

# Driehaus Emerging Markets Small Cap Growth Fund Commentary

What a difference a year makes. After returning from a week-long trip to India to meet with corporate management teams and policymakers, I harkened back to this time last year, when I made the same trip in the wake of two events that sent the Indian equity market reeling — demonetization and the election of US President Trump.

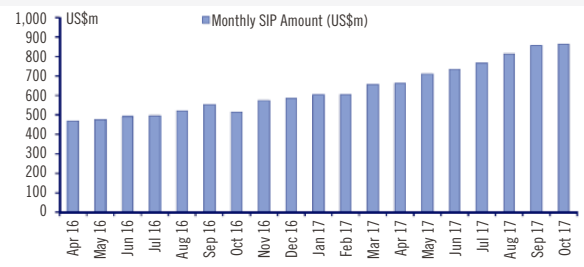
A situation that initially looked as though it would cause significant pain for the Indian economy ended up resulting in a v-shaped equity market recovery, supported by buoyant liquidity and hopes that the policy mix would bring about a formalization of the economy, providing a tailwind for listed companies across various sectors.

[Our February commentary](#) provided background on demonetization, its intentions, shortcomings, and overall results. Suffice to say, Indian equities are on a much different trajectory than they were a year ago. This is largely due to the ongoing shift by investors from physical assets into financial assets.

This shift of household savings is apparent in domestic fund flow data, where retail investors are injecting money into so-called Systematic Investment Products (SIPs), which allow for smaller investments on a monthly basis, essentially providing a disciplined way to methodically build equity exposure through dollar cost averaging.

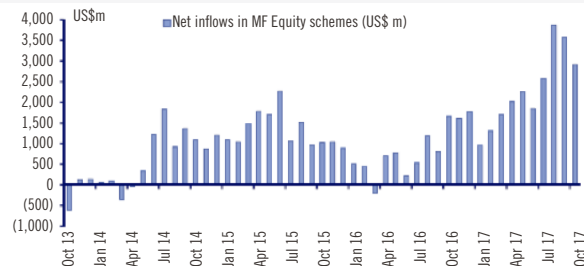
SIPs are currently taking in an annual run rate of roughly \$10 billion in assets under management. (Exhibit 1) This has helped fuel a booming domestic mutual fund industry, which has seen inflows of over \$23 billion year-to-date, as compared to \$4.5 billion at this time last year. (Exhibit 2)

**Exhibit 1:  
Trend in Flows in Mutual Funds  
Through Systemic Investment Plans**



Source: AMFI

**Exhibit 2:  
Trend in Total Flows in  
Domestic Mutual Funds**



Source: AMFI, Bloomberg

While 43% of US households own mutual funds, the number in India is miniscule in comparison at 2.9%. In our view, the financialization of the economy is the single biggest driver of the Indian equity market.

**Disclosures**

This material is not intended to be relied upon as a forecast or research. The opinions expressed are those of Driehaus Capital Management LLC (“Driehaus”) as of December 7, 2017 and are subject to change at any time due to changes in market or economic conditions. The commentary has not been updated since December 7, 2017 and may not reflect recent market activity. The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by Driehaus to be reliable and are not necessarily all inclusive. Driehaus does not guarantee the accuracy or completeness of this information. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader.

*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. Please read the prospectus and summary prospectus carefully before investing.*

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Foreign investors, who had previously been looked upon to support the market, have continued to buy Indian equities, to the tune of \$7.5 billion, up from \$6.7 billion last year. While EM investors generally remain overweight India, the magnitude of the overweight has shrunk in recent years, as markets such as Brazil, Russia, and China have bottomed out, and investors have rotated into more cyclically-gearred areas throughout EM. (Exhibit 3)

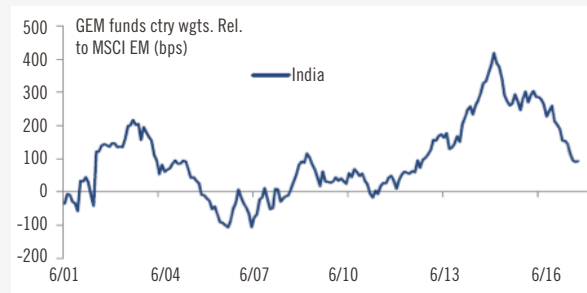
On the ground, I found Indian management teams to be cautiously optimistic about the outlook for the next 18 months, though extremely optimistic on the 3-5 year outlook for their businesses. India has experienced a number of policy changes since the Modi government took office in 2014, most of which have been centered around reducing the notorious public sector red tape that has plagued the country for decades and clamping down on corruption.

While Modi has been revered internationally, local pundits and competing politicians take pleasure in pointing out “failures” such as demonetization and the recent turbulence associated with the introduction of the Goods and Services Tax (GST). In that respect, short term volatility may occur in the upcoming state elections in Modi’s home state of Gujarat. However, absent a significant structural change to break the momentum of the domestic flows, such events are likely to prove opportune times to buy the dip.

Looking into 2018, there are signs of recovery post demonetization and GST, with year-on-year comparable numbers across nearly every sector likely to accelerate, albeit against a weak base. Moreover, with central government elections in 2019, it appears likely that policy will shift to a pro-growth stance, with rural India being the prime beneficiary. The fund remains long cement producers, infrastructure developers, and consumer durables most prominently within our India allocation, anticipating this cyclical pickup in growth.

Additionally, many structural areas tied to domestic demand continue to have a promising future in our view, including travel, financial services, and staffing. One of the fastest growing companies in our portfolio taps into the booming Indian Internet industry by way of operating outlets that facilitate online ordering and physical collection of goods, through an exclusive partnership with a leading US-based

### Exhibit 3: Foreign Institutional Investors Have Cut Their India Overweight Positioning Relative to the MSCI EM Index in Recent Months



Source: EPFR, Citi Research

e-commerce player who has aggressively expanded into India. Below, courtesy of CLSA, we highlight some of the staggering figures associated with Internet usage and e-commerce in India:

- » Average data consumption in India has increased 5 times in last 18 months, mainly due to entry of a disruptive telecom operator, who has aggressively invested in 4G in recent years. Over the last 8-10 months other operators have also caught up.
- » Before June 2016, the monthly additions of smartphones in India were 3-3.5 million, but that has jumped to 39 million in the last quarter. India is the only market where smartphones are growing 25% quarter-on-quarter.
- » Google is close to crossing a billion queries a day in India.
- » Industry gross merchandise value (GMV) for online retailers stands at \$15-\$17 billion, and is growing by 30%.

Lastly, as noted in our [August commentary](#), the shift from coal to natural gas has created numerous opportunities in India. The growing pollution crisis in Delhi is a stark reminder that renewables and cleaner energy sources will be a major area of investment for India in the coming years.

The primary risk for Indian equities is that growth will fail to adequately pick up, while inflation ticks higher, particularly if recent events in the Middle East ignite an upside tail risk scenario in the oil price. Excess liquidity in the financial system has been the dominant driver of the flow-driven rally we have witnessed year-to-date, and such liquidity measures have already begun to recede.

The fund has recently hedged this risk through an interest rate payer swap, as well as put options at the index level. We underscore that these tactical risk management measures are by no means a reflection of an outright negative structural view, as our analysis continues to suggest a bright future ahead for India.

## Performance Review

The Driehaus Emerging Markets Small Cap Growth Fund returned 1.85% in November, compared to the MSCI Emerging Markets Small Cap Index return of 1.76%, and the MSCI Emerging Markets Index gain of 0.20%.<sup>1</sup>

At the sector level, the most significant contributors to returns were financials and real estate. The health care and consumer discretionary sectors detracted the most value. At the country level, Hong Kong and South Africa contributed most to performance for the month, while Taiwan and Pakistan were notable detractors from performance.

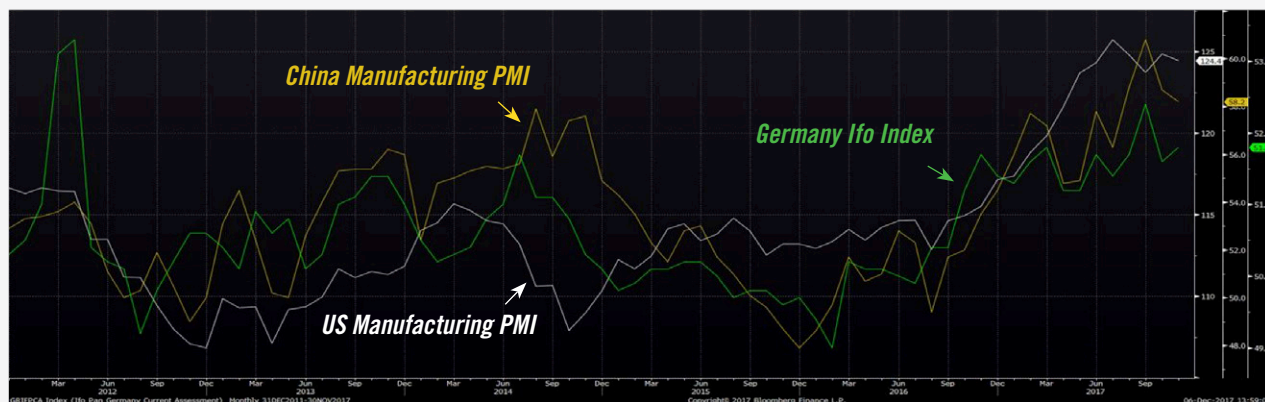
## Portfolio Positioning and Outlook

Last month we highlighted an anomaly in equity markets, in which growth as a style has trounced value in both the US and all-cap emerging markets, while performing poorly within the small cap segment of EM. Looking at the macro data, one could argue that another anomaly is developing in bond and equity markets, as the first genuine period of synchronized global economic growth in the last five years

has been accompanied by an aggressive flattening of the US yield curve.

As shown below, Purchasing Managers' Index (PMI) readings in the US, Europe, and China have moved higher over the past year and are firmly in expansionary mode, at or near multi-year highs.

Exhibit 4: Global PMI Data



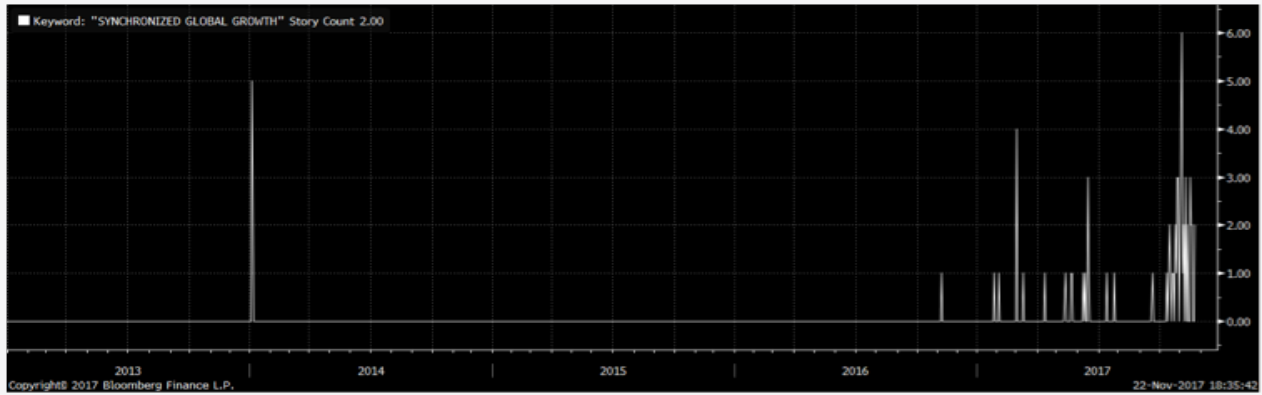
Source: Bloomberg

### <sup>1</sup>Performance Disclosure

The performance data shown represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Principal value and investment returns will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. 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](http://www.driehaus.com) for more current performance information.**

### Exhibit 5: News Stories Featuring the Term “Synchronized Global Growth”

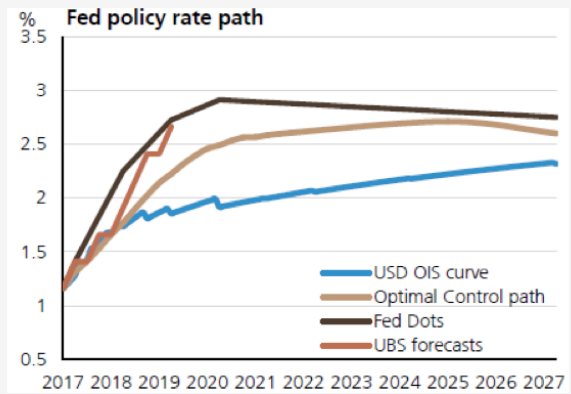


Source: Bloomberg

Further, this period of economic strength is increasingly being recognized in the press, with news stories of synchronized global growth appearing for the first time since 2013. (Exhibit 5)

Yet the behavior of the yield curve suggests that perhaps growth is not as strong as it appears to be, or that the Federal Reserve is on the cusp of a policy mistake, a scenario that appears to be underpriced by the market. (Exhibit 6-7)

### Exhibit 6: The Fed’s Hiking Path Seems To Be Under-priced



Source: Haver, Bloomberg, UBS Calculations

### Exhibit 7: US Yield Curve (2s30s)



Source: Bloomberg

Alternatively, this may simply reflect benign inflation readings, with structural demographic challenges, a lack of wage inflation, and non-existent food price inflation outweighing late-cycle dynamics and higher metals and oil prices.

The resilience of global growth, while inflation and interest rates remain in check, has been a potent recipe for emerging market equities. Accordingly, we continue to position the fund in areas that are supported by strong earnings revisions, while observing a growing dispersion at the macro environment. We believe that this combination augurs positively for active management and underscores the importance of country selection.

That said, we remain attentive to potential risks to the scenario outlined above, focusing on factors that could disrupt the sweet spot of improving growth and low inflation.

Thus, we note the ongoing slowdown in the global credit impulse, depicted in Exhibit 8. This slowdown is also a likely contributing factor to the continued flattening of the yield curve.

Considering China's influence as a significant contributor to global growth, a slowing credit impulse, increasing regulatory burden within the property sector, and incrementally challenging base effect in key industries such as autos and white goods raises the risk that a broader growth slowdown will unfold in the coming year. Indeed, many commodity analysts already forecast a contraction in demand for economically sensitive products such as steel in 2018.

Until next month,



**Chad Cleaver, Lead Portfolio Manager**

*Driehaus Emerging Markets Small Cap Growth Fund*

**Exhibit 8: Global Credit Impulse**



Source: National data, Morgan Stanley Research

While we are cognizant of these risks, we have long held the view that slower, yet higher quality economic growth would be the most desired policy outcome for China. We observe such conditions today, as authorities have deftly addressed potential systemic risks associated with industry overcapacity and wealth management products, while simultaneously providing ample liquidity to the financial system in order to avert a credit crunch.

Taken together, we continue to see a sweet spot for emerging markets, reinforcing the positive view we have maintained over the past year, albeit in a more selective manner from a country allocation perspective.

In addition to the numerous opportunities in India highlighted above, we find improving growth conditions in select industries within China, Argentina, and Thailand, while growing incrementally more cautious on macro conditions in Mexico, South Africa, and Turkey. Moving into a heavy election calendar and numerous reform agendas in 2018, we expect macro dispersion to remain high.

# DRESX Performance Review

## Month-end Performance as of 11/30/17

Fund/Index	MTH	YTD	1 Year	Average Annual Total Return		
				3 Year	5 Year	Since Inception <sup>1</sup>
DrieHaus Emerging Markets Small Cap Growth Fund <sup>2</sup>	1.85%	29.27%	27.33%	1.04%	5.21%	12.53%
MSCI Emerging Markets Small Cap Index (ND) <sup>3</sup>	1.76%	29.06%	28.85%	6.11%	5.64%	14.65%
MSCI Emerging Markets Index (ND) <sup>4</sup>	0.20%	32.53%	32.82%	6.15%	4.61%	11.36%

## Calendar Quarter-end Performance as of 9/30/17

Fund/Index	QTR	YTD	1 Year	Average Annual Total Return		
				3 Year	5 Year	Since Inception <sup>1</sup>
DrieHaus Emerging Markets Small Cap Growth Fund <sup>2</sup>	8.90%	25.14%	11.63%	-0.29%	5.49%	12.38%
MSCI Emerging Markets Small Cap Index (ND) <sup>3</sup>	5.64%	22.53%	14.89%	3.14%	4.60%	14.28%
MSCI Emerging Markets Index (ND) <sup>4</sup>	7.89%	27.78%	22.46%	4.90%	3.99%	11.13%

## Annual Fund Operating Expenses<sup>5</sup>

Management Fee	1.50%
Other Expenses	0.25%
<b>Total Annual Fund Operating Expenses</b>	<b>1.75%</b>

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. 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. Contractual fee waivers were in effect from inception to 8/21/2014. Without such fee waivers, performance numbers would have been reduced. Since Fund performance is subject to change after the month-end, please call (800) 560-6111 or visit [www.driehaus.com](http://www.driehaus.com) for more current performance information.

<sup>1</sup>Inception Date: 12/1/2008. "Since Inception" is calculated to include performance from the Fund's predecessor limited partnership. <sup>2</sup>The average annual total returns of the DrieHaus Emerging Markets Small Cap Growth Fund include the performance of the Fund's predecessor limited partnership, which is calculated from December 1, 2008 before the Fund commenced operations and succeeded to the assets of its predecessor on August 22, 2011. The predecessor limited partnership was not registered under the Investment Company Act of 1940, as amended ("1940 Act") and thus was not subject to certain investment and operational restrictions that are imposed by the 1940 Act. If the predecessor had been registered under the 1940 Act, its performance may have been adversely affected. The Fund's predecessor performance has been restated to reflect estimated expenses of the Fund. After-tax performance returns are not included for the predecessor limited partnership. The predecessor was not a regulated investment company and therefore did not distribute current or accumulated earnings. <sup>3</sup>The Morgan Stanley Capital International Emerging Markets Small Cap Index (MSCI Emerging Markets Small Cap Index) is a market capitalization-weighted index designed to measure equity market performance of small cap stocks in global emerging markets. Data is in US dollars. The net dividend (ND) index is calculated with net dividend reinvestment. <sup>4</sup>The Morgan Stanley Capital International Emerging Markets Index (MSCI Emerging Markets Index) is a market capitalization-weighted index designed to measure equity market performance in global emerging markets. Data is in US dollars. The net dividend (ND) index is calculated with net dividend reinvestment.

<sup>5</sup>Represents the Annual Fund Operating Expenses as disclosed in the current prospectus dated April 30, 2017. 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.

The Fund invests in foreign securities, including small and mid cap stocks, which may be subject to greater volatility than other investments. During certain periods, the Fund has benefited from unusually strong market conditions. At times, a significant portion of a Fund's return may be attributable to investments in initial public offerings (IPOs) or concentrations in certain strong performing sectors, such as technology. Returns from IPOs or sector concentrations may not be repeated or consistently achieved in the future. In addition, participating in IPOs and other investments during favorable market conditions may enhance the performance of a Fund with a smaller asset base, and the Fund may not experience similar performance results as its assets grow. **Investments in overseas markets can pose more risks than U.S. investments, and the Fund's share prices are expected to be more volatile than that of a U.S.-only fund.** In addition, the Fund's returns will fluctuate with changes in stock market conditions, currency values, interest rates, foreign government regulations, and economic and political conditions in countries in which the Fund invests. These risks are generally greater when investing in emerging markets. These and other risk considerations are discussed in the Fund's prospectus.

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# DRESX Portfolio Characteristics

## Portfolio Snapshot

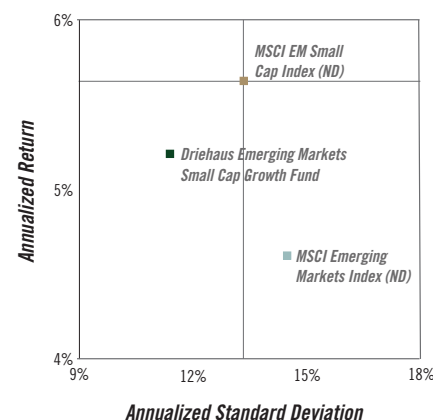
	excluding cash	
Assets Under Management (AUM)	\$244,745,392	
Long Exposure	\$242,489,539	\$225,195,309
Short Exposure	(\$21,767,720)	(\$21,767,720)
Net Exposure	\$220,721,819	\$203,427,589
Net Exposure/AUM	90.18%	83.12%
Gross Exposure	\$264,257,259	\$246,963,029
Gross Exposure/AUM	1.08x	1.01x

## Portfolio Characteristics

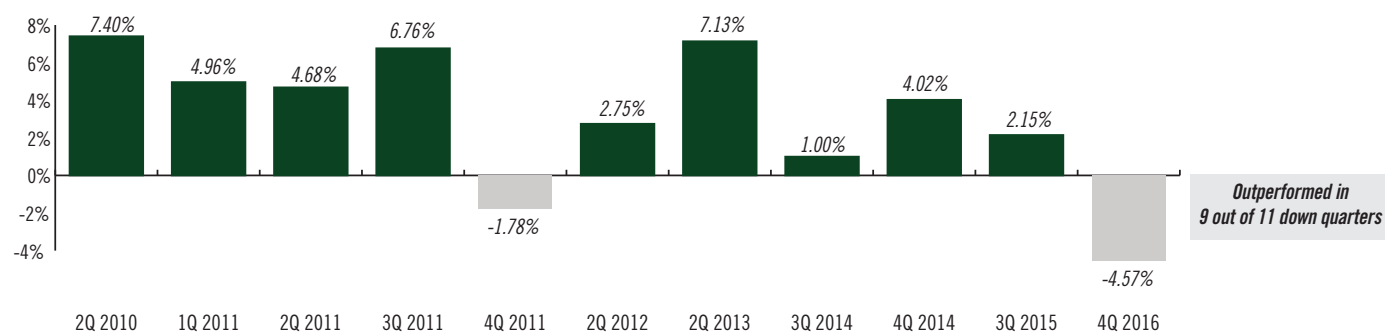
	Fund	Benchmark
Number of Equity Holdings	127	1,830
Active Share (3-year avg.) <sup>1</sup>	109.60	n/a
Est. 3-5 Year EPS Growth	27.6%	20.7%
Weighted Avg. Market Cap (\$M)	\$3,865	\$1,533
Median Market Cap (\$M)	\$2,569	\$732
Mkt. Cap Breakout	< \$5 billion	69.0%
	> \$5 billion	31.0%
		97.2%
		2.8%

## Risk & Return Characteristics (Trailing 5-years)

	Fund	MSCI EM Small Cap Index (ND)	Fund	MSCI Emerging Markets Index (ND)
Annualized Return	5.21	5.64	5.21	4.61
Standard Deviation	11.38	13.32	11.38	14.46
Upside Capture	70.08	100.00	56.76	100.00
Downside Capture	70.39	100.00	53.22	100.00
Beta	0.66	1.00	0.51	1.00
Alpha	1.54	n/a	2.94	n/a
Sharpe Ratio	0.44	0.41	0.44	0.30
R-squared	0.60	1.00	0.42	1.00
Tracking Error	8.52	0.00	11.17	0.00
Information Ratio	-0.05	n/a	0.05	n/a
# Negative Monthly Returns	24	22	24	24
# Positive Monthly Returns	36	38	36	36



## FUND'S EXCESS RETURNS<sup>2</sup> (%pts) vs. MSCI EM Small Cap Index (ND) — Quarters with Negative Index Returns, Since Inception (12/1/08)



Source: FactSet Research Systems LLC and Driehaus Capital Management. Data calculated with monthly returns. Data as of 11/30/17. <sup>1</sup>Data is calculated monthly. <sup>2</sup>This chart depicts Driehaus Emerging Markets Small Cap Growth Fund's (DRESX) outperformance (or under-performance) versus the MSCI Emerging Markets Small Cap Index in all instances where the MSCI Emerging Markets Small Cap Index (ND) had a negative quarterly return since DRESX's inception on 12/1/2008. Net of fee performance is used. MSCI Emerging Markets Small Cap Index. Data as of 9/30/17. Performance for the Driehaus Emerging Markets Small Cap Growth Fund (DRESX) is used. The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment

will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (800) 560-6111 or visiting our website at [www.driehaus.com](http://www.driehaus.com). Fund returns shown include the reinvestment of all dividends and capital gains. Contractual fee waivers were in effect from inception to 8/21/2014. Without such fee waivers, performance numbers would have been reduced. The total annual fund operating expense for DRESX is 1.75% as disclosed in the 4/30/17 prospectus. Please see notes at end of presentation for more information on indices used. A definition of key terms can be found on page 11.

## Derivative Weights (%)

<b>Options*</b>	<b>-6.75</b>
<i>India Earnings Put</i>	

\*Options figures are delta adjusted and net.

\*\*Currency Forwards, Interest Rate Swaps and Credit Default Swaps exposures are net.

<b>Interest Rate Swaps**</b>	<b>0.09</b>
<i>India Currency Swaps</i>	

<b>Credit Default Swaps (CDS)**</b>	<b>-8.89</b>
<i>Sovereign Turkey CDS</i>	

## Sector Weights (% Equity)

	Fund	Benchmark	Active Weights
Consumer Discretionary	18.8	15.8	3.0
Consumer Staples	4.2	6.4	-2.2
Energy	3.1	2.1	1.0
Financials	13.4	9.2	4.2
Health Care	4.6	8.8	-4.1
Industrials	17.9	14.2	3.8
Information Technology	11.8	19.0	-7.2
Materials	8.4	11.2	-2.8
Real Estate	0.8	8.9	-8.1
Telecom. Services	1.6	0.8	0.8
Utilities	7.4	3.7	3.7
Cash	7.4	0.0	7.4

## Regional Weights (% Equity)

Frontier Markets	3.9
Emerging Markets	66.2
Other Markets	21.9

## Country Weights (% Equity)

	Fund	Benchmark	Active Weights
Argentina	4.1	0.0	4.1
Brazil	5.2	5.0	0.2
China	11.9	11.8	0.2
Cyprus	0.5	0.0	0.5
Egypt	0.5	0.4	0.1
Hong Kong	6.8	8.2	-1.4
India	21.7	14.3	7.4
Indonesia	1.0	2.1	-1.1
Kenya	0.8	0.0	0.8
Malaysia	1.0	3.2	-2.2
Mexico	1.3	2.6	-1.3
Pakistan	0.8	0.8	0.1
Philippines	1.7	0.9	0.8
Poland	1.9	1.1	0.7
South Africa	3.8	4.7	-1.0
South Korea	7.6	17.3	-9.7
Taiwan	7.2	18.1	-10.9
Thailand	7.6	3.8	3.8
Turkey	0.9	1.0	-0.1
United Arab Emirates	1.1	0.6	0.5
Other <sup>1</sup>	4.6	1.0	3.6
Cash	7.4	0.0	7.4

<sup>1</sup>Other represents companies with significant emerging markets related exposures that are not domiciled within an emerging market.  
Data as of 11/30/17.



## Top 5 Holdings<sup>1</sup> as of 10/31/17

Company	Country	Description	% of Fund
Bharat Financial Inclusion Limited	India	A non-banking financial company-micro finance institution	2.0%
Beauty Community PCL NVDR	Thailand	Engaged in the retail sale of cosmetic and skincare products	1.9%
Vakrangee Limited	India	A technology company	1.7%
Arcos Dorados Holdings, Inc. Class A	United States	A McDonald's franchisee	1.6%
Minor International Public Co., Ltd. NVDR	Thailand	Engaged in the investment activities, hotels and restaurant businesses, retail distribution and consumer product manufacturing	1.6%

## Sector Attribution 10/31/17 to 11/30/17 (US Dollar Denominated)

MSCI/GICS Sector	Driehaus Emerging Markets Small Cap Growth Fund (%)		MSCI Emerging Markets Small Cap Index (ND) <sup>2</sup> (%)		Attribution Analysis (%)
	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Total Effect <sup>3</sup>
Consumer Discretionary	19.64	-0.09	15.75	0.27	-0.44
Consumer Staples	3.80	0.42	6.28	0.20	0.27
Energy	3.15	-0.08	2.13	-0.01	-0.09
Financials	14.12	0.62	9.26	-0.03	0.58
Health Care	4.16	-0.02	8.63	0.78	-0.71
Industrials	17.50	-0.06	14.31	-0.18	0.07
Information Technology	14.00	0.97	18.97	0.75	0.30
Materials	5.68	0.03	11.16	0.21	-0.06
Real Estate	0.28	0.03	8.94	-0.12	0.30
Telecommunication Services	1.84	0.13	0.81	0.00	0.11
Utilities	5.38	-0.10	3.76	-0.11	-0.01
Cash	16.86	0.01	--	--	-0.31
Other <sup>4</sup>	-6.40	0.03	--	--	0.15
<b>Total</b>	<b>100.00</b>	<b>1.92</b>	<b>100.00</b>	<b>1.76</b>	<b>0.16</b>

Sources: FactSet Research Systems Inc. and Driehaus Capital Management LLC.  
**The information presented is intended for informational purposes only.**  
**Attribution data is on a trade date basis and is estimated and unreconciled.**

<sup>1</sup>Holdings subject to change.

<sup>2</sup>The Morgan Stanley Capital International Emerging Markets Small Cap Index (MSCI Emerging Markets Small Cap Index) is a market capitalization-weighted index designed to measure

equity market performance of small cap stocks in global emerging markets. Data is in US dollars. The net dividend (ND) index is calculated with net dividend reinvestment.

<sup>3</sup>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.

<sup>4</sup>Includes derivative securities and fees.

**A definition of key terms can be found on page 11.**

## Country Attribution 10/31/17 to 11/30/17 (US Dollar Denominated)

	Driehaus Emerging Markets Small Cap Growth Fund (%)		MSCI Emerging Markets Small Cap Index (ND) <sup>1</sup> (%)		Attribution Analysis (%)
	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Total Effect <sup>3</sup>
Argentina	3.74	-0.03	--	--	-0.08
Australia	--	--	0.12	0.00	0.00
Bermuda	--	--	0.10	-0.01	0.01
Brazil	4.85	0.01	5.12	-0.17	0.18
Cayman Islands	0.51	0.02	0.12	0.00	0.01
Chile	--	--	1.16	-0.16	0.18
China	13.63	-0.54	12.17	-0.34	-0.24
Colombia	--	--	0.23	0.01	-0.00
Cyprus	0.50	-0.00	--	--	-0.01
Czech Republic	--	--	0.05	0.00	-0.00
Egypt	0.55	-0.03	0.39	0.00	-0.03
Greece	--	--	0.73	0.01	0.00
Hong Kong	6.25	0.11	8.50	-0.38	0.52
Hungary	--	--	0.11	0.00	-0.00
India	20.79	0.80	14.03	0.43	0.26
Indonesia	1.05	0.02	2.15	-0.04	0.07
Israel	0.59	0.06	--	--	0.05
Kenya	0.77	0.06	--	--	0.05
Luxembourg	0.06	0.01	--	--	0.02
Malaysia	1.06	-0.03	3.15	0.08	-0.08
Mexico	1.24	0.09	2.57	0.06	0.05
Netherlands	1.04	-0.15	--	--	-0.17
Pakistan	0.87	-0.04	0.79	-0.00	-0.04
Panama	--	--	0.04	0.00	-0.00
Peru	--	--	0.19	-0.04	0.04
Philippines	1.70	0.04	0.86	0.00	0.03
Poland	2.23	-0.08	1.17	-0.03	-0.06
Qatar	--	--	0.38	-0.03	0.04
Russia	--	--	0.60	-0.05	0.06
Singapore	--	--	0.20	-0.03	0.04
South Africa	3.13	0.42	4.55	0.15	0.30
South Korea	7.80	0.43	16.87	1.60	-1.00
Spain	--	--	0.08	0.00	-0.00
Taiwan	7.37	0.58	17.75	0.81	-0.04
Thailand	8.42	0.23	3.82	-0.01	0.15
Turkey	0.97	-0.07	1.03	-0.10	0.03
United Arab Emirates	1.05	0.00	0.56	-0.02	0.02
United Kingdom	0.55	-0.04	--	--	-0.05
United States	-7.66	0.10	0.40	0.01	0.24
Cash	16.86	0.01	--	--	-0.31
Other <sup>2</sup>	0.06	-0.07	--	--	-0.07
<b>Total</b>	<b>100.00</b>	<b>1.92</b>	<b>100.00</b>	<b>1.76</b>	<b>0.16</b>

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. Attribution data is on a trade date basis and is estimated and unreconciled. <sup>1</sup>A definition of this index can be found on page 12. <sup>2</sup>Includes derivative securities and fees. <sup>3</sup>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.

## Notes

The Fund invests in foreign securities, including small and mid cap stocks, which may be subject to greater volatility than other investments. During certain periods, the Fund has benefited from unusually strong market conditions. At times, a significant portion of a Fund's return may be attributable to investments in initial public offerings (IPOs) or concentrations in certain strong performing sectors, such as technology. Returns from IPOs or sector concentrations may not be repeated or consistently achieved in the future. In addition, participating in IPOs and other investments during favorable market conditions may enhance the performance of a Fund with a smaller asset base, and the Fund may not experience similar performance results as its assets grow. **Investments in overseas markets can pose more risks than U.S. investments, and the Fund's share prices are expected to be more volatile than that of a U.S.-only fund.** In addition, the Fund's returns will fluctuate with changes in stock market conditions, currency values, interest rates, foreign government regulations, and economic and political conditions in countries in which the Fund invests. These risks are generally greater when investing in emerging markets. These and other risk considerations are discussed in the Fund's prospectus. **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](http://www.driehaus.com). Please read the prospectus carefully before investing.**

**TERMS:** **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. **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. **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. **Sharpe ratio** is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation. **Downside/Upside capture** is a measure of performance in up markets (upside) and down markets (downside) relative to the Index. **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. **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. **Information ratio** is a measure of the value added per unit of active risk by a manager over the index. A positive ratio indicates "efficient" use of risk by the manager. **R-Squared** is a statistical measure that represents the percentage of a fund's movements that can be explained by movements in a benchmark index. **At-the-money** is a term used to describe a situation where an option's strike price is identical to the price of the underlying security. **Out-of-the-money** is a term used to describe an option that has no intrinsic value, such as when a call option has a strike price that is higher than the market price of the underlying asset, or a put option with a strike price that is lower than the market price of the underlying asset. **Moneyness** is a description of a derivative relating its strike price to the price of its underlying asset. It describes the intrinsic value of an option in its current state. **Skew** is the difference in implied volatility between out-of-the-money, at-the-money and in-the-money options. Volatility skew, which is affected by sentiment and the supply/demand relationship, provides information on whether fund managers prefer to write calls or puts. **Delta-adjusted exposure** measures the first order price sensitivity of an option or derivative to changes in the price of an underlying security.