Veni, Vidi, Vici

Our team was all set for Julius Caesar's famous quote, "I came, I saw, I conquered," to be Brexit's proclamation to global markets on the heels of the UK referendum vote. Instead, while still applicable, we will merely switch the player and insert the US financial markets as the speaker. The Brexit vote was just the most recent significant risk to form in the market, rile up investors, and materialize into an adverse shock…only to be followed by US markets shrugging it off as the risk camp scampered away with barely a whimper. Macro political issues aside, the ability of financial markets to sweep aside one risk after the next has been nothing short of impressive.

Within the event-driven space, we have likewise seen our fair share of shocks to the system, notably what have come to be known as "Arbageddons." While this month didn't yield a shock that packed quite the punch of previous ones, investors still found themselves staring into the face of another round of multibillion dollar deals that were at risk of being shuttered. As we've discussed previously this year, risk-arb spreads have become increasingly bifurcated between the perceived safe, low yielding spreads and the exceptionally wide spreads of deals facing material regulatory risk. The "average" risk-arb spread level, as depicted in Exhibit 1, doesn't quite capture just how different the two buckets of merger arb have been this year. We assure you that the daily gyrations are well masked by this average.

EXHIBIT 1:
Average absolute M&A arbitrage spreads

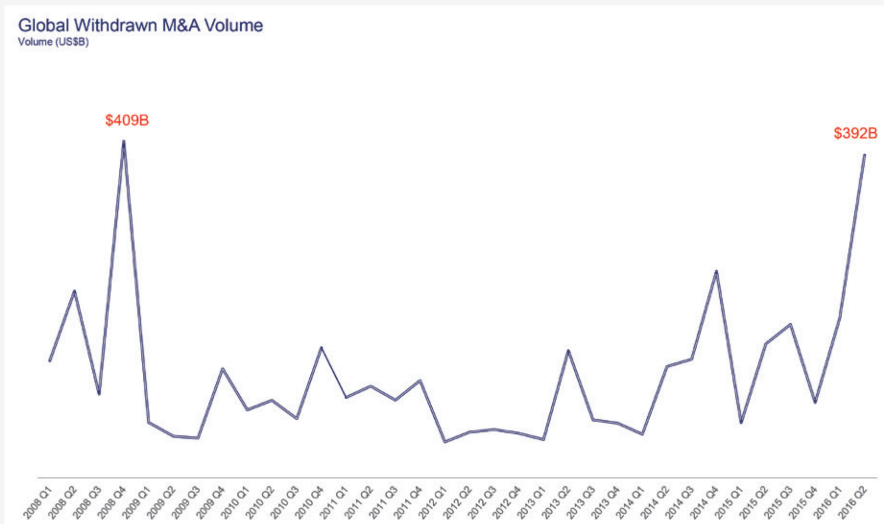
Source: Bloomberg and Citigroup. Annualized M&A arbitration equal to the absolute percent trading premium annualized, based on the expected closing date. US listed companies.

@DriehausCapital

Tempting as the large gross and annualized spreads may be, on the whole they just haven't paid in 2016. A more prudent approach has been to string together lower-yielding higher-probability arb spreads that avoid the ire of regulators (just ask the two dying brick-and-mortar dinosaurs in the office equipment business). As a result of the aggressive regulatory landscape, 2016 is on pace to have the highest notional value of withdrawn M&A since the financial crisis (Exhibit 2).

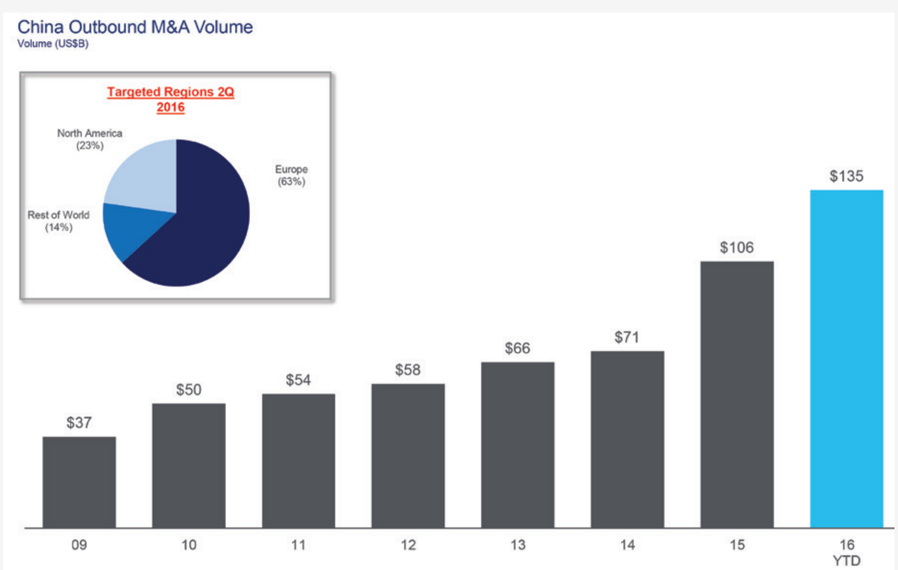
Interestingly, we continue to see an increase in outbound M&A from China. The year-to-date reading for acquisitions through the first half of 2016 surpasses the previous record set last year, and is an almost three-fold increase since the beginning of the decade (Exhibit 3). We find this an interesting consideration, not only due to the regulatory backdrop, but also in light of Brexit's effect on the British pound and UK equity valuations.

EXHIBIT 2:
Withdrawn deals have increased to highest level since the financial crisis



Source: Citi, Dealogic

EXHIBIT 3:
Dramatic pickup in China outbound M&A acquistions



Source: Citi, Dealogic

With a new trading zip code for the British currency (Exhibit 4), many UK-based companies are becoming ripe M&A targets. In the month since Brexit, we've already seen two multibillion dollar acquisitions for a total consideration of about $25 billion, as well as a sweetened bid for a nearly $100 billion global beverage merger. It comes to us as no surprise that acquirers are quick to take advantage of the dislocation that the UK referendum has afforded. As such, we continue to focus on names caught up in the Brexit aftermath, particularly in industries with oligopolistic structures, benefiting from significant cost synergies, that have stable cash flows to pay down debt incurred via M&A activity. The US equity market may have shrugged off the impact of Brexit quickly, but we think the knock-on effects for event investing could take time to play out, and we are waiting with our list ready.

EXHIBIT 4:
The British pound has weakened to levels last seen in 1985. M&A targets beware?

Source: Bloomberg

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 August 17, 2016 and are subject to change at any time due to changes in market or economic conditions. The commentary has not been updated since August 17, 2016 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 (877) 779-0079. Please read the prospectus and summary prospectus carefully before investing. Driehaus Securities LLC, Distributor***

New Trade

This month's trade is a risk-arb investment in a company with 50% of its revenue from Europe. In the immediate aftermath of the UK's decision to leave the European Union, much uncertainty entered the merger arbitrage market. Implied probabilities of deal closures fell across the board, and in this particular case the fund initiated a position in a deal spread that widened by nearly 2.5x. Needless to say, we viewed the move as an overreaction, and as we began checking our list of red flags we found the concern misguided.

For starters, the deal was the result of a competitive bidding process at the urging of an activist investor. During the process two other parties bid in the range of $28 to $29, within a few percentage points of the accepted proposal. In addition to the competitive process, the sponsor, who is a reputable repeat buyer in the space, committed to a $208 million break fee (7% of deal value). While the spread initially settled in at 1.3% gross, and about a 4% annual return, it widened out to nearly 4% gross and 15% annualized return on the heels of risk-off sentiment coming from Brexit vote and sympathy selling associated with other spreads. Given our confidence in deal closure (roughly 95% probability), we initiated a long position in the target and remain confident that the takeout will be consummated.

Until next month,

K.C., Michael, Yoav & Matthew

K.C. Nelson	**Michael Caldwell**	**Yoav Sharon**	**Matthew Schoenfeld**
Portfolio Manager	*Assistant Portfolio Manager*	*Assistant Portfolio Manager*	*Assistant Portfolio Manager*

DEVDX Performance Review

For July, the Driehaus Event Driven Fund returned 1.33% with 36% of the volatility of the S&P 500 Index, which returned 3.69%.[1] The equity catalyst-driven trade type was the most significant contributor to returns for the period (+1.56%), followed by the bond catalyst-driven trade type (+0.39%). The portfolio hedges were the most significant detractor from returns (0.29%), followed by the risk arbitrage trade type (-0.13%).

The largest contributor for the month was a technology company with an intellectual property (IP) portfolio currently working to close a merger with another IP platform company (+64 bps). The second largest contributor for the month was a regional gaming REIT that benefitted from further compression in global yields (+46 bps) and the third largest contributor was a biotechnology company focusing on a target specificity approach that is nearing a data readout (+27 bps).

The top three detractors for the month included a risk arb position in the retail drugstore space that faced increased regulatory scrutiny (-22 bps), a portfolio hedge in the biotech space that is paired against our individual biotechnology holdings (-21 bps), and a regional banking short that saw price appreciation as fears subsided regarding its energy exposure (-10 bps).

PERFORMANCE

MONTH-END – 7/31/16

	MTD	YTD	1 Year	Since Inception[2]
Driehaus Event Driven Fund	1.33%	0.61%	-3.79%	0.96%
S&P 500 Index[3]	3.69%	7.66%	5.61%	11.86%
Citigroup 3-Month T-Bill Index[4]	0.02%	0.14%	0.16%	0.07%

CALENDAR QUARTER-END – 6/30/16

	QTR	YTD	1 Year	Since Inception[2]
Driehaus Event Driven Fund	2.41%	-0.71%	-5.51%	0.52%
S&P 500 Index[3]	2.46%	3.84%	3.99%	10.82%
Citigroup 3-Month T-Bill Index[4]	0.06%	0.12%	0.14%	0.07%

ANNUAL FUND OPERATING EXPENSES[5]

Management Fee 1.00%
Other Expenses Excluding Dividends & Interest on Short Sales 0.43%
Dividends and Interest on Short Sales 0.43%
Total Annual Fund Operating Expenses 1.86%

[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 Citigroup 3-Month T-Bill Index is designed to mirror the performance of the 3-Month U.S. Treasury Bill. The Citigroup 3-Month T-Bill Index is unmanaged and its returns include reinvested dividends. [5]Represents the Annual Fund Operating Expenses as disclosed in the current prospectus dated April 30, 2016. 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.

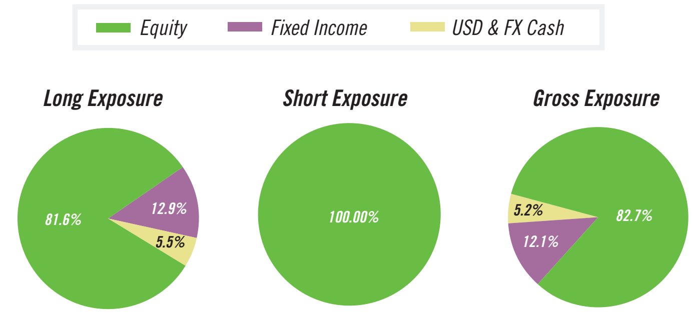
Investments in overseas markets can pose more risks than U.S. investments, and share prices are expected to be more volatile than that of a U.S.-only fund. The Driehaus Event Driven Fund invests in foreign securities, including small and mid cap stocks, which may be subject to greater volatility than 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.

DEVDX Portfolio Characteristics*

Executive Summary

		excluding cash
Assets Under Management (AUM)	$213,682,119	
Long Exposure	$216,538,679	$204,577,359
Short Exposure	$(13,087,402)	$(13,087,402)
Net Exposure	$203,451,276	$191,489,957
Net Exposure/AUM	95.21%	89.61%
Gross Exposure	$229,626,081	$217,664,762
Gross Exposure/AUM	1.07x	1.02x

Exposure Breakdown by Asset Class



Trade Type

	Gross Exposure	% of Gross Exposure	% Contribution to Total Return
Bond catalyst-driven	30,351,414	13.2%	0.39%
Equity catalyst-driven	95,267,525	41.5%	1.56%
Portfolio hedges	4,570,866	2.0%	-0.29%
Risk arbitrage	87,474,957	38.1%	-0.13%
Deep value	0	0.0%	0.00%
USD Cash	11,961,319	5.2%	0.00%
FX Cash	0	0.0%	0.00%
FX Hedge	0	0.0%	0.00%
Expenses**			-0.13%
Total	**229,626,081**	**100.0%**	**1.40%**

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

Portfolio Summary

Portfolio Volatility (100 day, based on historical daily returns)	6.52%
S&P 500 Index Volatility (100 day, based on historical daily returns)	11.95%
Beta vs. S&P 500 Index[1] (since inception)	0.44
Beta vs. Barclays Agg[2] (since inception)	(0.53)
Beta vs. Merrill Lynch High Yield Index[3] (since inception)	0.84
DEVDX and S&P 500 Index Correlation (since inception)	0.73
DEVDX and Barclays Agg Correlation (since inception)	(0.21)
DEVDX and Merrill Lynch High Yield Index Correlation (since inception)	0.44

Characteristics

FIXED INCOME	
Effective Duration/100 bps	-0.36%
Effective Spread Duration/100 bps	-1.06%
Long Exposure Mark-to-market Value/Par Value (ex IR hedge)	94.89%
Short Exposure Mark-to-market Value/Par Value (ex IR hedge)	0.00%
EQUITY	
Weighted Average Market Capitalization (USD in billion)	$16.6
Weighted Harmonic Average P/E using FY1 Estimation	23.0

Source: Bloomberg

*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.

**Estimated expenses for the month (not annualized) as a percentage of the fund's net assets for the month.

For options, exposure represents delta-adjusted underlying exposure. For credit default swap and credit default swap indices, exposure represents bond-equivalent exposure.

[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 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.

[3] 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.

***Note:** A definition of key terms can be found on page 10*

Product Type

	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure	% of Gross Exposure Change vs. Previous Month End
USD and FX Cash	**11,961,319**	**5.5%**	0	**0.0%**	**11,961,319**	**5.2%**	**2.3%**
USD Cash*	11,961,319	5.5%	0	0.0%	11,961,319	5.2%	2.3%
FX Cash**	0	0.0%	0	0.0%	0	0.0%	0.0%
Credit Products	**27,836,914**	**12.9%**	**0**	**0.0%**	**27,836,914**	**12.1%**	**0.2%**
Bank Loan	0	0.0%	0	0.0%	0	0.0%	0.0%
CDS Index	0	0.0%	0	0.0%	0	0.0%	0.0%
Convertible	0	0.0%	0	0.0%	0	0.0%	0.0%
Corp CDS	0	0.0%	0	0.0%	0	0.0%	0.0%
Corp Credit	23,355,066	10.8%	0	0.0%	23,355,066	10.2%	1.2%
Pfd	4,481,848	2.1%	0	0.0%	4,481,848	2.0%	-1.0%
Sovereign CDS	0	0.0%	0	0.0%	0	0.0%	0.0%
Rates Products	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0.0%**
Govt Bond	0	0.0%	0	0.0%	0	0.0%	0.0%
Treasury Future	0	0.0%	0	0.0%	0	0.0%	0.0%
IR Swaption	0	0.0%	0	0.0%	0	0.0%	0.0%
Equity Products	**176,740,445**	**81.6%**	**(12,969,621)**	**99.1%**	**189,710,066**	**82.6%**	**-2.3%**
Equity	176,352,286	81.4%	(8,058,008)	61.6%	184,410,294	80.3%	3.2%
Equity Index Future	0	0.0%	0	0.0%	0	0.0%	0.0%
Equity Index Option	0	0.0%	0	0.0%	0	0.0%	-3.3%
Equity Index Swap	0	0.0%	(4,477,716)	34.2%	4,477,716	2.0%	0.3%
Equity Option	388,159	0.2%	(433,898)	3.3%	822,057	0.4%	-2.5%
Equity Warrant	0	0.0%	0	0.0%	0	0.0%	0.0%
ETF	0	0.0%	0	0.0%	0	0.0%	0.0%
REIT	0	0.0%	0	0.0%	0	0.0%	0.0%
Volatility Index Option	0	0.0%	0	0.0%	0	0.0%	0.0%
Commodity Products	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0.0%**
Commodity Future	0	0.0%	0	0.0%	0	0.0%	0.0%
Commodity Option	0	0.0%	0	0.0%	0	0.0%	0.0%
Foreign Exchange Products	0	0.0%	(117,781)	0.9%	117,781	0.1%	-0.2%
FX Forward	0	0.0%	(117,781)	0.9%	117,781	0.1%	-0.2%
FX Option	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	**216,538,679**	**100.0%**	**(13,087,402)**	**100.0%**	**229,626,081**	**100.0%**	

Source: Bloomberg

Note: *A definition of key terms can be found on page 10*

*This figure represents the fund's operating cash plus receivables for investments sold and minus payables for investments purchased.

**FX cash is cash denominated in foreign currency and generally is a residual position from recently sold securities that has not yet been assigned to another trade or the cash equivalent bucket. In some instances, this may represent a trade in the fund.

Exposure by Country of Risk

Country Of Risk	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure
Developed	27,203,523	12.6%	(117,781)	0.9%	27,321,304	11.9%
Emerging	4,481,848	2.1%	(2,514,500)	19.2%	6,996,348	3.0%
United States	184,853,308	85.4%	(10,455,121)	79.9%	195,308,429	85.1%
Total	**216,538,679**	**100.0%**	**(13,087,402)**	**100.0%**	**229,626,081**	**100.0%**

Sector

GICS[1]	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure
Consumer Discretionary	49,615,419	22.9%	(433,898)	3.3%	50,049,317	21.8%
Consumer Staples	19,476,705	9.0%	0	0.0%	19,476,705	8.5%
Energy	388,159	0.2%	0	0.0%	388,159	0.2%
Financials	59,455,917	27.5%	(5,450,358)	41.6%	64,906,275	28.3%
Health Care	17,212,262	7.9%	(2,514,500)	19.2%	19,726,762	8.6%
Information Technology	52,816,328	24.4%	0	0.0%	52,816,328	23.0%
Utilities	5,612,570	2.6%	0	0.0%	5,612,570	2.4%
Other[2]	11,961,319	5.5%	(4,688,647)	35.8%	16,649,966	7.3%
Total	**216,538,679**	**100.0%**	**(13,087,402)**	**100.0%**	**229,626,081**	**100.0%**

Derivatives Characteristics

Derivatives Premium (% of AUM) (Excluding Fixed-Income Derivatives)	-0.01%
Equity Delta (% of AUM) per 1% underlying move	0.80%
Equity Gamma (% of AUM) per 1% underlying move	0.00%
Vega (% of AUM) per 1 point vol move	0.00%
Theta (% of AUM) per 1 day change	0.00%
Currency Delta (% of AUM) per 1% underlying move	0.03%

Contributors (by Trade Type)

TOP 5	
Equity Catalyst Driven	0.6%
Equity Catalyst Driven	0.5%
Equity Catalyst Driven	0.3%
Equity Catalyst Driven	0.2%
Bond Catalyst Driven	0.2%
Total	**1.7%**

BOTTOM 5	
Risk Arbitrage	-0.2%
Portfolio Hedge	-0.2%
Equity Catalyst Driven	-0.1%
Risk Arbitrage	-0.1%
Risk Arbitrage	-0.1%
Total	**-0.7%**

Source: Bloomberg, Moody's, Standard & Poor's

[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.

Note: *A definition of key terms can be found on page 10*

Notes

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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 August 17, 2016 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.

Driehaus Securities LLC, Distributor

FUND INFORMATION

Types of events in which the fund frequently invests include:

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

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.

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

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

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

Types of trades in which the fund frequently invests include:

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

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

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

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

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

DEFINITIONS OF KEY TERMS

Agency Mortgage-Backed Security - A mortgage-backed security issued and guaranteed by a government agency such as the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or Government National Mortgage Association.

Asset-Backed Security (ABS) - A security whose value and income payments are derived from and collateralized (or "backed") by a specified pool of underlying assets.

Average % of Par-Longs - The average dollar price of a bond the Fund is long as a percentage of par.

Average % of Par-Shorts - 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.

Effective 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.

Mortgage-Backed Security (MBS) - An asset-backed security or debt obligation that represents a claim on the cash flows from mortgage loans, most commonly on residential property.

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.

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.