Driehaus Micro Cap Growth Fund

KEY FEATURES

- Benchmark aware, not benchmark constrained
- Opportunistic investment approach
- High active share

INCEPTION DATE

November 18, 2013

The fund's predecessor limited partnership has a performance inception date of 1/1/2003.

FUND ASSETS UNDER MANAGEMENT

$245 million

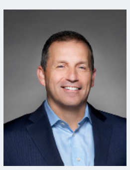
FIRM ASSETS UNDER MANAGEMENT

$7.8 billion

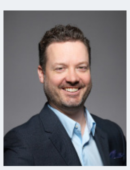
INVESTMENT STYLE

Growth equity

PORTFOLIO MANAGERS



Jeff James
Portfolio Manager
29 years of industry experience



Michael Buck
Assistant Portfolio Manager
19 years of industry experience

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MARKET OVERVIEW

In the September quarter, the large cap U.S. indices including the S&P 500 achieved small percentage gains while the average U.S. stock and the small and micro cap indices like the Russell 2000 and Russell Micro Cap experienced mid-single to double digit percentage losses. Market cap size mattered for the quarter as micro caps trailed small caps and both trailed mid and large caps. Despite being more US centric in nature and non-U.S. economies showing more weakness than the U.S., smaller caps trailed as the market overall became increasingly defensive. Looking across all asset classes, US Treasuries, the dollar, large caps and defensive sectors like utilities, REITs and staples outperformed as both the global and US economies slowed and the general appetite for risk declined.

As a style, growth continued its outperformance over value in July and August. Then in early September value got its turn as an epic rotation away from growth and momentum (the best performing stocks year-to-date) towards cyclicals, value and laggard stocks occurred. The growth to value and leaders to laggards rotation lasted all month but the second week of September experienced the largest and fastest rotation in at least two to three decades when judged by several measures. That week was described as a "5 standard deviation event" by several Street quantitative analysts when comparing it to other sudden rotations historically.

As economic conditions slowed steadily and interest rates fell sharply, in textbook fashion investors increasingly paid a premium for growth equities as growth became increasingly scarce. However, going into the month of September, the valuation spread between growth and value had become stretched. In some of the best performing areas of the market, valuations of some growth stocks and growth-oriented industries became elevated while the valuation of many economically sensitive cyclicals and other value-oriented industries became depressed. This dynamic, combined with investor sentiment that over the summer was increasingly discounting an economic recession, created a short-term imbalance by distorting the performance of growth and value. Oversold treasury yields, small positive developments in the trade war with China and some better economic data in early September were the sparks for the sharp rally in yields and in parallel a massive and sudden rotation in equities from growth to value.

In the short-term at least, was the economic slowdown overly discounted (e.g., priced into the market) by equity investors? Perhaps yes, given the performance spread between growth and value and crowded investor positioning by sector and style. Is the September rotation into economically sensitive stocks signaling better economic growth ahead? Possibly, although the economic data supporting such a rotation is limited and will likely become clearer over the next few months. Was the rotation just a short-term blip in market leadership as value became oversold and growth overbought? This too is possible as the secular drivers of growth (digitalization, technology, globalization, demographics) which have been producing better revenue and earnings growth in many growth-oriented industries remain very much intact. Additionally, the secular and cyclical forces hurting value (slow to weak economic growth, lower interest rates and weak commodity prices) also remain largely intact.

For the rotation to value and laggard stocks to be sustained, we will need to see improved economic data and a recession will need to be avoided. Through early October, the economic data continues to be very mixed, but net positive. The most recent reports have shown a continued strong labor market with U.S. unemployment dropping to a cycle low of 3.5% and jobless claims remaining near 50-year lows. The ISM Non-Manufacturing Index[1] dropped more than expected but it remains in expansion territory, above 50. The health of services (much larger than manufacturing) and the labor market (which helps drive consumer spending) are critical as manufacturing continues to slow. Readings on the state of manufacturing are conflicting with the ISM Manufacturing Index[2] falling to 47.8 for September while the IHS Markit US Manufacturing PMI (Purchasing Manager's Index) improved to 51.1, a five-month high. Notably, the Markit survey includes more small companies where the impact of trade conflicts is less pronounced than felt by the medium and large companies the ISM survey covers. The yield curve, the trade war, economic weakness outside the U.S. and some U.S. manufacturing data are increasing the fears of a recession. However, looking at all the U.S. economic data together, including the healthier consumer and services sectors, along with many credit indicators, which importantly remain benign, it continues to suggest slow but positive economic growth, just above 1.5%, at least for near term.

One positive and out of consensus view is that the Fed easing cycle and lapping easier growth comparisons into year end could yield an accelerating growth environment. This, coupled with negative investor sentiment may yield a better backdrop for equities with broader participation for both secular and cyclical growth industries. Meanwhile we will be monitoring macroeconomic readings and fundamental trends via earnings reports, company meetings and stock and industry price action to guide us in our stock selection and portfolio decision making.

PERFORMANCE REVIEW

For the September quarter, the Driehaus Micro Cap Growth Fund underperformed its benchmark. The Fund returned -10.46%, net of fees, while the Russell Microcap Growth Index returned -10.05%.[3]

By sector, the Fund's relative underperformance was driven by technology, specifically software which detracted over 100 basis points of relative performance. The software industry was negatively impacted by the massive market rotation in early September away from the best performing stocks to the year's worst performing stocks as described earlier. Year-to-date, technology remains the largest positive contributor for the Fund as a sector and software remains one of the largest positive contributors as an industry. To reduce risk in the portfolio and due to the sizeable technical damage from the price declines within software we reduced our exposure in August as valuations rose and then during early September as technical deterioration accelerated. In terms of other sectors, industrials and materials were also small negative contributors as laggard cyclicals outperformed during the September month.

Consumer discretionary, financials and health care all contributed positive performance on a relative basis. Health care was noteworthy, as it was a positive relative contributor, but it was the largest negative contributor on an absolute basis and was the largest negative contributor

[1]The ISM Non-Manufacturing Index is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM). The ISM Non-Manufacturing Index tracks economic data, like the ISM Non-Manufacturing Business Activity Index.

[2]The ISM Manufacturing Index is a widely-watched indicator of recent U.S. economic activity. The index is often referred to as the Purchasing Manager's Index (PMI).

[3]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 (800) 560-6111 or visit www.driehaus.com for more current performance information.
Sources: Driehaus Capital Management LLC, Factset, Reuters and MSCI Indices

for the index. Political fears grew during the quarter as the extremely progressive candidate Elizabeth Warren surged ahead to lead the polls for the Democratic party. She is a strong proponent of the so-called Medicare For All legislation which would effectively nationalize healthcare and would have a radical impact on the sector. Given many political steps need to take place for such legislation to be implemented, including a presidential victory for her and the Republicans losing the Senate, we see the current bearish concerns as premature.

OUTLOOK & POSITIONING

As we discussed above, the economic and market environment has been very consumed by monetary policy and trade policy. Both have arguably been weighing on economic conditions, which have in turn been headwinds for earnings. However, equity performance has been buoyant as economic growth has remained positive and market participants are anticipating the benefit of additional rate cuts by the Fed and an eventual (but elusive) trade deal with the Chinese.

In terms of portfolio positioning, health care remains our largest absolute weight, followed by technology, consumer discretionary and industrials. During the quarter, sector shifts were modest in size. We increased the portfolio weights in financials, industrials and materials while we reduced our weightings in health care, technology, and energy. Versus the index, the Fund is overweight consumer discretionary, technology, financials and industrials and is underweight health care, real estate and communication services.

We continue to see broad fundamental strength within health care (biotech, med devices, life science tools and diagnostics) as many companies with innovative products continue to gain market share. Within technology, software, IT services and ecommerce remain robust as the mega-trends of cloud adoption and digitalization are multi-year in nature. The decline in mortgage rates and a strong labor market are benefitting homebuilders, home furnishings and housing suppliers. For other cyclical sectors and industries we continue to look for evidence of improving macroeconomic conditions.

The upcoming earnings season will be a welcome opportunity to assess the fundamental progress of our portfolio companies. Even with the recent slowdown in manufacturing data and increasingly volatile market conditions, we continue to hold and discover an exciting number of companies across a wide number of industries that are hitting growth inflections and will likely exceed expectations and become larger companies over time.

PERFORMANCE as of 9/30/19

	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Inception 1/1/03
				Annualized Total Return			
Driehaus Micro Cap Growth Fund[1]	**-10.46%**	**14.76%**	**-12.30%**	**14.43%**	**15.16%**	**14.82%**	**16.69%**
Russell Microcap® Growth Index[2]	-10.05%	4.79%	-21.34%	2.10%	4.00%	8.82%	8.06%

ANNUAL OPERATING EXPENSES[3]

Gross Expense:	1.44%	Net Expense:	1.44%

SECTOR PERFORMANCE ATTRIBUTION 3rd Quarter — 6/30/19 to 9/30/19

	Driehaus Micro Cap Growth Fund (Port) (%)		Russell Microcap® Growth Index[2] (Bench) (%)		Attribution Analysis (%)		
GICS Sector	Port Avg. Weight	Port Contrib To Return	Bench Avg.Weight	Bench Contrib To Return	Allocation Effect[2]	Selection + Interaction[2]	Total Effect[2]
Comm. Services	3.40	-0.39	4.12	-0.49	0.05	-0.04	0.01
Consumer Discretionary	15.50	-0.41	7.29	-0.72	0.08	1.02	1.10
Consumer Staples	3.09	-0.13	2.96	-0.19	0.03	0.09	0.11
Energy	0.63	-0.37	1.77	-0.44	0.12	-0.08	0.04
Financials	7.40	0.33	6.68	0.11	0.07	0.23	0.31
Health Care	33.26	-5.62	42.74	-7.06	0.65	-0.34	0.32
Industrials	12.19	-0.85	11.86	-0.46	0.06	-0.36	-0.30
Information Technology	21.23	-2.42	15.79	-0.97	0.27	-1.20	-0.94
Materials	1.46	-0.11	1.59	0.12	0.04	-0.28	-0.24
Real Estate	0.67	-0.20	2.90	-0.07	-0.17	-0.18	-0.36
Utilities	0.00	0.00	2.04	0.11	-0.30	0.00	-0.30
Cash	1.17	0.00	0.00	0.00	0.13	0.00	0.13
Other Items	0.00	-0.32	0.27	0.01	-0.33	0.00	-0.33
Total	**100.00**	**-10.49**	**100.00**	**-10.05**	**0.70**	**-1.15**	**-0.44**

Data as of 9/30/19 Sources: Russell Investments, eVestment Alliance, LLC, SS&C Inc., Russell Investments and Standard & Poor's Global Industry Classification Standard and Driehaus Capital Management LLC. 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 (800) 560-6111 or visit www.driehaus.com for more current performance information. **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.** [1]The average annual total returns of the Driehaus Micro Cap Growth Fund include the performance of one of the Fund's predecessor limited partnerships, which is calculated from January 1, 2003, before the Fund commenced operations and succeeded to the assets of its predecessors on November 18, 2013. The Fund's predecessors are the Driehaus Micro Cap Fund, L.P. (1996 inception) and the Driehaus Institutional Micro Cap Fund, L.P. (2011 inception). The performance of the Driehaus Micro Cap Fund, L.P., which was selected because it has the longer track record of the two predecessor partnerships, has been restated to reflect estimated expenses of the Fund. The predecessor limited partnerships were not registered under the Investment Company Act of 1940, as amended ("1940 Act") and thus were not subject to certain investment and operational restrictions that are imposed by the 1940 Act. If the predecessors had been registered under the 1940 Act, their performance may have been adversely affected. After-tax performance returns are not included for the Driehaus Micro Cap Fund, L.P. The predecessors were not regulated investment companies and therefore did not distribute current or accumulated earnings. [2]The Russell Microcap® Growth Index is constructed to provide a comprehensive and unbiased barometer of the microcap growth market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine growth probability approximates the aggregate microcap growth manager's opportunity set. The index has an inception date of July 2000. [3]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 Russell Indices are a trademark/service mark of the Frank Russell Company. Russell is a trademark of the Frank Russell® Company. Per FactSet Research Systems Inc., the Attribution Report provides an in-depth analysis of relative performance. With this report one can research whether or not 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. Driehaus Securities LLC, Distributor
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.

TOP 5 HOLDINGS[1] (as of 8/31/19)

Company	Sector	Description	% of Fund
Inspire Medical Systems, Inc.	Health Care	Medical device company commercializing a treatment for sleep apnea	2.3
Everbridge, Inc.	Information Technology	Operates as a software company	2.2
Bandwidth Inc. Class A	Communication Services	Provides cloud-based communications services	2.1
Telaria Inc	Information Technology	Digital online advertising platform vendor	2.0
Rubicon Project, Inc.	Consumer Discretionary	One of the world's largest advertising exchanges	1.9

SECTOR WEIGHTS

Month-End Absolute Weights

	Comm. Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	Cash
Fund	3.0	16.3	2.5	0.8	8.9	30.2	13.8	17.8	2.5	1.2	0.0	2.9
Benchmark	4.0	7.4	3.0	1.7	7.1	42.3	12.2	15.2	1.7	3.1	2.2	0.0
Active Weights	*-1.0*	*8.9*	*-0.5*	*-0.9*	*1.8*	*-12.1*	*1.6*	*2.7*	*0.8*	*-1.9*	*-2.2*	*2.9*

PORTFOLIO CHARACTERISTICS

	Fund	Benchmark
Number of Holdings	119	837
Weighted Avg. Market Cap (M)	$1,445	$540
Median Market Cap (M)	$1,016	$218
Active Share (3-year avg.)[2]	82.19	n/a
Market Cap Breakout		
< $1 billion	43.4	91.8
> $1 billion	56.6	8.2

5-year period	Fund	Benchmark
Annualized Alpha	10.94	n/a
Sharpe Ratio	0.69	0.16
Information Ratio	1.49	n/a
Beta	1.03	1.00
Standard Deviation	20.60	18.57
Tracking Error	7.48	0.00
R-squared	0.87	1.00

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 9/30/19. Benchmark: Russell Microcap® Growth Index

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[1]Holdings subject to change. [2]Data is calculated monthly.

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 this Fund may not experience similar performance results as its assets grow. The securities of micro-cap companies may be more volatile in price, have wider spreads between their bid and ask prices, and have significantly lower trading volumes than the securities of larger capitalization companies. As a result, the purchase and sale of more than a limited number of shares of the securities of a smaller company may affect its market price. Growth stocks may involve special risks and their prices may be more volatile than the overall market. 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. 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.