"Ogres are like onions… Both have layers"

— Shrek, 2001

We cannot say we thought we would start our latest letter quoting everyone's favorite green ogre from the movie Shrek, but in an odd way, recently stumbling across the line from the 2001 release seemed timely. After a broadly positive year for financial markets, albeit filled with bouts of uncertainty and limbo, investors get to reset the clock as they face a slew of questions to answer in the year ahead. As we usually do, we will leave it others to opine on macro prognostications. Instead, we will focus on the various layers of the event driven landscape, and particularly as it relates to the fund's investment process. Peeling back the 'onion' if you will, highlights many key strengths & attributes that we have developed and refined over the years. Continuing to implement these lessons learned, and future ones still to be had, is a hallmark for sustained success. Utilizing our multi-strategy approach across our playbook has established a successful baseline for our investment process and will remain the focus for the team in the year ahead. This defined and repeatable process has produced a differentiated return stream that is set up to achieve attractive risk adjusted returns.

Before we dive into the various layers to peel in 2020, let's take a moment to review where we stood at this point last year.

A year ago, we noted:

> "On the heels of the worst period of performance for the financial markets since the financial crisis, the Event Driven space finds itself at a unique intersection… Concerns surrounding late cycle conditions, coupled with increased uncertainty surrounding financial tightening conditions, have left investors questioning the path ahead…
>
> "As it relates to the Event space, and particularly for the fund's prospects, we thought it helpful to lay out the case behind the major doors we invest in. Our cross-asset approach capitalizes on our ability to remain nimble across opportunity sets"

With uncertainty abound as 2018 closed, we remained encouraged by the quality of the opportunity set that was materializing. As we discussed the key investment classes for the fund in our outlook, it became evident that a fertile investing landscape was unfolding. From the 2018 year-end letter, we described a 'what's behind the door' investing metaphor to convey the opportunity set across strategies and asset classes.

Risk Arbitrage:

> "Bottom Line: After appearing quite shut and unattractive, this door is starting to show signs of life again. We are circling the waters and fishing for opportunity."

Credit Opportunities:

> "With High Yield credit yielding near 8%, and an average trading price in the low-to-mid 90s, the universe of catalyst credit investments is fertile.
> Bottom Line: On a risk adjusted basis, this door provides some of the most compelling opportunities, and we welcome the chance to walk through it."

Catalyst Driven Equities:

> "As we stand in front of the 2019 door, this area continues to flash mixed signals. Admittedly, there has been quite a derating in catalyst driven equities…
> Bottom Line: The most volatile and wacky, this door requires heightened trepidation overall. As such, the fund is shielding exposure to battleground areas. Through the tumult, we are remaining highly selective, focusing on areas such as healthcare, which continues to be an industry and event cycle full of fertile ground."

Tapping into our established process enabled us to remain steadfast in our efforts. As a result, we sifted through our various strategies to identify and implement what ultimately turned out to be a portfolio of fruitful investments. As we look to the year ahead, our approach is no different. While the investment environment is always evolving, the fund's management philosophy and process remains firmly in place (Exhibit 1).

Exhibit 1:
Catalyst Spectrum

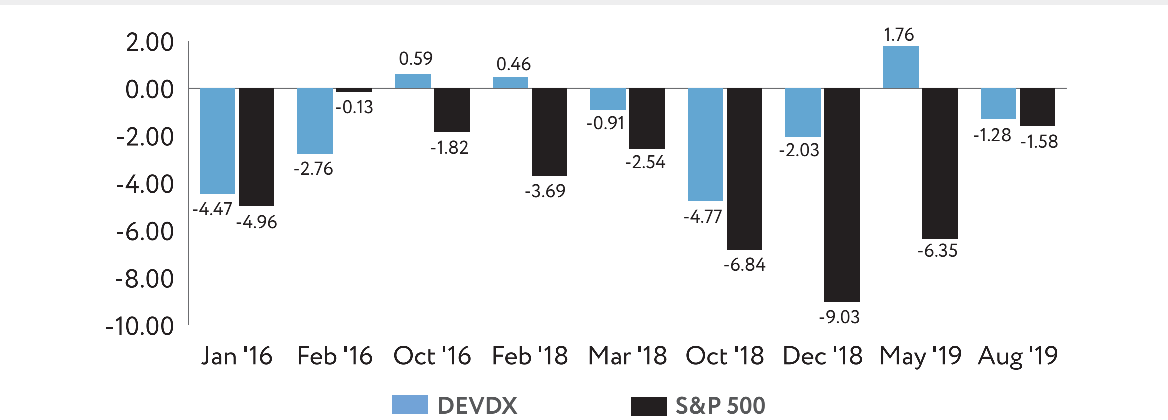
Source: Driehaus Capital Management LLC

The fund leverages unique areas of expertise to execute a multi-strategy approach to event driven investing. The result of this approach is a portfolio comprised of what we view to be the best risk-adjusted, idiosyncratic opportunities across the event driven universe. Our diverse background across not only security type, but also asset classes, ensures that we deploy capital into the areas that offer the most compelling risk adjusted return potential. This process factors in the probability of success associated with individual value unlocking catalysts. Coupled with flexible structuring that capitalizes on a multi-strategy approach to investing, the fund hedges exposures that are non-core to the investment thesis. Consequently, a collection of idiosyncratic catalysts is constructed, which produces a portfolio that we believe has a low correlation to broader markets and may afford downside protection during periods of duress.

The benefits of this approach bear themselves out in the risk attributes and characteristics of the portfolio. The fund has outperformed during most market downturns, while producing positive returns during three of the last nine monthly drawdowns[1] (Exhibit 2).

During 2019, the fund achieved a downside capture of 30.59%[2] , while exhibiting a correlation of 0.43. Notably, during days when the S&P 500 drawdowns eclipsed 50 basis points & 100 basis points the fund's downside capture was even lower, declining to 27.7% & 21.0% respectively. Importantly, the fund produced its return profile on muted volatility, finishing the year at 7.8%. A strong return profile with minimal volatility, coupled with an emphasis on drawdown protection, produced a Sharpe ratio of 2.22 for the year.

Exhibit 2:
Outperformance in Down Markets



Source: Driehaus Capital Management LLC

[1] Data from 2016 to present

[2] Relative to the S&P500. Down capture defined as fund performance during observations of negative returns in the S&P500

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.

As we head to 2020, we leave you with a similar bottom line approach as we did last year to provide some insight as to how the investing environment stacks up. While the landscape has changed, our process and approach to event driven investing remain steadfast.

Risk Arbitrage:

Bottom Line: A slew of deals appear set to be coming off the board in short order, keeping supply constrained. Implied probabilities remain firmly in the mid to upper 90s, limiting gross spread returns. But if this event cycle has taught us anything, it's that deal appetite remains healthy and provide a variety of ways to play them. Stay tuned…

Credit Opportunities:

Bottom Line: 2019's strong return profile pushed spreads tighter, but notably the lowest rung of credit underperformed meaningfully, creating a significant divergence. With global rates extending their historically low run, corporates remain highly incentivized to act - and we view it likely they will. We continue to source opportunities where various parts of the capital structure imply different outcomes.

Catalyst Driven Equities:

Bottom Line: What a difference a year makes in terms of perception. What hasn't changed is our approach and the robustness of the pipeline. Select industries (healthcare, financials, technology) remain fertile, as do corporate actions (follow-on offerings and special purpose acquisition companies). With election uncertainty set to capture the spotlight this year, we expect opportunity to appear as a result.

As always, we welcome your questions or comments, and look forward to continuing the dialog with our investors.

Until next quarter,

Michael, Tom & Yoav

Michael Caldwell
Portfolio Manager

Tom McCauley
Portfolio Manager

Yoav Sharon
Portfolio Manager

DEVDX Performance Review

For the fourth quarter of 2019, the Driehaus Event Driven Fund returned 4.97% and the S&P 500 Index returned 9.07%[1]. The catalyst driven equities trade type was the fund's biggest contributor (+6.62%), while the portfolio hedges trade type was the biggest detractor (-3.68%). The bond catalyst (+1.68%), risk arbitrage (+0.80%) and deep value (-0.21%) categories accounted for the remainder of the fund performance. The largest contributors for the quarter were a biotechnology company targeting autoimmune therapies (+143bps), a life insurance and annuity financial services company (+129bps), and a cardiovascular medicine company (+109bps). The largest detractors for the quarter included two industry ETF portfolio hedges (-229bps & -104bps) and a life sciences tools company that missed earnings expectations amid a product roll out (-36bps).

PERFORMANCE (%)

MONTH-END – 12/31/19

			Annualized			
	MTH	YTD	1 Year	3 Year	5 Year	Since Inception[2]
Driehaus Event Driven Fund	4.56	19.53	19.53	6.18	4.70	4.22
S&P 500 Index[3]	3.02	31.49	31.49	15.27	11.70	13.32
FTSE 3-Month T-Bill Index[4]	0.14	2.25	2.25	1.65	1.05	0.83

CALENDAR QUARTER-END – 12/31/19

			Annualized			
	QTR	YTD	1 Year	3 Year	5 Year	Since Inception[2]
Driehaus Event Driven Fund	5.02	19.53	19.53	6.18	4.70	4.22
S&P 500 Index[3]	9.07	31.49	31.49	15.27	11.70	13.32
FTSE 3-Month T-Bill Index[4]	0.46	2.25	2.25	1.65	1.05	0.83

ANNUAL OPERATING EXPENSES[5]

Gross Expenses: 1.90%
Net Expenses: 1.90%

[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.**

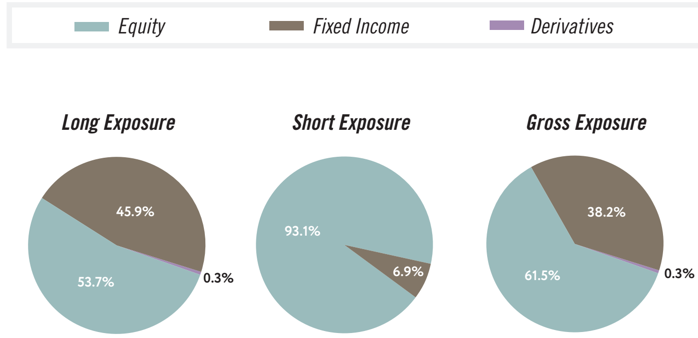
[2]The Driehaus Event Driven Fund has an inception date of August 26, 2013. [3]The Standard & Poor's ("S&P") 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group. It is a market-weighted index (stock price times number of shares outstanding), with each stock's weight in the index proportionate to its market value. [4]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. An investor cannot invest directly in an index. [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.

DEVDX Portfolio Characteristics*

Executive Summary

Assets Under Management (AUM)	$69,398,655
Long Exposure	$63,424,099
Short Exposure	$(15,716,374)
Net Exposure	$47,707,725
Net Exposure % of AUM	68.74%
Gross Exposure	$79,140,473
Gross Exposure % of AUM	114.04%
Cash Exposure	$6,596,866
Cash Exposure % of AUM	9.51%

Exposure Breakdown by Asset Class



Trade Type

	Gross Exposure	% of Gross Exposure	% Contribution to Total Return
Bond Catalyst Driven	27,741,868	35.1%	1.12%
Deep Value	628,246	0.8%	0.06%
Equity Catalyst Driven	27,659,651	35.0%	3.49%
Portfolio Hedge	13,527,860	17.1%	-0.34%
Risk Arbitrage	9,582,848	12.1%	0.31%
Cash and Expenses**			-0.11%
Total	**79,140,473**	**100.0%**	**4.54%**

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

Portfolio Summary

100 Day Volatility	5.59%
S&P 500 Index 100 Day Volatility	11.94%
Beta vs. S&P 500 Index[1] (since inception)	0.41
Beta vs. ICE BofA Merrill Lynch US High Yield Index[2] (since inception)	0.92
Beta vs. Barclays US Aggregate Index[3] (since inception)	(0.48)
Correlation vs. S&P 500 Index (since inception)	0.66
Correlation vs. ICE BofA Merrill Lynch US High Yield Index (since inception)	0.40
Correlation vs. Barclays US Aggregate Index (since inception)	(0.18)

Characteristics

FIXED INCOME	
Effective Duration	0.41 Years
Spread Duration	2.43 Years
Average % of Par – Long Credit	98.76%
Average % of Par – Short Credit	104.15%
EQUITY	
Weighted Average Market Capitalization (USD in billion)	7.18
Weighted Harmonic Average P/E using FY1 Estimation	17.4x

Source: Driehaus Capital Management, FactSet
*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.
[1]The Standard & Poor's ("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.

[2]The BofA Merrill Lynch US High Yield Index is an unmanaged index that tracks the performance of below-investment-grade, US-dollar-denominated corporate bonds publicly issued in the US domestic market. [3]The Bloomberg Barclays Capital US Aggregate Bond Index, an unmanaged index, represents securities that are SEC-registered, taxable and dollar denominated. This index covers the US 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. An investor cannot invest directly in an index.
Note: A definition of key terms can be found on page 9

Product Type

	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure
Bank Loan	7,278,405	11.5%	0	0.0%	7,278,405	9.2%
Corporate	21,854,027	34.5%	(1,084,212)	6.9%	22,938,239	29.0%
Fixed Income	**29,132,432**	**45.9%**	**(1,084,212)**	**6.9%**	**30,216,644**	**38.2%**
ADR/GDR	5,073,506	8.0%	0	0.0%	5,073,506	6.4%
Equity Common	28,585,494	45.1%	(1,104,302)	7.0%	29,689,795	37.5%
Exchange Traded Fund	0	0.0%	(13,527,860)	86.1%	13,527,860	17.1%
Private Equity	412,500	0.7%	0	0.0%	412,500	0.5%
Equity	**34,071,499**	**53.7%**	**(14,632,162)**	**93.1%**	**48,703,661**	**61.5%**
Warrants	220,167	0.3%	0	0.0%	220,167	0.3%
Derivatives	**220,167**	**0.3%**	**0**	**0.0%**	**220,167**	**0.3%**
Total	**63,424,099**	**100.0%**	**(15,716,374)**	**100.0%**	**79,140,473**	**100.0%**

Region*

	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure
Developed	10,014,227	15.8%	0	0.0%	10,014,227	12.7%
Emerging	0	0.0%	0	0.0%	0	0.0%
United States	53,409,871	84.2%	(15,716,374)	100.0%	69,126,246	87.3%
Total	**63,424,099**	**100.0%**	**(15,716,374)**	**100.0%**	**79,140,473**	**100.0%**

Contributors (by Trade Type)

TOP 5	
Equity Catalyst Driven	0.65%
Equity Catalyst Driven	0.56%
Equity Catalyst Driven	0.42%
Risk Arbitrage	0.40%
Equity Catalyst Driven	0.38%
Total	**2.42%**

BOTTOM 5	
Equity Catalyst Driven	-0.32%
Portfolio Hedge	-0.18%
Portfolio Hedge	-0.12%
Equity Catalyst Driven	-0.07%
Bond Catalyst Driven	-0.06%
Total	**-0.75%**

Source: Driehaus Capital Management, FactSet
*Region exposure is based on country of domicile
Note: A definition of key terms can be found on page 9

Sector

GICS[1]	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure
Communication Services	8,504,656	13.4%	0	0.0%	8,504,656	10.7%
Consumer Discretionary	4,654,863	7.3%	0	0.0%	4,654,863	5.9%
Consumer Staples	5,888,618	9.3%	(132,929)	0.8%	6,021,548	7.6%
Energy	0	0.0%	0	0.0%	0	0.0%
Financials	15,730,241	24.8%	(1,946,424)	12.4%	17,676,665	22.3%
Health Care	22,216,373	35.0%	(13,637,021)	86.8%	35,853,394	45.3%
Industrials	2,572,556	4.1%	0	0.0%	2,572,556	3.3%
Information Technology	3,856,791	6.1%	0	0.0%	3,856,791	4.9%
Materials	0	0.0%	0	0.0%	0	0.0%
Real Estate	0	0.0%	0	0.0%	0	0.0%
Utilities	0	0.0%	0	0.0%	0	0.0%
Other[2]	0	0.0%	0	0.0%	0	0.0%
Total	**63,424,099**	**100.0%**	**(15,716,374)**	**100.0%**	**79,140,473**	**100.0%**

Quarterly Trade Type

% Contribution to Total Return	October	November	December	4th Quarter	YTD
Bond Catalyst Driven	0.37%	0.18%	1.12%	1.68%	3.06%
Deep Value	-0.19%	-0.09%	0.06%	-0.21%	-0.44%
Equity Catalyst Driven	1.30%	1.80%	3.49%	6.62%	21.90%
Portfolio Hedge	-1.15%	-2.17%	-0.34%	-3.68%	-5.55%
Risk Arbitrage	0.12%	0.36%	0.31%	0.80%	1.86%
Cash/Expenses[3]	-0.05%	-0.07%	-0.11%	-0.23%	-1.27%
Total	**0.41%**	**0.01%**	**4.54%**	**4.98%**	**19.57%**

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

Source: Driehaus Capital Management, FactSet

[1] 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.

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

[3]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.

Notes

Investments in overseas markets can pose more risks than U.S. investments, and share prices are expected to be more volatile than that of a U.S.-only fund. The Driehaus Event Driven Fund invests in foreign securities, including small and mid cap stocks, which may be subject to greater volatility than other investments. In addition, returns of this Fund will fluctuate with changes in stock market conditions, currency values, interest rates, foreign government regulations, and economic and political conditions in countries in which this Fund invests. These risks are generally greater when investing in emerging markets. These and other risk considerations are discussed in the prospectus for this Fund. At times, a significant portion of the 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. Stocks of medium-sized companies tend to be more volatile in price than those of larger companies and may have underperformed the stocks of small and large companies during some periods. In addition, investments in medium-sized companies may be more susceptible to particular economic events or competitive factors than are larger, more broadly diversified companies. Growth stocks may involve special risks and their prices may be more volatile than the overall market. 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. 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. 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.

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.

This snapshot 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. Driehaus does not guarantee the accuracy or completeness of this information. This data was prepared on January 9, 2020 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. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by Driehaus to be reliable, are not necessarily all inclusive and are not guaranteed as to accuracy. 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.

Foreside Financial Services, LLC, Distributor

FUND INFORMATION

Types of events in which the fund frequently invests include:

Corporate action: Changes to the company's strategy or capital structure as a result of mergers, acquisitions, spin-offs, lawsuits, etc.

Earnings: A trade involving an upside or downside surprise to earnings versus market expectations.

Market dislocation: Any mispricing of a security for a non-fundamental reason.

Product cycle: A key change to the company's product/service offering, or a change in customer preferences for the company's product/service.

Restructuring: A change to the company's capital structure or business prospects as a result of bankruptcy, reorganization or corporate distress.

Types of trades in which the fund frequently invests include:

Bond catalyst driven: Event-driven trades that are expressed predominately through bond positions.

Deep value: Trade that attempts to capture the mispricing of an extremely undervalued security.

Equity catalyst driven: Event-driven trades that are expressed predominately through equity positions.

Portfolio hedge: A hedge to an unwanted factor exposure, such as equity, volatility, credit or interest rate risk.

Risk arbitrage: Trades that attempt to capture a valuation discrepancy between similar securities.

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.

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.

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.

Delta - The ratio that compares the change in the price of a derivative to the corresponding change in the price of an underlying asset.

Derivatives Premium – Value of a derivatives contract.

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.

Equity Gamma - The ratio that compares the rate of change for the delta with respect to the underlying asset's price.

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.

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.

Sharpe Ratio 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.

Theta - A measure of the rate of decline in the value of an option due to the passage of time. Theta can also be referred to as the time decay on the value of an option.