republic	0.00	0.00	1.42	0.04	-0.01	0.00	0.00
Egypt	5.53	0.44	0.07	0.01	0.12	0.00	0.25
Germany	0.00	0.00	0.02	0.00	-0.00	0.00	-0.00
Greece	0.00	0.00	0.13	0.03	-0.02	0.00	-0.02
Hong Kong	3.16	-0.05	1.92	-0.10	-0.19	0.26	0.11
Hungary	0.37	-0.02	1.69	0.03	-0.03	-0.04	-0.05
India	7.58	0.46	4.60	0.05	-0.09	0.40	0.27
Indonesia	5.75	0.31	5.51	0.24	-0.00	0.04	0.05
Ireland	0.00	0.00	0.02	0.00	-0.00	0.00	-0.00
Jersey	0.00	0.00	0.02	0.00	-0.00	0.00	-0.00
Kuwait	0.88	0.07	0.0	0.0	0.05	0.00	0.04
Luxembourg	0.25	0.08	0.84	0.04	-0.00	0.07	0.06
Macau	0.44	-0.09	0.00	0.00	-0.08	0.00	-0.07
Malaysia	0.45	0.07	2.33	0.02	-0.01	0.03	0.06
Mexico	-2.01	0.27	5.91	0.26	0.13	0.02	0.26

*(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** 3/31/19 to 6/30/19 (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	0.87	0.05	0.03	0.01	0.27	-0.26	0.02
Nigeria	1.43	0.05	0.00	0.00	-0.02	0.00	-0.06
Pakistan	0.00	0.00	0.02	-0.00	0.00	0.00	0.00
Peru	4.09	0.26	1.67	0.09	0.07	0.04	0.10
Philippines	1.15	0.09	2.05	0.12	-0.01	0.02	-0.01
Poland	2.46	0.21	4.41	0.19	0.00	0.09	0.05
Qatar	0.00	0.00	0.48	0.01	0.01	0.00	0.01
Romania	0.00	0.00	1.51	0.06	0.01	0.00	-0.01
Russia	2.73	0.38	4.87	0.61	-0.15	0.14	-0.20
Saudi Arabia	0.00	0.00	0.26	0.02	0.01	0.00	0.03
Singapore	0.49	0.21	0.02	0.00	-0.01	0.20	0.18
South Africa	5.18	0.35	6.88	0.39	-0.12	0.09	-0.06
South Korea	4.68	0.01	6.32	-0.08	0.01	0.15	0.18
Taiwan	4.58	0.09	5.63	0.00	0.01	0.13	0.14
Thailand	3.48	0.51	4.92	0.36	-0.00	0.26	0.23
Turkey	0.33	-0.08	1.68	0.20	-0.20	-0.01	-0.19
Ukraine	0.08	0.02	0.00	0.00	0.01	0.00	0.00
United Arab Emirates	0.05	0.02	0.37	-0.01	0.02	0.02	0.04
United Kingdom	0.00	0.00	0.23	0.01	-0.00	0.00	-0.00
United States	1.43	-0.36	0.75	0.01	0.01	-0.54	-0.41
Uruguay	0.00	0.00	1.46	-0.04	-0.00	0.00	0.09
Unassigned	0.00	0.00	0.27	0.00	0.01	0.00	0.02
Cash	12.65	0.10	0.08	0.00	-0.26	-0.07	-0.20
<b>Total</b>	<b>100.00</b>	<b>4.19</b>	<b>100.00</b>	<b>3.05</b>	<b>-0.92</b>	<b>1.76</b>	<b>1.14</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	62.8
Fixed Income	31.8

Source: Driehaus Capital Management LLC  
Data as of 6/30/19.

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.

## COUNTRY WEIGHTS (%)

Country	Equity Port. Weight	Fixed Income Port. Weight	Total Port. Weight
Argentina	0.7	3.6	4.4
Brazil	4.4	2.9	7.3
China	16.9	0.0	16.9
Colombia	0.0	1.0	1.0
Cyprus	0.9	0.0	0.9
Czech Republic	1.2	0.0	1.2
Egypt	0.5	5.1	5.5
Hong Kong	2.0	0.0	2.0
India	7.4	0.0	7.4
Indonesia	1.9	3.8	5.7
Kuwait	0.8	0.0	0.8
Luxembourg	0.4	0.0	0.4
Malaysia	0.0	2.2	2.2
Mexico	0.9	2.4	3.3
Netherlands	0.7	0.0	0.7
Nigeria	0.0	2.0	2.0
Peru	0.0	4.2	4.2
Philippines	1.2	0.0	1.2
Poland	1.3	1.5	2.8
Russia	3.5	0.0	3.5
Singapore	0.8	0.0	0.8
South Africa	3.5	3.0	6.5
South Korea	5.0	0.0	5.0
Taiwan	4.1	0.0	4.1
Thailand	2.6	0.0	2.6
United Arab Emirates	0.1	0.0	0.1
United States	2.0	0.0	2.0
Cash	0.0	0.0	5.4

**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