

Country Spotlight: Egypt

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

\$82.4 million

FIRM ASSETS UNDER MANAGEMENT

\$8.6 billion

INVESTMENT UNIVERSE

Frontier markets all cap equity

INVESTMENT STYLE

Growth equity

PORTFOLIO MANAGERS



Chad Cleaver, CFA
Lead Portfolio Manager
14 years experience



Richard Thies
Portfolio Manager
9 years of investment experience

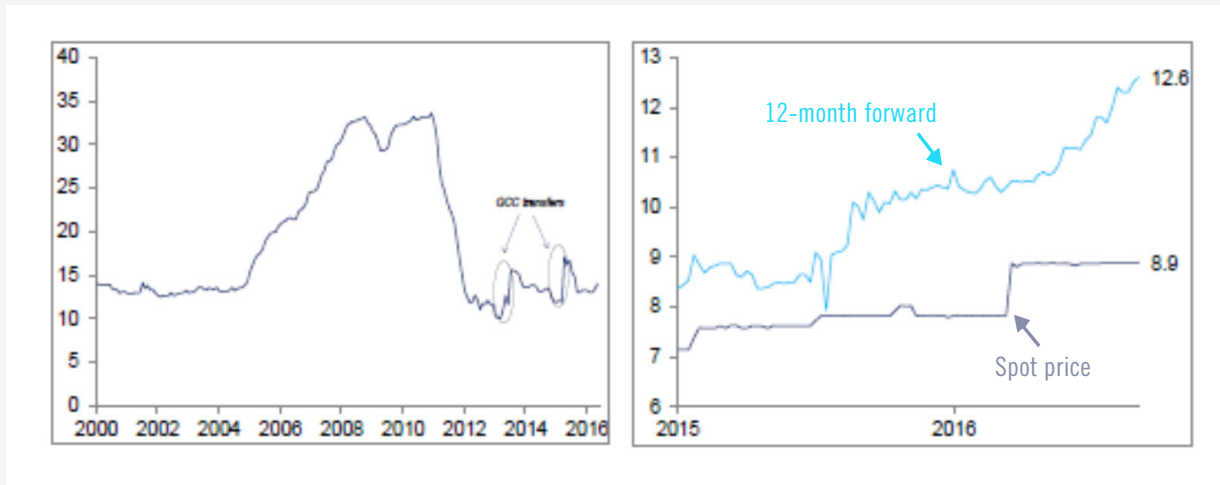
The effect of shifts in a country's policy environment is a far more significant driver of equity returns within less developed markets than for their more developed counterparts. You do not have to follow frontier markets for long to find examples of this at play. Argentina's emergence from the isolation of Kirchnerismo and Nigeria's mistrust of monetary orthodoxy spring quickly to mind.

While predicting the trajectory, outcome and timing of these shifts can prove challenging, a number of frontier and emerging markets are in the process of improving macroeconomic conditions and policy rationality—in turn generating attractive investment opportunities. Egypt is one such market in which the challenges and missteps of recent years appear to be giving way to renewed reform progress and policy orthodoxy, reinforced by the recently announced International Monetary Fund's USD 5-6 billion Extended Fund Facility for Egypt that is pending implementation.

In the wake of the January 25 Revolution that saw the deposition of President Hosni Mubarak, Egypt passed through a period of crisis that included a 2013 coup d'état and culminated in the ascendance of Abdel el-Sisi to the presidency in 2014. Since assuming control, el-Sisi has contended with a variety of issues from the need to re-establish the legitimacy and stability of the country's institutions to regional unrest and economic strain attributable to a unique combination of toxic geopolitical circumstances and collapsing oil prices. Over the past year, greater perceived political stability in Egypt and dwindling international reserves have brought the administration around to reform.

In that respect, el-Sisi's administration has already seized the initiative on a broad array of reforms targeted at addressing domestic energy, civil service bureaucracy, tax policy and the privatization of state-owned enterprises. The previously mentioned IMF agreement is expected to not only support the government's structural reform efforts but also to bring about greater exchange rate flexibility and improved domestic FX liquidity in the near term (Exhibit 1). The lack of these conditions has been challenging for foreign investors and Egyptian corporates alike. Importantly, this monetary flexibility will inevitably come by way of a meaningful devaluation—likely greater than 30%—eroding returns for investors in locally held assets near term, but supporting renewed foreign flows and a rebuilding of central bank reserves.

**Exhibit 1: Egypt central bank reserves (left)
and exchange rate for spot price and 12-month forward (right)**



Source: Arqaam Capital, Haver Analytics and Bloomberg

The renewed push for reform in Egypt represents a particularly attractive long-term opportunity, in part because of the latent potential of Egypt's economy. As of 2015, the country had a population of 92 million, GDP per capita of USD 3,600, a market capitalization-to-GDP of just 3% (below the frontier average of 11%), and local equity market valuations about 30% below those of peer markets in forward P/E terms. Though simplistic, these characteristics reinforce the ways in which Egypt represents an attractive convergence opportunity if key constraints to economic productivity and capital flows are removed.

Headwinds remain, but we see light at the end of the tunnel. There are ample rewards available for investors that are cognizant of the risks at play and can identify equity stories that will either rise above or benefit from the ongoing structural adjustments and FX liberalization.

While reform progress is never guaranteed, we see several reasons to believe that political momentum is building for reform in Egypt. If that view proves true, investment returns will likely follow. Though our Egyptian positioning remains selective at present, we expect conditions on the ground to become increasingly constructive as reform programs take effect, foreign capital enters the market, and the coming devaluation shrinks into the rearview mirror.

Until next month,

Chad Cleaver
Lead Portfolio Manager

Rich Thies
Portfolio Manager

Disclosures

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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.

Driehaus Securities LLC, Distributor

% MONTH-END ANNUAL TOTAL RETURN (as of 8/31/16)

	MTH	YTD	1 Year	Inception ¹
DrieHaus Frontier Emerging Markets Fund	-0.41	9.32	5.71	-2.87
MSCI Frontier Markets Index ²	-1.12	0.00	-3.40	-11.32

% QUARTER-END ANNUAL TOTAL RETURN (as of 6/30/16)

	QTR	YTD	1 Year	Inception ¹
DrieHaus Frontier Emerging Markets Fund	6.64	5.80	-4.71	-5.98
MSCI Frontier Markets Index ²	0.63	-0.13	-11.69	-12.96

ANNUAL FUND OPERATING EXPENSES⁴

Management fee:	1.50%
Other expenses:	2.39%
Acquired Fund Fees and Expenses	0.02%
Total annual fund operating expenses:	3.91%
Expense Reimbursement:	(1.89%)
Total Annual Fund Operating Expenses After Expense Reimbursement:	2.02%

PORTFOLIO CHARACTERISTICS

	Fund	Benchmark
Number of Holdings	89	117
Weighted Avg. Market Cap (M)	\$3,105	\$4,055
Median Market Cap (M)	\$866	\$1,512
Est. 3-5 Year EPS Growth	11.8%	16.1%
Active Share	77.16	n/a
Market Cap Breakout		
< \$5 billion	83.4%	76.0%
\$5 - \$15 billion	15.3%	23.6%
> \$15 billion	1.2%	0.4%

TOP 5 HOLDINGS³ (as of 7/31/16)

Company	Sector	Country	% of Fund
Safaricom Limited	Telecommunication Services	Kenya	4.7%
Banca Transilvania SA	Financials	Romania	3.7%
Zenith Bank PLC	Financials	Nigeria	3.3%
Vietnam Dairy Products Corp.	Consumer Staples	Vietnam	3.0%
Commercial International Bank (Egypt) SAE Sponsored GDR RegS	Financials	Egypt	2.9%

Sources: DrieHaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance Data as of 8/31/16.

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.

¹Inception date: 5/4/2015. ²Benchmark: 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. ³Holdings subject to change. ⁴Represents 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. 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 May 3, 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 as well as the existing operating expense cap.

COUNTRY WEIGHTS

	Fund	Benchmark		Fund	Benchmark
Argentina	5.9%	14.6%	Oman	0.0%	4.3%
Bahrain	0.0%	3.2%	Pakistan	13.6%	10.0%
Bangladesh	10.5%	2.5%	Panama	0.9%	0.0%
Botswana	0.5%	0.0%	Qatar	0.6%	0.0%
Bulgaria	0.0%	0.1%	Romania	6.9%	3.8%
Cambodia	1.5%	0.0%	Saudi Arabia	0.2%	0.0%
Canada	1.0%	0.0%	Senegal	0.8%	0.0%
Colombia	1.2%	0.0%	Singapore	1.3%	0.0%
Croatia	0.9%	1.4%	Slovenia	0.0%	2.0%
Egypt	4.8%	0.0%	Srb	0.0%	0.2%
Estonia	0.8%	0.5%	Sri Lanka	2.6%	1.8%
Georgia	0.8%	0.0%	Tanzania	0.8%	0.0%
Jersey	0.4%	0.0%	Thailand	1.0%	0.0%
Jordan	0.0%	1.1%	Togo	0.0%	0.3%
Kazakhstan	0.0%	1.7%	Tunisia	0.0%	0.6%
Kenya	7.2%	5.0%	United Arab Emirates	3.7%	0.0%
Kuwait	0.0%	18.0%	United Kingdom	1.2%	0.0%
Lebanon	0.0%	3.4%	United States	0.9%	1.1%
Lithuania	0.0%	0.1%	Vietnam	12.2%	4.2%
Mauritius	0.0%	3.2%	Cash	11.8%	0.0%
Morocco	1.0%	8.6%			
Nigeria	5.0%	8.2%			

SECTOR WEIGHTS

	Fund	Benchmark		Active Weights
Consumer Discretionary	3.6%	1.2%		2.4%
Consumer Staples	11.2%	6.4%		4.8%
Energy	1.3%	9.0%	-7.7%	
Financials	35.1%	47.6%	-12.5%	
Health Care	4.7%	3.1%		1.6%
Industrials	6.9%	2.8%		4.2%
Information Technology	0.0%	1.1%	-1.1%	
Materials	9.7%	8.4%		1.3%
Real Estate	2.6%	5.0%	-2.3%	
Telecomm. Services	7.4%	13.8%	-6.4%	
Utilities	5.6%	1.5%		4.0%
Cash	11.8%	0.0%		11.8%
Unassigned	0.0%	0.0%		0.0%

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 8/31/16. 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.