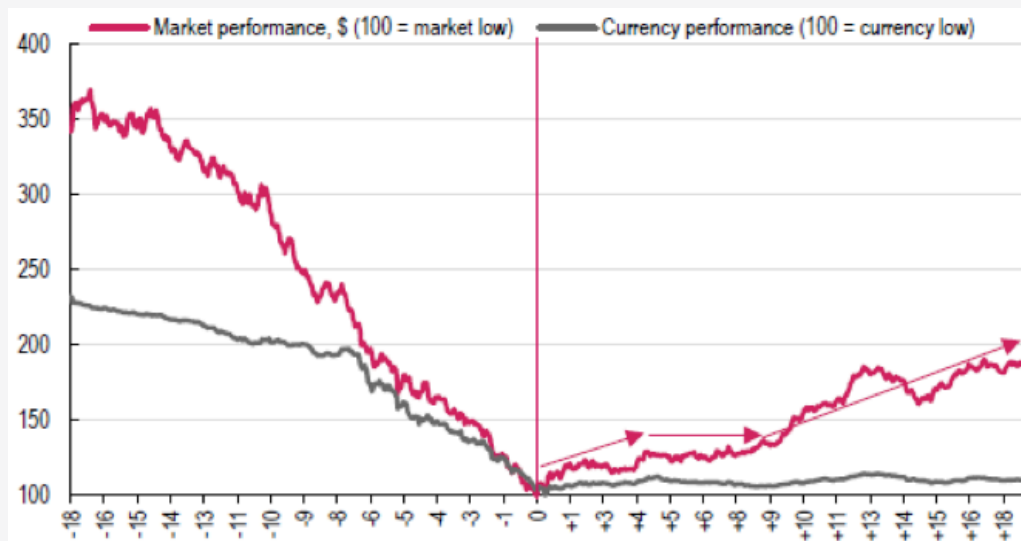


# Driehaus Frontier Emerging Markets Fund Commentary

This month we update our views on Egypt, a country which has undergone significant political and economic change over the past several years. We last wrote extensively about Egypt in August 2016, noting that the country was on the cusp of positive change, but likely facing a meaningful currency devaluation. At that time, our positioning was selective, but we anticipated becoming more aggressive as the effects of the devaluation “shrink into the rearview mirror.” We believe we have reached that point today, and have increased our weighting in Egypt over the past several months, expecting marked improvement in a number of key areas in 2018 and beyond.

First, as shown in the chart below (Exhibit 1), equity markets of countries that undergo a significant devaluation tend to underperform heavily eighteen months before the devaluation takes place. While policymakers are often late to face the moment of truth that a devaluation is needed due to political pressures, the desire to save face, or the perceived necessity of maintaining a fixed peg currency regime, markets tend to sniff out such events well in advance. However, once the devaluation occurs, equity markets tend to perform much better eight months after the trough in the currency is reached.

**Exhibit 1: Anatomy of a Devaluation**

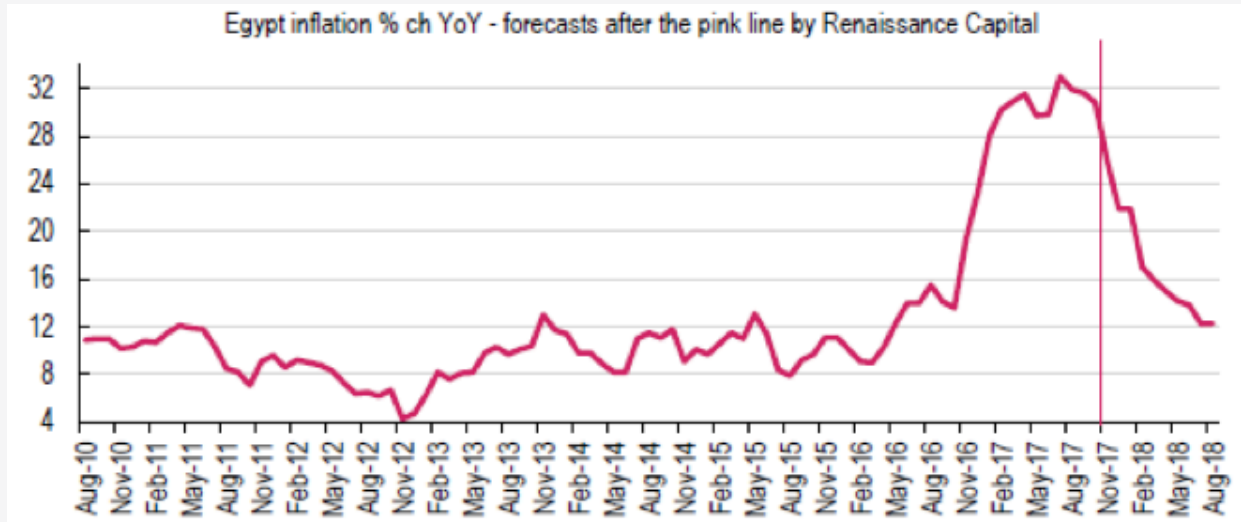


Note: based on 11 devaluations in 1994-2009, covering Mexico, Thailand, South Korea, Indonesia, Malaysia, Russia, Argentina, Turkey, the Philippines, and Nigeria; x-axis shows months before and after currency low, with 0 the lowest point for the currency  
Source: Bloomberg, Renaissance Capital

The Egyptian pound devaluation occurred in November of 2016, hitting the ultimate low against the US dollar coming at the end of the year. The price of imported goods spiked higher following the devaluation, and consumer price index (CPI) inflation topped out at over 32% in August of 2017.

Importantly, Egypt raised interest rates aggressively as pressure grew for a devaluation in 2016 and continued to do so throughout 2017 to quell the inflationary impulse in the immediate aftermath of the currency weakness. Over this span, the policy rate doubled, reaching 20% at its peak.

## Exhibit 2: Egypt Inflation % Year over Year



Source: Bloomberg, Renaissance Capital

The roadmap of past devaluations has largely held to form in the wake of the Egyptian pound devaluation. As inflation and interest rates reached their peak in the second half of 2017, we began to see a robust set of ideas emerge within the equity market, centered around interest rate-sensitive stocks, consumer companies that would benefit from improving purchasing power, and an idiosyncratic catalyst, the discovery of a large natural gas field, Zohr.

Operated by three global majors with significant expertise in developing natural gas fields, Zohr possesses an estimated 30 trillion cubic feet of gas, representing the largest discovery in the Mediterranean Sea. Production began in December of 2017, and the rate of production is expected to double by mid-2018 and nearly triple again by the end of 2019.

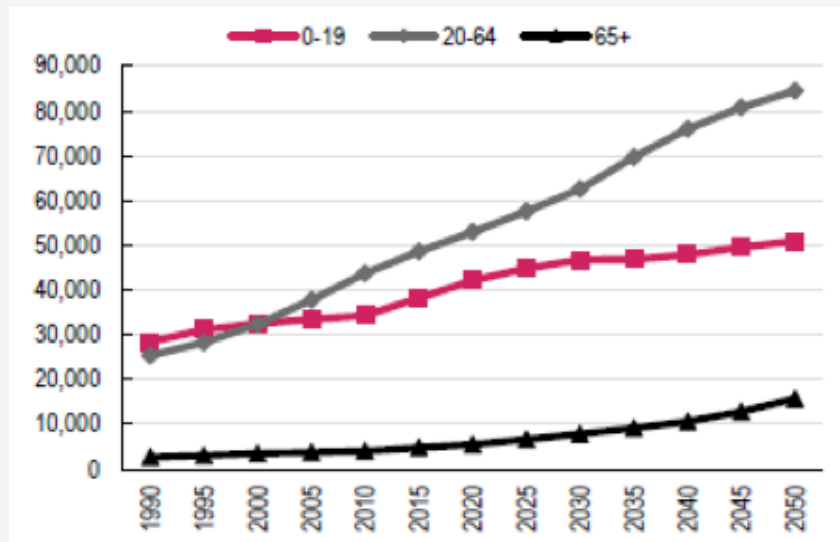
This is crucial for Egypt, as the country maintained deficits of gas equivalent to over 15% of demand prior to the contribution of Zohr. Replacing more expensive liquefied natural gas imports with domestic gas can both shore

up external deficits as well as contribute to cost savings for domestic companies in industries such as steel and petrochemicals, which are heavy consumers of gas.

Additionally, as a deficit country, Egypt is welcoming of long-term foreign direct investment, as well as local job creation to support the development of the gas field. Depending on the scale of the development, it is possible that Egypt could even export gas at some point in the future. For now, Zohr represents one piece of a more encompassing energy policy, which is shifting Egypt in the right direction as it addresses a past source of economic and strategic vulnerability.

Finally, we remain optimistic on domestic demand. Similar to many countries we favor, Egypt has a sizable population of nearly 100 million, with substantial growth of the working age segment set to unfold in the coming decades. (Exhibit 3) This lends structural support to numerous areas of domestic demand.

### Exhibit 3: Egypt Population



Source: UN

Amid the slowdown in inflation, albeit from very high levels, we could see several hundred basis points worth of interest rate cuts by the Egyptian Central Bank in 2018. Interest rate-sensitive pockets of the consumer economy, such as autos, should benefit in this macroeconomic backdrop.

While we maintain an optimistic stance on Egypt within the portfolio, we are cognizant of both domestic and regional geopolitical risks. Although incumbent President

Sisi looks poised to handily win Egypt's March elections, politically difficult decisions surrounding the fiscal deficit and sensitive areas such as subsidy reform would face him following the election. Additionally, while inflation remains on a declining trajectory in the coming year, a watchful eye must be maintained for any renewed bouts of pressure, particularly if food inflation, which has been mired in a multi-year downtrend, were to resurface.

Until next month,

**Chad Cleaver**  
Lead Portfolio Manager

**Rich Thies**  
Portfolio Manager

#### 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 February 8, 2018 and are subject to change at any time due to changes in market or economic conditions. The commentary has not been updated since February 8, 2018 and may not reflect recent market activity.*

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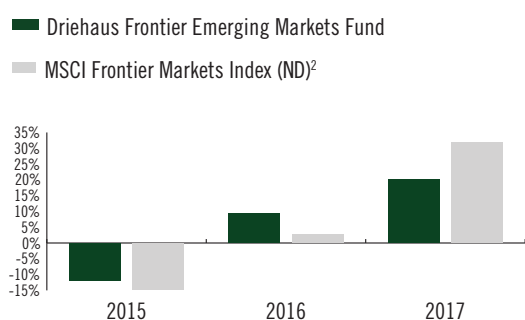
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**% MONTH-END ANNUAL TOTAL RETURN** (as of 1/31/18)

	MTH	YTD	1 Year	Inception <sup>1</sup>
<b>Driehaus Frontier Emerging Markets Fund</b>	<b>5.99</b>	<b>5.99</b>	<b>22.74</b>	<b>7.61</b>
MSCI Frontier Markets Index (ND) <sup>2</sup>	5.73	5.73	30.71	7.40

**% QUARTER-END ANNUAL TOTAL RETURN** (as of 12/31/17)

	QTR	YTD	1 Year	Inception <sup>1</sup>
<b>Driehaus Frontier Emerging Markets Fund</b>	<b>6.96</b>	<b>20.04</b>	<b>20.04</b>	<b>5.53</b>
MSCI Frontier Markets Index <sup>2</sup> (ND)	5.61	31.86	31.86	5.42

**% CALENDAR YEAR RETURN** (Since Inception)

	2015*	2016	2017
<span style="color: green;">■</span>	-12.00	9.26	20.04
<span style="color: gray;">■</span>	-14.81	2.66	31.86

\*5/4/15 - 12/31/15

**ANNUAL FUND OPERATING EXPENSES<sup>3</sup>**

Management fee:	1.50%
Other expenses:	1.00%
Acquired Fund Fees and Expenses	0.01%
Total annual fund operating expenses:	2.51%
Expense Reimbursement:	(0.50%)
<b>Total Annual Fund Operating Expenses After Expense Reimbursement:</b>	<b>2.01%<sup>4</sup></b>

**PORTFOLIO CHARACTERISTICS**

	Fund	Benchmark
Number of Holdings	70	111
Weighted Avg. Market Cap (M)	\$4,702	\$5,978
Median Market Cap (M)	\$2,100	\$2,279
Est. 3-5 Year EPS Growth	21.7%	23.5%
Active Share	74.15	n/a
<b>Market Cap Breakout (%)</b>		
< \$5 billion	67.3	50.6
\$5 - \$15 billion	29.9	49.4
> \$15 billion	2.8	0.0

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance  
Data as of 1/31/18.

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.

<sup>1</sup>Inception date: 5/4/2015. <sup>2</sup>The Morgan Stanley Capital International Frontier Markets Index provides broad representation of the equity opportunity set while taking investability requirements into consideration within each market MSCI classifies as a frontier market. Data is in US Dollars. The net dividend (ND) index is calculated with net dividend reinvestment. <sup>3</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. <sup>4</sup>Driehaus Capital Management LLC, the Fund's investment adviser, has entered into a contractual agreement to cap the Fund's ordinary annual operating expenses at 2.00% of average daily net assets until the earlier of the termination of the investment advisory agreement, by the Board of Trustees or the Fund's shareholders, or May 3, 2018. The expense cap excludes interest, taxes, brokerage commissions and other investment-related costs and extraordinary expenses, including the acquired fund fees and expenses, resulting in the current total annual fund operating expenses after expense reimbursement of 2.02%. Pursuant to the agreement, and so long as the investment advisory agreement is in place, for a period of three years subsequent to the Fund's commencement of operations on May 4, 2015, the investment adviser is entitled to reimbursement for previously waived fees and reimbursed expenses to the extent that the Fund's expense ratio remains below the operating expense cap that was in place at the time of the waiver as well as the existing operating expense cap.

COUNTRY WEIGHTS (%)						SECTOR WEIGHTS(%)			
	Fund	Benchmark		Fund	Benchmark		Fund	Benchmark	Active Weights
Argentina	17.1	21.6	Nigeria	3.9	7.3	Consumer Discretionary	7.9	0.4	7.4
Bahrain	0.0	3.4	Oman	0.0	2.2	Consumer Staples	5.3	10.4	-5.2
Bangladesh	12.5	2.6	Pakistan	1.0	0.0	Energy	6.0	8.0	-2.1
Botswana	0.8	0.0	Romania	4.2	3.7	Financials	31.8	45.0	-13.3
Cambodia	0.7	0.0	Saudi Arabia	3.1	0.0	Health Care	7.3	2.8	4.5
Croatia	0.5	1.6	Senegal	1.0	0.8	Industrials	9.5	4.1	5.4
Egypt	4.9	0.0	Slovenia	0.0	1.6	Information Technology	3.5	0.9	2.6
Estonia	0.7	0.4	Serbia	0.0	0.2	Materials	8.2	5.1	3.1
Georgia	0.9	0.0	Sri Lanka	0.7	1.2	Real Estate	2.0	5.9	-4.0
Ghana	0.2	0.0	Suriname	0.9	0.0	Telecomm. Services	7.9	13.5	-5.6
Ivory Coast	0.0	0.2	Switzerland	0.5	0.0	Utilities	2.4	3.7	-1.3
Jordan	2.0	1.2	Thailand	1.9	0.0	Cash	8.3	0.0	8.3
Kazakhstan	1.9	2.3	Togo	0.0	0.3				
Kenya	2.8	4.7	Tunisia	0.0	0.4				
Kuwait	5.3	15.7	UAE	1.7	0.0				
Lebanon	0.0	2.3	United Kingdom	2.2	0.0				
Lithuania	0.0	0.2	United States	0.0	0.7				
Luxembourg	1.8	0.9	Vietnam	17.2	14.3				
Mauritius	0.0	2.3	Cash	8.3	0.0				
Morocco	1.4	7.8							

TOP 5 HOLDINGS<sup>1</sup> (as of 12/31/17)

Company	Sector	Country	% of Fund
Brac Bank Limited	Financials	Bangladesh	4.8
Grupo Financiero Galicia SA Sponsored ADR Class B	Financials	Argentina	4.5
National Bank of Kuwait K.S.C.	Financials	Kuwait	3.7
Airports Corporation of Vietnam	Industrials	Vietnam	2.6
MercadoLibre, Inc.	Information Technology	United States	2.2

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance  
Data as of 1/31/18. Benchmark: MSCI Frontier Markets Index (ND)  
<sup>1</sup>Holdings subject to change.

Driehaus Securities LLC, Distributor

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:** **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. **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. **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** measures 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. Source: eVestment Alliance. **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. **Sharpe ratio** is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation. **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. **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.