DRIEHAUS FRONTIER EMERGING MARKETS FUND

July 2015 Summary

Ticker: DRFRX

Key Features

- Active, growth approach to an attractive inefficient investment universe
- Benchmark-aware not benchmark-constrained investment approach—high active share
- Bias toward domestically driven growth companies
- Holistic investment process that incorporates macro and bottom-up analysis
- Focus on risk management
- Portfolio management team with several years of investment experience in frontier markets

Inception Date
May 4, 2015

Fund Assets Under Management
$22.2 million

Firm Assets Under Management
$10.8 billion

Investment Universe
Frontier markets all cap equity

Investment Style
Growth equity

Portfolio Managers
Chad Cleaver, CFA
Portfolio Manager
13 years of investment experience

Richard Thies
Assistant Portfolio Manager
8 years of investment experience

@DriehausCapital

Argentina Poised for Reform

Argentina, arguably the most famous example of a country that has made a habit out of burning foreign investors' hands, is once again firmly on the radar of frontier and emerging market portfolio managers. The country's long-term potential is easy to recognize: low levels of public debt (less than 40% of GDP), still-attractive demographics (median age of 29 years old), scant use of credit domestically, and a wealth of diverse natural resources. Thus far, the main obstacle to a brighter future for Argentina has been the Argentine policymakers themselves. However, the prospect of policy change is on the horizon. Year to date, the local Merval Index has rallied 27.8% as investors grow increasingly optimistic about the October presidential election. Even after such a strong return, we maintain a favorable outlook for the Argentine market due to the potential for a significant cost-of-equity adjustment to take place.

To provide a bit of background, following almost 25 years of Peronist rule and 13 years of Kirchner-family rule, the October elections will bring a much-needed change in government with Cristina Fernandez de Kirchner stepping down after her second term ends in December. While she will not physically be in office, the leading candidate from her party, Daniel Scioli, is hardly a new face, having served with the Kirchners since 2003. Scioli, leading in the polls, is in our view likely to pursue a gradual macroeconomic adjustment despite his allegiance to the Kirchners and the selection of a strong Kirchner supporter as vice president.

Beyond Scioli, Mauricio Macri, the center-right mayor of Buenos Aires sits second in the polls with a roughly equal chance of winning a second-round contest with Scioli. Macri, while limited somewhat by the composition of the legislature, would likely pursue a more meaningful policy adjustment. In the run-up to the first-round election in October, both of the frontrunners will likely move toward the center with proposed policies, hoping not to alienate the electorate outside of their base. A situation where Scioli campaigns with a more centrist message is one that would likely be positive for the market. We anticipate investors will overreact negatively to a Scioli victory as the market understates the likelihood of policy adjustment under him, and overreact to a Macri victory for the opposite reason. We will use such volatility to opportunistically adjust our positioning.

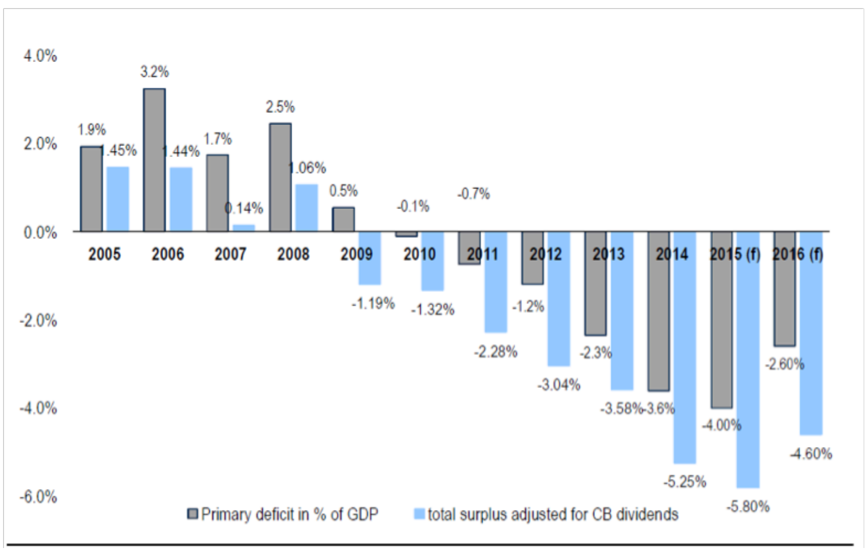
Following are a couple of key conclusions we drew during our visit to Buenos Aires earlier this year. While the second half of the year is likely to be marked by high volatility, we see significant opportunities in Argentine equities.

Big problems, easy fixes

The most attractive aspect of the Argentine market remains how big the problems are and how easy (relatively) they are to fix. While we acknowledge that the country has several major problems, the root causes of most are obvious—namely, lack of access to international markets and a huge subsidy fiscal burden. These two issues have combined to increase borrowing costs, reduce USD supply locally, and have massively increased inflation, which has depressed the economy for many years.

On the first issue, it is encouraging that all of the major candidates have now said that coming to an agreement with debt-settlement holdouts would be part of their agenda. This is the quickest way to increase dollar availability locally and would bring yields and implied cost of equity down immediately. While we have more confidence in Macri's ability to do this quickly, that Scioli is willing to put this forward ahead of the election is an encouraging sign of it being politically palatable, post-election. The second issue, subsidies, is equally important in our view. Argentina has gone from having regular primary budget surpluses to having growing deficits, mainly as a result of an increase in the energy subsidy burden (Exhibit 1). The government will likely have a deficit equal to 6% of GDP this year, with 4.5% of that coming from total subsidy spending and the lion's share of that (4% of GDP) being energy subsidies.

Exhibit 1: The Argentine budget has gone from regular surpluses to growing deficits, largely resulting from energy subsides



Source: MECON, BTG Pactual

For most homeowners in Argentina, electricity is effectively free ($0.02/kwh as compared to $0.24 in neighboring Uruguay), a situation that most Argentines we spoke with acknowledge must change. The deficit creates an especially negative situation in Argentina as the lack of access to international markets means that budget deficits are financed by the central bank, creating rapid monetary growth and extremely high inflation. Breaking this cycle by reducing energy subsidies is required to put the country on a solid macroeconomic footing as well as to ensure increased investment in the energy sector once again.

Drivers of equity returns

Over the near term, equity returns will likely be driven by changes in the cost of equity rather than earnings changes. Regardless of the winner in the upcoming elections, progress will be slow to materialize in the real economy, especially in the energy sector, which comprises roughly 50% of the local index.

The most appealing sector of the economy, the banking sector, generates a remarkably high return on equity (aided by high inflation rates), and does so effectively without making loans. Generating more credit growth is central to a brighter long-term outlook, however, and a credit cycle will likely take years to develop even if more favorable policies materialize.

The remainder of the market is mostly agriculture and mining, with the former sector potentially a significant beneficiary of tariff liberalization. Overall though, the likelihood of a broad earnings recovery in 2016 seems low to us.

Exhibit 2: Argentine 2024 USD bond spread over Colombian peers remains too high (550bps) in an adjustment scenario

Source: Bloomberg

The potential for strong equity returns remains as bond yields are far too high if even a gradual policy normalization process begins. In an environment where Argentina again has access to international markets and normalizes energy subsidies, it has better credit fundamentals than peers (aside from the obvious 'has a history of default' metric). Compared to the long-term fiscal outlook in Colombia, for example, Argentina's accounts look far better. Despite this, USD bonds in Argentina (which we view as the best proxy for the cost of equity), trade at a 550 basis point spread to Colombian equivalent USD bonds (Exhibit 2), leaving ample room for compression and upside for equity returns.

Until next month,

Chad Cleaver
Portfolio Manager

Rich Thies
Assistant Portfolio Manager

% MONTH-END & QUARTER-END AVERAGE ANNUAL TOTAL RETURN (as of 7/31/15)

	MTH	QTR[1]	Inception[1]
Driehaus Frontier Emerging Markets Fund	-0.51%	-0.51%	-2.80%
MSCI Frontier Markets Index[2]	-2.90%	-2.90%	-6.43%

ANNUAL FUND OPERATING EXPENSES[4]

Management fee:	1.50%
Other expenses:	0.77%
Total annual fund operating expenses:	2.27%
Expense Reimbursement:	(0.27%)
Total Annual Fund Operating Expenses After Expense Reimbursement:	**2.00%**

PORTFOLIO CHARACTERISTICS

	Fund	Benchmark
Number of Holdings	85	124
Weighted Avg. Market Cap (M)	$3,133	$4,849
Median Market Cap (M)	$1,135	$1,579
Est. 3-5 Year EPS Growth	12.5%	14.1%
Active Share	79.41	n/a
Market Cap Breakout		
< $5 billion	81.2%	69.6%
$5 - $15 billion	13.3%	29.9%
> $15 billion	3.8%	0.5%

TOP 5 HOLDINGS[3] (as of 6/30/15)

Company	Sector	Country	% of Fund
Brac Bank Limited	Financials	Bangladesh	4.3%
Letshego Holdings Limited	Financials	Botswana	3.4%
IRSA Inversiones y Representaciones SA Sponsored ADR	Financials	Argentina	3.1%
Zenith Bank PLC	Financials	Nigeria	3.1%
Commercial International Bank (Egypt) SAE Sponsored GDR RegS	Financials	Egypt	3.1%

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 7/31/15.

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 for more current performance information.

[1]Inception date: 5/4/2015. [2]Benchmark: 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 33 countries as frontier markets, 24 of which are included in the MSCI Frontier Markets Index. [3]Holdings subject to change. [4]Represents the Annual Fund Operating Expenses as disclosed in the current prospectus dated April 15, 2015. 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. "Other Expenses" are estimated for the current fiscal year because the Fund did not commence operations until May 4, 2015. Driehaus Capital Management LLC, the Fund's investment adviser, has entered into a contractual agreement to cap the Fund's ordinary annual operating expenses (excluding interest, taxes, brokerage commissions and other investment-related costs and extraordinary 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 April 30, 2018. 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.

COUNTRY WEIGHTS

	Fund	Benchmark	*Active weights*
Argentina	5.4%	10.4%	-5.0%
Bangladesh	8.2%	2.6%	5.6%
Botswana	4.9%	0.0%	4.9%
Bulgaria	0.2%	0.1%	0.1%
Cambodia	0.5%	0.0%	0.5%
Canada	0.7%	0.0%	0.7%
Colombia	0.5%	0.0%	0.5%
Egypt	3.3%	0.0%	3.3%
Jersey	1.3%	0.0%	1.3%
Kazakhstan	0.8%	2.4%	-1.6%
Kenya	2.7%	5.0%	-2.3%
Kuwait	5.0%	21.9%	-16.9%
Nigeria	3.6%	12.5%	-8.9%
Pakistan	9.1%	9.9%	-0.7%
Romania	3.0%	1.3%	1.7%
Saudi Arabia	3.7%	0.0%	3.7%
Singapore	0.7%	0.0%	0.7%
Slovenia	0.4%	2.3%	-1.9%
South Africa	1.2%	0.0%	1.2%
South Korea	0.2%	0.0%	0.2%
Sri Lanka	7.0%	2.1%	4.9%
Thailand	2.3%	0.0%	2.3%
Togo	0.7%	0.7%	0.0%
United Arab Emirates	3.9%	0.0%	3.9%
United Kingdom	1.3%	0.0%	1.3%
United States	0.5%	0.0%	0.5%
Vietnam	8.5%	4.2%	4.3%
Zimbabwe	0.2%	0.0%	0.2%
Cash	20.2%	0.0%	20.2%*
Unassigned	0.0%	0.0%	

*Above-average cash position due to large end-of-month contributions.

SECTOR WEIGHTS

	Fund	Benchmark	*Active Weights*
Consumer Discretionary	4.5%	0.4%	4.1%
Consumer Staples	10.1%	7.7%	2.3%
Energy	4.0%	11.1%	-7.1%
Financials	40.6%	52.1%	-11.5%
Health Care	2.4%	3.0%	-0.6%
Industrials	4.2%	3.3%	0.9%
Materials	5.2%	7.5%	-2.4%
Telecomm. Services	6.1%	13.6%	-7.5%
Utilities	1.4%	1.2%	0.2%
Cash	20.2%	0.0%	20.2%*
Unassigned	1.4%	0.0%	1.4%

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 7/31/15. Benchmark: MSCI Frontier Markets Index

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. 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 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. 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.