

Driehaus Frontier Emerging Markets Fund

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

\$80.9 million

FIRM ASSETS UNDER MANAGEMENT

\$8.1 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



Country Visit: Sri Lanka

While much of South Asia has undergone a powerful bull market over the past few years on account of commodity prices coming down, investment from China growing, and domestic consumption accelerating, performance in Sri Lanka has been more mixed. Turnover in Sri Lanka in aggregate has come down significantly, rendering a former market darling to little more than an afterthought for many foreign investors. Given the structural appeal of parts of the Sri Lankan equity market and the lack of attention paid to it by foreign investors, this seemed an interesting time to visit the country and evaluate whether it might be approaching a positive turning point.

In 2014, we were optimistic about Sri Lankan equities and saw similar features to their regional peers Pakistan and Bangladesh. However, the political transition in late 2014 brought about some unwelcomed developments. First, companies earning net profits greater than a certain threshold were subject to a one-off excess profits tax. Additionally, just as several investment projects were on the cusp of getting off the ground, the new government asked that they be renegotiated, leading investment momentum to stall and uncertainty to rise. Lastly, the status of a proposed waterfront casino project became unclear, impacting one of the larger listed equities on the Colombo Stock Exchange.

The tone of my meetings centered around two major themes, taxes and regulation. Seemingly, every industry is seeing its tax burden rise, and not by a trivial amount. Everyone from spirits producers to telecom operators to engineering firms has faced rising taxes and regulations. However, the small and medium enterprise (SME) sector has largely been spared from such measures, so firms catering to SMEs had a relatively more optimistic outlook.

The influence of Chinese investment is clear as one drives around Colombo, with residential projects, expressways, and water infrastructure projects either underway or soon to commence. One of the fund's positions in Sri Lanka is a firm that specializes in front-end engineering and design, and serves as a key subcontractor for the large Chinese and Japanese engineering, procurement and construction (EPC) firms. However, these investment projects have had their fair share of glitches, such as the stalling of a large land reclamation project adjacent to the Colombo Port, and the conflicting interests of neighboring India, who wants to ensure its stake in a strategically important country without allowing too much influence to be ceded to China.

The areas of opportunity remain significant for Sri Lanka as favorable demographics lie ahead for the next 10 to 20 years. After decades of conflict that ended in 2009, Sri Lankan equities enjoyed a tremendous bull market and tourism returned to the country, which is home to beautiful

beaches, tea plantations and historical sites. The potential to increase tourism revenues, particularly in the higher end segment, is clear.

Additionally, despite stable inflation, interest rates have been on an upward trajectory as a result of accelerated government borrowing. Moving toward a clearer regulatory regime and a more orthodox fiscal policy, in contrast to the current environment of higher taxes and higher spending,

would be a move that would be welcomed by international investors.

For now, investing in Sri Lanka remains about picking areas of the market that are either in a growth phase, such as

“For now, investing in Sri Lanka remains about picking areas of the market that are either in a growth phase, such as infrastructure-related companies, or are less affected by taxes and regulation, such as companies with meaningful exposure to SMEs.”

infrastructure-related companies, or are less affected by taxes and regulation, such as companies with meaningful exposure to SMEs. We remain attentive to larger companies in the index that are in the midst of capex cycles, watching for the point at which they emerge with stronger market positions and better cash flows, yet are finding it too early to take a position at this point.

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 December 8, 2016 and are subject to change at any time due to changes in market or economic conditions. The commentary has not been updated since December 8, 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 (800) 560-6111. Please read the prospectus and summary prospectus carefully before investing.

Driehaus Securities LLC, Distributor

% MONTH-END ANNUAL TOTAL RETURN (as of 11/30/16)

	MTH	YTD	1 Year	Inception ¹
DrieHaus Frontier Emerging Markets Fund	-2.19	6.48	6.12	-4.04
MSCI Frontier Markets Index ² (ND) (Benchmark)	-1.78	-0.05	-0.35	-9.79
MSCI Frontier Markets Index ² (GD)	-1.77	0.40	0.11	-9.40

% QUARTER-END ANNUAL TOTAL RETURN (as of 9/30/16)

	QTR	YTD	1 Year	Inception ¹
DrieHaus Frontier Emerging Markets Fund	4.19	10.23	9.11	-2.14
MSCI Frontier Markets Index ² (ND) (Benchmark)	2.65	2.16	0.91	-9.48
MSCI Frontier Markets Index ² (GD)	2.74	2.60	-1.37	-9.06

PORTFOLIO CHARACTERISTICS

	Fund	Benchmark
Number of Holdings	89	118
Weighted Avg. Market Cap (M)	\$2,241	\$4,163
Median Market Cap (M)	\$822	\$1,623
Est. 3-5 Year EPS Growth	9.3%	8.2%
Active Share	77.07	n/a
Market Cap Breakout		
< \$5 billion	89.4%	69.5%
\$5 - \$15 billion	10.6%	30.5%
> \$15 billion	0.0%	0.0%

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%⁵

TOP 5 HOLDINGS³ (as of 10/31/16)

Company	Sector	Country	% of Fund
Banca Transilvania SA	Financials	Romania	4.5%
Safaricom Limited	Telecommunication Services	Kenya	4.1%
Banco Macro SA Sponsored ADR Class B	Financials	Argentina	3.7%
Grupo Financiero Galicia SA Sponsored ADR Class B	Financials	Argentina	3.7%
Zenith Bank PLC	Financials	Nigeria	2.9%

Sources: DrieHaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 11/30/16.

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. ²The 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. The gross dividend (GD) index is calculated with gross dividend reinvestment. The benchmark has changed from the MSCI Frontier Markets Index (GD) to the MSCI Frontier Markets Index (ND) because the net index is more commonly used industry wide and is a more representative comparison versus the fund because it is presented net of foreign withholding taxes. 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. ⁵DrieHaus 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

	Fund	Benchmark		Fund	Benchmark
Argentina	8.3%	13.0%	Panama	0.9%	0.0%
Bahrain	0.0%	3.0%	Poland	0.4%	0.0%
Bangladesh	13.0%	2.4%	Qatar	0.6%	0.0%
Botswana	0.6%	0.0%	Romania	6.3%	3.5%
Canada	0.3%	0.0%	Saudi Arabia	1.4%	0.0%
Colombia	1.4%	0.0%	Senegal	0.8%	0.0%
Croatia	1.0%	1.5%	Singapore	1.2%	0.0%
Egypt	3.7%	0.0%	Slovenia	0.0%	1.6%
Estonia	0.8%	0.4%	Serbia	0.0%	0.2%
Georgia	0.8%	0.0%	Sri Lanka	2.8%	1.7%
Jordan	0.0%	1.3%	Tanzania	0.9%	0.0%
Kazakhstan	0.0%	1.7%	Thailand	3.1%	0.0%
Kenya	6.7%	4.8%	Togo	0.0%	0.2%
Kuwait	0.0%	18.6%	Tunisia	0.0%	0.5%
Lebanon	0.0%	3.6%	United Arab Emirates	1.9%	0.0%
Lithuania	0.0%	0.1%	United Kingdom	5.0%	0.0%
Mauritius	0.0%	3.1%	United States	1.0%	1.1%
Morocco	1.0%	8.6%	Vietnam	9.4%	8.3%
Nigeria	4.6%	7.3%	Cash	8.2%	0.0%
Oman	0.0%	4.0%			
Pakistan	13.7%	9.6%			

SECTOR WEIGHTS

	Fund	Benchmark	Active Weights
Consumer Discretionary	5.0%	1.2%	3.8%
Consumer Staples	7.8%	9.8%	-2.1%
Energy	1.9%	8.5%	-6.6%
Financials	37.8%	45.1%	-7.2%
Health Care	5.2%	2.7%	2.5%
Industrials	8.0%	3.2%	4.8%
Information Technology	0.0%	0.9%	-0.9%
Materials	9.7%	8.4%	1.4%
Real Estate	2.4%	5.2%	-2.7%
Telecomm. Services	7.6%	13.6%	-6.0%
Utilities	6.0%	1.5%	4.6%
Cash	8.5%	0.0%	8.5%
Unassigned	0.0%	0.0%	0.0%

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 11/30/16. Benchmark: MSCI Frontier Markets Index (ND)

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.