DRIEHAUS
CAPITAL MANAGEMENT

Driehaus Emerging Markets Opportunities Strategy Summary

1ST QUARTER 2021

A Tribute To Richard,

We would be remiss if we didn't mention the recent and unexpected passing of the firm's founder Richard Driehaus. Richard significantly impacted our careers with his wisdom, grit, creativity, and humor. He also left us with numerous memorable quotes which reflected his unconventional way of thinking and his commitment to success for our clients. While we don't have enough space to recount all of his sayings, we'd like to include some of his favorite quotes (most of which concluded with his intoxicating laugh) in tribute to his legacy:

- *"If you don't want to win... don't worry, you won't!"*
- *"Markets require observation ... you have to think and re-think and then re-think some more."*
- *"Don't spend too much time drawing up your battle plans, because I will already be marching across the field!"*
- *"My advice for running the fund? Make good decisions!"*

His spirit, sense of humor, generosity and intuition will be sorely missed.

- The Emerging Markets Growth Team

Market Overview

The sharp rise in US interest rates and steepening of the yield curve was the most important development during the first quarter. Rapid changes in rates affected every asset class and were the biggest driver of relative performance.

First, it's important to state something obvious that we feel often gets overlooked amidst all the excitement about rising rates: interest rates remain at historically low levels. Additionally, because inflation expectations rose with nominal rates, real rates remain negative. The increase in nominal rates has not resulted in a significant tightening of financial conditions that would choke off growth prematurely. Rather, this is just the beginning of a normalization as the global economy recovers from the brief but severe Covid-19 recession in 2020.

Given this, it is not surprising that both the MSCI Emerging Markets (EM) Index (+2.3%) and the S&P 500 (+6.2%) continued to rise over the first quarter. However, the headline index growth numbers do not accurately capture the extreme rotations that took place below the surface. Broadly speaking, cyclicals sharply outperformed defensives. And low valuation stocks outperformed expensive stocks. This was a function of positioning as well as higher rates and growth expectations. There were many ways to observe this dynamic:

- Reopening stocks outperformed stay-at-home stocks.
- Small caps outperformed large caps.
- The S&P 500 outperformed the NASDAQ. Within the IT sector, semiconductor stocks outperformed software.
- Brent oil briefly hit $70 per barrel vs. a year ago when it traded <$30 at the height of the pandemic.
- Copper prices rose significantly faster than the price of gold.

Exhibit 1: Outperformance of relative cyclical expressions in the first quarter of 2021

Source: Bloomberg

Copper: HG1 Commodity (uses the actively traded futures contract for Copper)
Gold: spot price of Gold in USD
The MSCI Emerging Markets Small Cap Index: includes small cap representation across 27 Emerging Markets countries*. With 1,683 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. The small cap segment tends to capture more local economic and sector characteristics relative to larger Emerging Markets capitalization segments.

Yield Curve: is a line that plots yields (interest rates) of bonds having equal credit quality but differing maturity dates. The slope of the yield curve gives an idea of future interest rate changes and economic activity.
S&P 500: 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.
NASDAQ: The Nasdaq Composite Index is the market capitalization-weighted index of over 2,500 common equities listed on the Nasdaq stock exchange.
The GS Reflation basket: identifies highly reactive stocks within cyclical industries that have the highest sensitivity to 10y breakevens, 5s30s curve, and commodities during the past five historical periods when PMIs troughed since 2007. The basket is diversified across sectors and industries with bottom quintile GS Sustainable ES scores filtered out. The basket is liquid at 400mm per day with no name exceeding 10% ADV.
The GS Stay at Home Basket: consists of US listed equities that may benefit from consumers spending more time and money at home. The basket is equal-weighted with an ADV cap of 3% on $100mm.
The GS EM Cyclicals Basket: consists of MSCI EM companies with cyclical features, demonstrating a strong correlation to our GS EM Current Activity Indicator. This basket is positively exposed to economic surprises and displays a high market beta. The basket is optimized to be paired against the GS EM Defensives Basket (GSXFDEFS Index) to create a country-neutral view on EM growth.
The GS EM Defensives Basket: consists of MSCI EM companies with counter-cyclical features, demonstrating a negative correlation to our GS EM Current Activity Indicator. This basket is negatively exposed to economic surprises and displays a low market beta. The basket is optimized to be paired against the GS EM Cyclicals Basket (GSXFCYCL Index) to create a country-neutral view on EM growth.

The US dollar (USD) also rebounded in the first quarter against baskets of both developed and emerging market currencies. The dollar was supported by the higher yields being offered which makes USD denominated assets more attractive to international investors. The dollar's strength also reflects the superior vaccine rollout in the US relative to the rest of the world which led to a relatively better growth outlook (especially after the poor progress the US had controlling the pandemic in 2020).

Beyond the macroeconomic environment, several idiosyncratic risks emerged across EM during the quarter. For example, President Erdogan fired Turkey's central bank chief after just five months on the job. The now-former central bank governor had been implementing the orthodox monetary policy that is favored by the market (e.g. raising interest rates to combat inflation). He was replaced by someone thought to be more beholden to the President (who seems to believe that cutting rates is the best way to slow inflation). This led to a sharp sell-off in the Turkish Lira and stock market.

Additionally, investor concerns rose over the Brazilian political environment after several negative developments. First, President Bolsonaro replaced the CEO of state oil giant Petrobras after the company tried to increase fuel prices (a clear populist intervention). Then, the Supreme Court annulled the corruption convictions against former President Lula over a jurisdictional issue. Now there is a chance that the former president could run again and resurrect his deeply flawed populist governing approach. This has also exacerbated the perception that the country's judicial system is just another political agency. Meanwhile Brazil continues to struggle to contain the coronavirus. None of this provides any reassurance that Brazil will be able to better manage its fiscal challenges going forward.

Most critically in EM, the backdrop for China equities was challenging throughout the quarter. First, the government continued to make waves with announcements concerning new regulations of "new economy" and "platform" companies (e.g. ecommerce, fintech, gaming, and education). The specifics are not all known yet but the threat of regulation may impair their ability to develop and acquire new growth opportunities.

Next, many investors had expected the Biden administration to be less hawkish towards China than its predecessor. So far that has not proven to be the case and little positive progress has been made. Among other things, concerns continued to flare up regarding the implementation of the "Holding Foreign Companies Accountable Act" which seeks to delist foreign companies from US stock exchanges if they do not comply with auditing requirements.

Finally, while economic growth has been strong in China, the country's policymakers are aiming to keep leverage at a manageable level in 2021 after a jump in credit creation last year. The central bank has asked major lenders to keep loan growth at reasonable levels in 2021. China is only targeting 6% growth in 2021; they will very likely come in well ahead of that, but the more important point is that they are focused on reducing systemic risks rather than pushing growth aggressively. Given exports are likely to rebound strongly in 2021 and support growth, this is a prudent stance to adopt, but a tightening bias still complicates the outlook for equities in the short-term.

Performance Review

The strategy lost 0.35% during the first quarter, following 2020's 30.15% total return. The strategy lagged the MSCI Emerging Markets Index (+2.29%) but easily outperformed the JPMorgan Emerging Markets Global Diversified Bond Index (-7.08%).[1] The year has started with one of the most extreme divergences we have seen between emerging market equity and fixed income. The strategy remains at a very low allocation to non-equities relative to its history, but having any exposure to non-equities this quarter was a negative. The combination of an accelerated timeline of developed market reopening, increased expectations for US stimulus following January Senate elections and increasing evidence that inflation is running hotter than we've seen in years all put upward pressure on yields. Given these general trends were relatively foreseeable and it was clear to us that emerging market credit spreads were tight, we had reduced our low exposure to fixed income even further and focused our exposure in markets where we saw less downside risk from US rate increases, specifically China, one of the best performing fixed income markets globally in the first quarter.

Outlook and Positioning

We have always had a fairly simplistic view on long-end yields: They tend to go up when the global economy is accelerating and fall when the opposite is happening. The global economy is clearly recovering, so we still don't see any reason to expect another sharp fall in bond yields. Even though it is currently largely driven by base effects, it is difficult to envision a sharp bond rally while inflation is quickly accelerating. With the majority of investors and commentators seeming quite confident that all these effects are transitory and to be ignored, the risk-reward of expressing the view that it is highly transitory seems poor even if that is our inclination as well.

We do broadly believe that the structural forces of deflation will reassert themselves ultimately but it is too soon to say when the evidence of that will be visible. On the contrary, we think it will be hard for investors to completely ignore the rapid increases in inflation completely when the data continues to come out in that fashion. We view the majority of price increases occurring coming from some combination of supply disruptions (semiconductors, lumber, etc) resulting from the sharp change in demand patterns during the work-from-home era and those will ultimately normalize. As those price increases gain breadth however and touch categories that people see and feel on a daily basis, concern will likely increase. Further, headline inflation has been contained in the US official readings from low-pandemic affected rent readings. Those are going to all recover shortly and will make things look more dire as well. We find the experience of the housing sector post the global financial crisis to be instructive to what's likely to come on service wage inflation- that sector showed that you could not just stop an entire sector (the service industry this time around) and then restart it smoothly with sufficient labor. There will be a lengthy normalization process where we see sharp upward wage pressure in the near-term. In the end, we see monetary easing and credit growth leading inflation historically by 18 months to two years so if you do believe that the Fed's actions are to blame, we'd encourage you to keep in mind we haven't even seen that impact yet. With our view unchanged that the world is an old and slowly growing place, we do think these issues are transitory but making investments based on that before that will be clear to anyone would be a dangerous strategy. The good news is that emerging markets are still the biggest exporters of primary goods in the world and continue to see benefits from that.

[1]The performance data represents the strategy's composite of emerging markets opportunities accounts managed by Driehaus Capital Management LLC (DCM) (the composite). These returns are estimated for the period as all underlying accounts have not yet been reconciled. All rates of return include reinvested dividends and other earnings. Net of fee returns reflect the payment of advisory fees and in some instances, other fees and expenses such as administrative and transfer fees while the gross of fee returns do not. Both are net of brokerage commissions charged to the accounts. 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. The performance results for the composite are shown in comparison to an index. The index is not actively managed and does not reflect the deduction of any advisory or other fees and expenses. While the securities comprising the index are not identical to those in the composite, DCM believes this comparison may be useful in evaluating performance. Please see the notes section for other important information.

The strategy remains heavily allocated to equities given our concerns about rate pressure on fixed income returns. Given the sell-off in the early part of the year, however, we have been selectively adding to some higher yield exposure where rate sensitivity is lower and some longer-duration exposures in EM local currency debt. The most interesting part of the year thus far, in our opinion, has been the strength of EM currencies in the face of enormous headwinds from US real rates and significantly worse economic growth given much slower pace of vaccinations and limited fiscal space. The reason why this has been the case is that terms of trade have been remarkably strong for EM this year with commodity prices skyrocketing and imports much lower. This has created a lot of opportunities in EM fixed income, in our view, as long duration bonds sold off when US interest rates started to rise. If EM currencies are strong, the mechanism by which somewhat higher US rates would result in such steep EM curves is broken and the market should eventually realize that. Going forward, we see some opportunistic adds to our fixed income exposure while retaining balanced exposure in equities between our favored growth names and those stocks currently receiving a cyclical tailwind.

- Driehaus Emerging Markets Growth Team

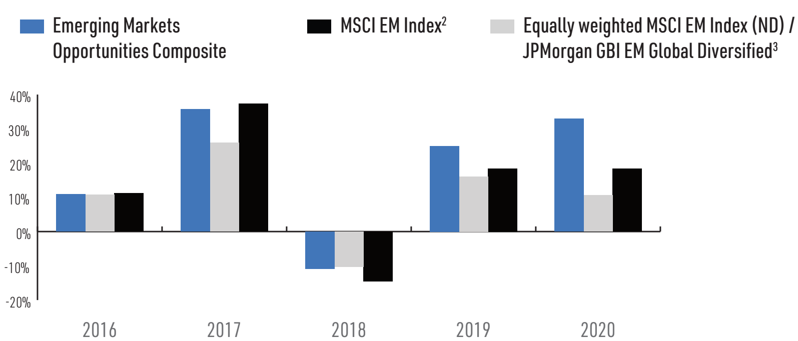
Driehaus Emerging Markets Opportunities Strategy

% Month-End Performance (as of 3/31/21)

				Annualized			
	MTH	QTR	YTD	1 Year	3 Year	5 Year	Inception[1]
Driehaus Emerging Markets Opportunities Composite* - Gross	-3.20	-0.04	-0.04	61.13	12.47	16.72	12.99
Driehaus Emerging Markets Opportunities Composite* - Net	-3.30	-0.35	-0.35	58.30	9.77	14.47	11.02
MSCI Emerging Markets Index (ND)[2]	-1.51	2.29	2.29	58.39	6.48	12.07	7.85
Equally weighted MSCI EM Index (ND)/ JPMorgan GBI EM Global Diversified[3]	-2.26	-2.21	-2.21	34.16	3.02	7.68	5.37

*Driehaus Emerging Markets Multi Asset Strategy changed its name to Driehaus Emerging Markets Opportunities Strategy in 2019. There has been no change in the investment style of the strategy.

% Calendar Year Return (Gross of Fee)



	2016	2017	2018	2019	2020
Emerging Markets Opportunities Composite	10.90	35.66	-10.83	24.99	32.94
MSCI EM Index	11.19	37.28	-14.57	18.42	18.31
Equally weighted MSCI EM Index (ND) / JPMorgan GBI EM Global Diversified	10.74	25.88	-10.31	16.06	10.59

Source: Factset Research Systems, Inc.

[1]7/1/2015. [2]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. [3]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).

Key Features

- Seeks to provide 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 strategy to benefit from positive and negative developments across multiple markets.
- Employs multiple trade-types to manage risk, correlation and volatility.

Facts

Inception Date	7/1/15
Strategy Assets Under Management	$61M
Firm Assets Under Management	$12.9B

Portfolio Characteristics (Since Inception)

	Strategy	MSCI Emerging Markets Index (ND)[2]
Annualized Return	13.0	7.9
Standard Deviation	13.9	17.6
Sharpe Ratio	0.9	0.4
Upside Capture % (MSCI EM)	82.6	100.0
Downside Capture % (MSCI EM)	76.3	100.0
Annualized Alpha	6.7	0.0

Portfolio Management

Richard Thies, Lead Portfolio Manager
13 years of industry experience

Howard Schwab, Portfolio Manager
19 years of industry experience

Chad Cleaver, CFA, Portfolio Manager
18 years industry experience

Jonathon Mershimer, CFA, Assistant Portfolio Manager
12 years industry experience

Driehaus Emerging Markets Opportunities Strategy

Country Weights (%)

	Equity Strategy Weight	Fixed Income Strategy Weight	Benchmark Weight
Argentina	1.2	0.0	0.1
Brazil	3.8	1.2	4.5
Canada	1.1	0.0	0.0
Cayman Islands	0.0	0.6	0.0
China	22.6	4.3	34.8
Egypt	0.0	1.3	0.1
France	1.4	0.0	0.0
Hong Kong	4.3	0.0	3.1
India	10.0	0.0	9.7
Indonesia	0.6	1.5	1.2
Japan	1.1	0.0	0.0
Kazakhstan	1.7	0.0	0.0
Malaysia	0.0	0.6	1.4
Mexico	1.7	1.4	1.7
Netherlands	0.9	0.0	0.3
Nigeria	0.0	0.5	0.0
Russia	2.7	0.0	2.6
Saudi Arabia	0.6	0.7	2.8
Singapore	0.8	0.0	0.0
South Africa	1.8	0.7	3.7
South Korea	12.8	0.0	13.3
Sweden	0.8	0.0	0.0
Taiwan	9.7	0.0	13.8
Turkey	0.0	0.5	0.3
UAE	0.0	0.4	0.6
United States	3.5	0.0	0.1
Cash/Other*	3.6	0.0	0.0

Sector Weights (%)

	Strategy	Benchmark	Active Weights
Comm. Services	10.9	11.7	-0.8
Consumer Discretionary	9.4	17.7	-8.2
Consumer Staples	4.2	5.6	-1.4
Energy	4.0	4.8	-0.8
Financials	13.8	18.2	-4.4
Health Care	3.4	4.5	-1.0
Industrials	3.0	4.3	-1.3
Information Technology	24.2	20.9	3.3
Materials	4.8	8.1	-3.3
Real Estate	3.3	2.1	1.2
Utilities	1.8	2.0	-0.2
Cash/Other*	3.6	0.0	3.6
Fixed Income	13.5	0.0	13.5

Asset Allocation (%)

Equity	83.0
Fixed Income	13.5
Cash/Other*	3.6

Source: Driehaus Capital Management LLC
Data as of 3/31/21.

*Includes any other non-equity or fixed-income security types.

TERMS
Downside Capture is the down-market capture ratio is a statistical measure of an investment manager's overall performance in down-markets. The ratio is calculated by dividing the manager's returns by the returns of the index during the down-market and multiplying that factor by 100. **Upside Capture** is the up-market capture ratio is the statistical measure of an investment manager's overall performance in up-markets. The ratio is calculated by dividing the manager's returns by the returns of the index during the up-market and multiplying that factor by 100. **Effective duration** takes into account that expected cash flows will fluctuate as interest rates change. **Sharpe Ratio** is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation.

Driehaus Emerging Markets Opportunities Strategy

Country Performance Attribution 1st Quarter – 12/31/20 to 3/31/21

	Driehaus Emerging Markets Opportunities Strategy (Port) (%)			MSCI Emerging Markets Index[1] (Bench) (%)			Attribution Analysis (%)
MSCI Country	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg.Weight	Bench Total Return	Bench Contrib To Return	Total Effect[2]
Argentina	1.44	-7.03	-0.09	0.06	-5.96	-0.00	-0.07
Brazil	5.69	-9.84	-0.64	6.45	-11.78	-0.79	0.08
Canada	0.95	-18.65	0.01	0.00	0.00	0.00	0.00
Cayman Islands	0.59	-0.66	-0.00	0.02	23.10	0.00	-0.00
Chile	0.00	0.00	0.00	1.70	-2.04	-0.07	0.02
China	27.73	-1.21	-0.30	22.99	-0.46	-0.12	-0.05
Colombia	0.00	0.00	0.00	2.30	-14.84	-0.31	0.24
Cyprus	0.00	0.00	0.00	0.03	4.16	0.00	-0.00
Czech Republic	0.00	0.00	0.00	1.92	-6.77	-0.12	0.09
Dominican Republic	0.00	0.00	0.00	0.61	5.30	0.03	-0.05
Egypt	1.59	-2.55	-0.05	0.04	-3.99	-0.00	-0.06
France	1.16	0.73	0.01	0.00	0.00	0.00	0.03
Germany	0.00	0.00	0.00	0.01	-0.82	0.00	-0.00
Greece	0.00	0.00	0.00	0.05	1.51	0.00	-0.00
Hong Kong	3.66	-6.30	-0.30	1.47	1.44	0.02	-0.24
Hungary	0.00	0.00	0.00	2.02	-5.67	-0.10	0.07
India	8.82	-2.02	-0.21	4.64	5.11	0.22	-0.35
Indonesia	2.35	-14.40	-0.37	5.34	-6.62	-0.29	-0.10
Ireland	0.00	0.00	0.00	0.03	-0.82	-0.00	-0.00
Japan	0.67	-3.90	0.00	0.00	0.00	0.00	0.01
Kazakhstan	0.94	30.05	0.23	0.00	0.00	0.00	0.26
Kuwait	0.00	0.00	0.00	0.24	7.25	0.02	-0.02
Luxembourg	0.00	0.00	0.00	1.01	-6.49	-0.06	0.04
Malaysia	0.62	-7.27	-0.04	3.44	-6.45	-0.21	0.07
Mexico	3.52	2.58	0.10	5.85	-2.68	-0.24	0.29
Netherlands	1.13	9.36	0.13	0.15	-7.87	-0.01	0.12
Nigeria	0.38	-3.96	-0.02	0.00	0.00	0.00	0.00
Pakistan	0.00	0.00	0.00	0.01	0.14	0.00	-0.00
Peru	0.00	0.00	0.00	1.48	-14.39	-0.19	0.14
Philippines	0.00	0.00	0.00	0.93	-4.49	-0.05	0.02
Poland	0.40	-14.87	-0.13	3.07	-6.42	-0.17	-0.03
Qatar	0.00	0.00	0.00	0.33	2.38	0.01	-0.02
Romania	0.00	0.00	0.00	1.68	-3.99	-0.06	0.03
Russia	2.65	0.46	0.03	3.68	-1.77	-0.04	0.09
Saudi Arabia	0.82	-3.85	-0.02	1.22	16.47	0.19	-0.21
Singapore	0.47	13.30	0.06	0.01	12.09	0.00	0.07
South Africa	2.84	23.46	0.55	5.38	2.28	0.15	0.38
South Korea	11.34	3.96	0.34	6.66	1.62	0.12	0.40
Sweden	0.91	-14.82	-0.11	0.00	0.00	0.00	-0.10
Taiwan	10.97	9.68	1.06	6.71	10.91	0.64	0.48
Thailand	0.00	0.00	0.00	4.44	-6.12	-0.27	0.17
Turkey	1.27	-13.07	-0.14	1.69	-20.36	-0.34	0.20
United Arab Emirates	0.41	-4.72	-0.02	0.28	15.10	0.04	-0.06
United Kingdom	0.00	0.00	0.00	0.14	-7.40	-0.01	0.00
United States	2.20	-14.70	-0.40	1.25	-5.53	-0.07	-0.29
Uruguay	0.00	0.00	0.00	0.59	-2.65	-0.02	-0.00
Other	0.00	0.00	0.00	0.05	0.00	0.00	0.01
Cash	4.48	-0.39	-0.02	0.06	0.01	0.00	0.08
Total	**100.00**	**-0.32**	**-0.32**	**100.00**	**-2.07**	**-2.07**	**1.75**

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. [1]A definition of this index can be found on page 6 of this document. [2]Total Effect - The Total Effect for each MSCI Country is equal to the sum of the individual Attribution Effects for that MSCI Country.