



DRIEHAUS CAPITAL MANAGEMENT LLC

DRIEHAUS SMALL CAP GROWTH STRATEGY OVERVIEW 4th Qtr 2015

Inception Date

January 1, 1980

Composite Assets Under Management*

\$224 million

Total Strategy Assets: \$229 million

Firm Assets Under Management

\$8.8 billion

Investment Style

Growth equity

Available Investment Vehicle:

Separately managed account

Portfolio Managers

Jeff James

Portfolio Manager

24 years of industry experience

Michael Buck

Assistant Portfolio Manager

14 years of industry experience

**Composite assets include those accounts that meet the composite objectives and eligibility requirements. Please see notes at the end of this document for descriptions of composite objectives and eligibility requirements.*

Key Features:

- A growth equity approach to US small cap equities
- Time-tested investment philosophy and research process
- High active share and less correlated return profile within peer group
- Portfolio Manager Jeff James and Assistant Portfolio Manager Michael Buck have worked together for the past 13 years
- Experienced six-person team of research analysts averaging seven years on the strategy
- Exposure to companies with differentiated earnings growth and superior fundamentals
- Strong absolute and benchmark-relative historical returns

The Driehaus Equity Investment Philosophy

The Driehaus equity investment philosophy is predicated on the belief that corporate earnings drive stock prices over time and that markets tend to misprice stocks undergoing positive change. In our experience, these companies often surprise investors with the magnitude, acceleration and/or duration of their future earnings growth, as well as with the subsequent price-to-earnings multiple expansion that may follow. We believe these inefficiencies can be exploited through a combination of fundamental, macro and behavioral analyses.

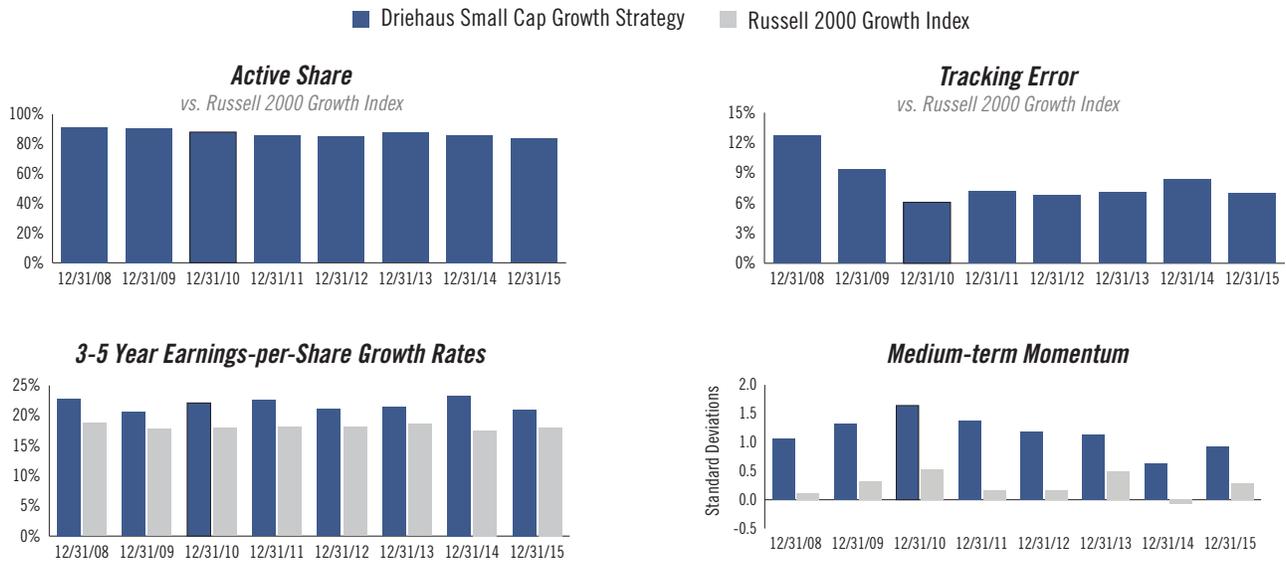
The application of our earnings growth philosophy and research process has allowed us to consistently construct small cap equity portfolios with differentiated exposures rela-

tive to other small cap passive, core and value investment approaches. This time-tested philosophy has been in place since the firm's founding more than 30 years ago.

The Driehaus Small Cap Equity Team

Since 2006, the Driehaus Small Cap Growth strategy has been managed by Jeff James, who has more than 17 years of experience as a Driehaus portfolio manager. He oversees a six-analyst team that is supported by a dedicated risk manager. His team also draws on the expertise of more than 30 investment professionals who cover all sectors, market caps and geographies around the world. These investment professionals comprise our US, global and international equity teams, as well as our long/short credit and event driven teams.

EXHIBIT 1: DRIEHAUS SMALL CAP GROWTH STRATEGY CHARACTERISTICS (12/31/08 - 12/31/15)



Sources: Factset Research Systems, Inc., Axioma, Inc.

EXHIBIT 2: HISTORICALLY, THE STRATEGY HAS EXHIBITED A LOWER CORRELATION TO THE INDEX THAN ITS PEERS
Rolling 3-year correlation within the eVestment Alliance US Small Cap Growth Equity peer group



Sources: FactSet, eVestment Alliance

Differentiated Exposures

The Driehaus Small Cap Growth strategy provides exposure to high growth US small cap companies. The strategy’s investment approach constructs a portfolio that looks significantly different from the Russell 2000 Growth Index, as illustrated by the strategy’s high active share and above-average tracking error (Exhibit 1). The focus on high growth companies is evident in two additional

factors that highlight the character of the portfolio. First, expected EPS growth rates are consistently higher for the portfolio than for the index. Secondly, the portfolio maintains a significantly higher exposure to medium-term momentum, a diversifying risk factor that has been a positive contributor to returns. ([Click here for more information about momentum investing.](#))

The strategy’s investment approach also provides a differentiated portfolio that historically has been less correlated to the benchmark than its peers. As shown in Exhibit 2, the strategy’s correlation within the eVestment US Small Cap Growth Equity peer group has been relatively low, generally falling in the mid-quartile of the lowest correlated strategies within the peer group.

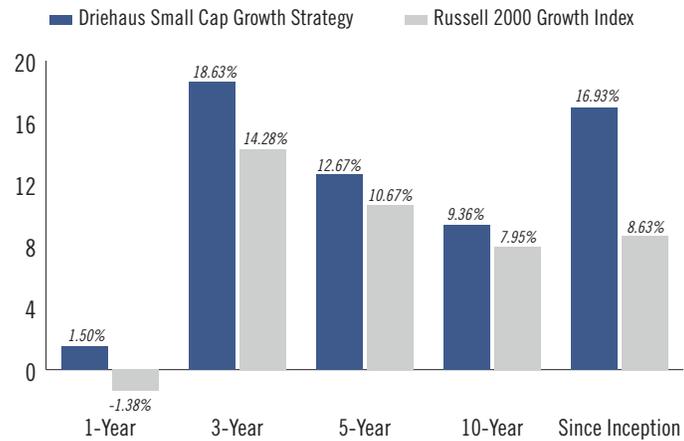
Performance Review

The consistent application of a time-tested investment philosophy and research process by a well-tenured team is apparent in the results. For standard time periods, the Driehaus Small Cap Growth strategy has generally added value relative to the benchmark (Exhibit 3). For the past 10 years, the strategy has outperformed its Russell 2000 Growth Index by about 140 basis points, annualized. Exhibit 4 provides the cumulative return versus the index for the past 10 years. For the period, the strategy has outperformed by 30 percentage points.

A look at rolling five-year returns shows that this outperformance is fairly consistent through the strategy's history. The scatter plot in Exhibit 5 provides the rolling five-year returns for the strategy and the Russell 2000® Growth Index since the strategy's inception. The Small Cap Growth strategy's five-year annualized return is plotted along the y-axis and the index's return for the corresponding period is plotted along the x-axis. Periods in which the strategy outperformed the index appear above the bold diagonal line and periods of underperformance are shown below it. The strategy has outperformed in 81% of the rolling five-year periods. As the chart shows, periods of outperformance are often significant. The average outperformance is 1,147 basis points annualized, while underperforming periods trail the benchmark by an average 416 basis points annualized.

Finally, on a peer-relative basis, performance is competitive over the standard time periods. Exhibit 6 shows peer rankings for the strategy versus the eVestment Small Cap Equity universe. For each of the periods the strategy falls into the first quartile. The strategy's market capture also ranks well versus peers, with its up market ranking falling in the desirable first decile across time periods while its down market capture is in the second quartile (Exhibit 7).

EXHIBIT 3: PERFORMANCE



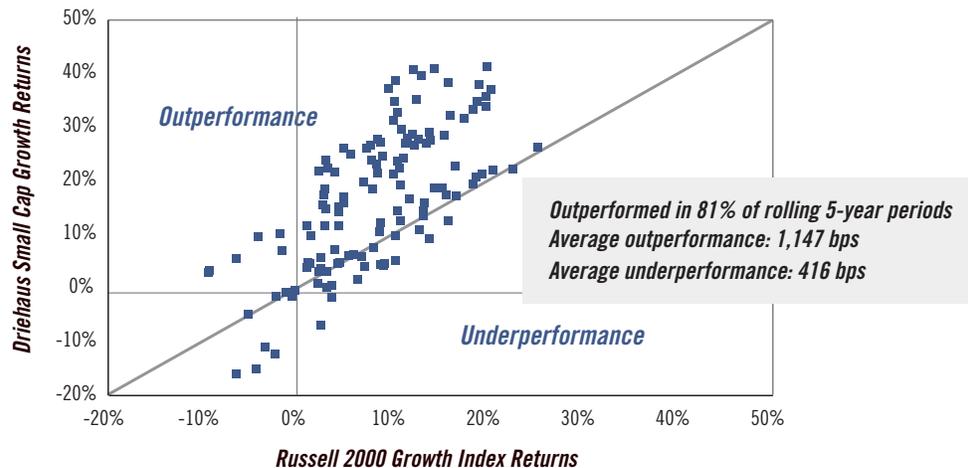
Sources: Driehaus Capital Management, eVestment Alliance As of December 31, 2015

EXHIBIT 4: CUMULATIVE RETURNS, 10-YEAR PERIOD ENDED DECEMBER 2014



Sources: Driehaus Capital Management, eVestment Alliance As of December 31, 2015

EXHIBIT 5: ROLLING 5-YEAR RETURNS, SINCE INCEPTION¹

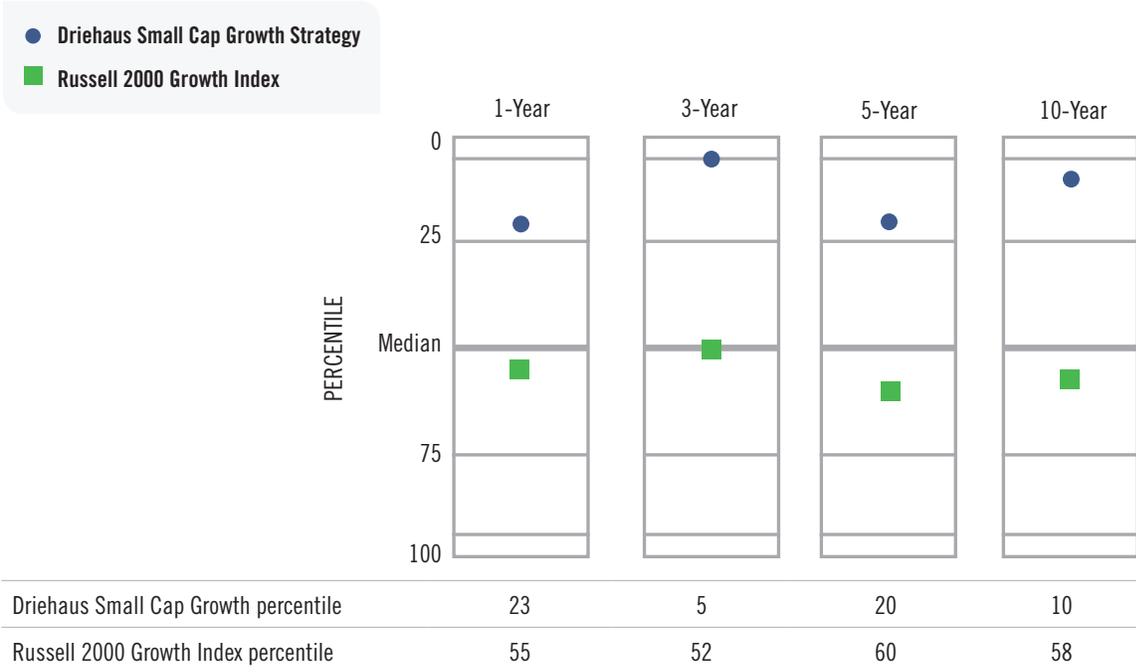


Sources: Driehaus Capital Management, eVestment Alliance

¹Net of fee returns. Russell 2000® Growth Index. Returns are calculated from monthly returns and shown for every quarter interval since the index's inception. Data as of December 31, 2015.

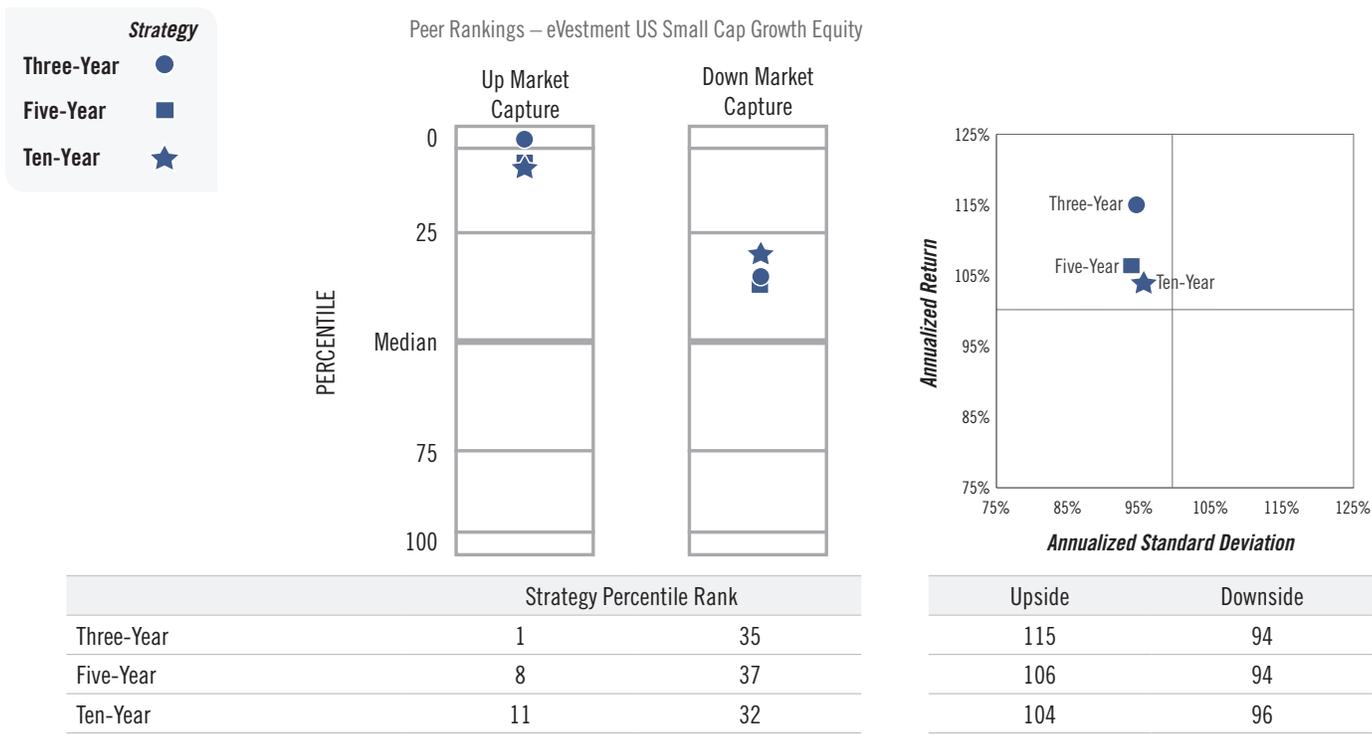
The performance data shown above represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Please see the notes section for other important information.

EXHIBIT 6: PEER RANKINGS
eVestment Alliance US Small Cap Growth Equity peer group



Source: eVestment Alliance. Peer group: eVestment Small Cap Growth Equity. Data based on monthly returns of 187, 177, 169 and 138 investment portfolios for the one-, three-, five-, and ten-year periods, respectively. Data as of December 31, 2015. Gross of fee performance. Past performance is no guarantee of future results.

EXHIBIT 7: UP AND DOWN MARKET CAPTURE



Source: eVestment Alliance. Peer group: eVestment US Small Cap Growth Equity. Benchmark: Russell 2000 Growth, Data based on monthly returns of 177, 169 and 138 investment portfolios for the three-, five- and ten-year periods, respectively. Data as of December 31, 2015. Gross of fees performance. Past performance is no guarantee of future results.

Disclosures

Driehaus Capital Management LLC (DCM) is a registered investment adviser with the United States Securities and Exchange Commission (SEC). DCM provides investment advisory services using growth equity strategies to individuals, organizations, and institutions. The firm consists of all accounts managed by DCM (the Company). Prior to October 1, 2006, the firm included all accounts for which Driehaus Capital Management (USVI) LLC (DCM USVI) acted as investment adviser. On September 29, 2006, DCM USVI ceased conducting its investment advisory business and withdrew its registration as a registered investment adviser with the SEC. Effective September 30, 2006, DCM USVI retained DCM as investment adviser to these portfolios.

DCM claims compliance with the Global Investment Performance Standards (GIPS®).

This performance information is estimated for the period as not all underlying accounts have yet been reconciled. All rates of return include reinvested dividends and other earnings and are net of fees and brokerage commissions. **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.**

COMPOSITE OBJECTIVES AND ACCOUNTS ELIGIBLE FOR THE SMALL CAP GROWTH COMPOSITE

The Small Cap Growth Composite (the Composite) presented includes all unleveraged "small cap growth accounts" over which the Company exercises discretionary investment authority of both cash and equities using the same investment objective and philosophy. The Company changed the name of the Composite from Small Cap Composite to Small Cap Growth Composite in 2008 to more appropriately reflect the investment strategy of the Composite. The Composite was created in January 1993.

An account is considered to be a small cap growth account if it primarily invests in U.S. equity securities of high growth companies within market capitalization ranges of generally followed small cap indices at the time of purchase. However, there is no requirement to be exclusively invested in small cap stocks, and the accounts have invested, to a lesser extent, in stocks with a smaller or larger capitalization from time to time.

Once an account has met the above criteria and is fully invested, it is included in the Composite in the next full monthly reporting period. Accounts that change investment strategies are transferred between composites in the first full monthly reporting period in which the account is managed under the new style. Terminated accounts are excluded from the Composite in the first month in which they are not fully invested as of the end of the month.

PERFORMANCE RESULTS

Asset-weighted, net of fee composite returns are presented. Monthly composite returns are calculated as the sum of the monthly returns of each account weighted by the account's beginning monthly value as compared to the Composite total. Equal-weighted composite returns are available upon request, but are not examined by independent accountants. For periods prior to November 1, 2004, time-weighted account rates of return were calculated on a monthly basis and allowed for the effect of cash additions and withdrawals using the Modified-Dietz method. If a cash contribution or withdrawal exceeded 10% of an account's value, the account was revalued and the return was calculated for the interim period. Effective November 1, 2004, account rates of return are calculated on a monthly basis by geometrically linking daily returns. Monthly composite returns are geometrically linked to determine annual composite returns.

Returns are presented on a net of fee basis. Gross of fee returns are available upon request, but are not examined by independent accountants. Net of fee returns reflect the account's applicable advisory fee and, in some instances, other fees and expenses, while the gross of fee returns do not. Both are net of brokerage commissions charged to the accounts.

The annualized rate of return is presented as the level annual rate which, if earned for each year in a multiple-year period, would produce the actual cumulative rate of return over that period.

For small cap growth accounts, valuations and returns are computed and stated in U.S. dollars. After March 1, 1990, securities transactions, which include brokerage commissions, are recorded on a trade date basis, and where information is available, income and expense items are recorded on an accrual basis and income and expense items are recorded on an accrual basis. Prior to 1990, settlement date valuation was used and interest and dividends were recorded on a cash basis. Returns are presented on a pretax basis. Leverage is not a part of the Company's investment strategy for this Composite.

Past performance is not indicative of future results. All investments have risks and you could lose money. Other methods may produce different results and the results for individual accounts and for different periods may vary depending on market conditions and the composition of the account. Care should be used when comparing these results to those published by other investment advisers, other investment vehicles and unmanaged indices due to possible differences in calculation methods.

Additional information regarding policies for valuing portfolios, calculating and preparing compliant composite presentations are available upon request. A complete listing and description of all composites is also available upon request. Please contact our sales, marketing and relationship management department at 312-932-8621.

TAX EFFECT

The rates of return presented are determined without regard to U.S. tax consequences. Income tax may be withheld on income depending on the tax laws of each country and its treaty, if any, with the U.S. Such withholding taxes are reflected in the performance of accounts.

INDICES

The performance results for the Composite are shown in comparison to an index. While the securities comprising the index are not identical to those in any account in the Composite, the Company believes this may be useful in evaluating performance. Unlike the Composite, the index is not actively managed and does not reflect the deduction of any advisory or other fees and expenses.

The Russell 2000® Growth Index measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values. The performance data includes reinvested dividends.

The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index.

The Russell Indices are a trademark/service mark of the Frank Russell Company. Russell is a trademark of the Frank Russell® Company.

TERMS

Active share represents the share of portfolio holdings that differ from the benchmark index holdings. **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. **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. **Down Market Capture** is measure of the manager's performance in down markets relative to the market itself. **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. **Medium-term Momentum** is measured by a stock's cumulative return over the last 250 trading days, excluding the last 20 trading days. **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. **Sharpe Ratio** is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation. **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** is a divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. This is often in the context of a hedge or mutual fund that did not work as effectively as intended, creating an unexpected profit or loss instead. **Up Market Capture** is a measure of the manager's performance in down markets relative to the market itself.

©2016 Driehaus Capital Management LLC

For more information about Driehaus Capital Management LLC, please contact us at 312.932.8621.