

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

\$19.6 million

FIRM ASSETS UNDER MANAGEMENT

\$8.8 billion

INVESTMENT UNIVERSE

Frontier markets all cap equity

INVESTMENT STYLE

Growth equity

PORTFOLIO MANAGERS



Chad Cleaver, CFA
Portfolio Manager
13 years experience



Richard Thies
Assistant Portfolio Manager
8 years of investment experience

Macro Overview

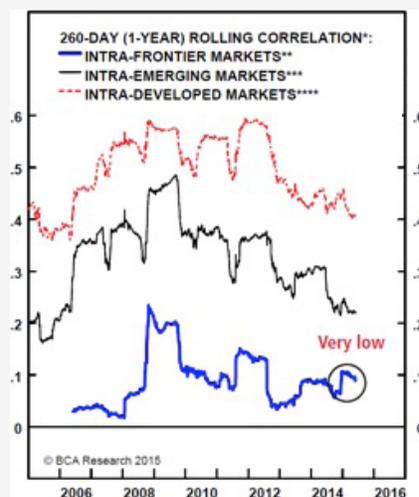
The backdrop for frontier markets remains highly selective, with the divide between commodity producers and commodity consumers being the overarching driver of relative returns within the asset class. Exhibit 1 examines the rolling pairwise correlation among the countries that make up the MSCI Frontier Markets Index. It shows that the constituents' economic dispersion creates a unique backdrop to apply an alpha-generative country-selection approach. While the heavy weightings in the index are comprised of oil producing nations such as Kuwait and Nigeria, they are offset by oil importers such as Pakistan and Bangladesh.

Beyond commodity prices, the big story in the fourth quarter was the stunning victory of Mauricio Macri in the Argentine presidential elections. Peronist candidate

Daniel Scioli was heavily favored in polls leading up to the first round election, where Macri delivered a stunning result, forcing a run-off. Macri rode the momentum from a perceived tacit endorsement from third candidate Sergio Massa, and markets quickly priced in a Macri victory in the runoff election. Looking ahead, president-elect Macri has a tall order in front of him, but the intermediate-term prospects for reform remain strong.

During the quarter, we visited Romania, Pakistan and Saudi Arabia, while also spending some time in Dubai meeting with corporate executives of many of the fund's holdings. We wrote extensively about the [Romania visit](#) in September, and had the following observations from the visits to Saudi Arabia and Pakistan.

Exhibit 1: Correlations between frontier markets remain low



*Source: MSCI

**Includes 17 frontier market countries

***Includes 22 emerging market countries

****Includes 22 developed market countries

Saudi Arabia

Sell-side analysts have increasingly discussed the possibility of a de-pegging of the Saudi riyal, a currency that has been linked to the US dollar for more than 30 years (Exhibit 2). At face value, this appears a hasty conclusion when considering the historical parallel of the late 1990s when crude oil traded as low as \$12 per barrel (versus about \$35 today), Saudi debt-to-GDP hovered around 100% (versus no debt today), and foreign currency reserves were about \$14 billion (versus \$650 billion today). While anything can happen, we would expect authorities to consider an array of different policy options before de-pegging the currency. Such an act might result in capital outflows and further aggravate the pressure on Saudi's balance of payments. The fund's primary exposure to Saudi is concentrated in the health care sector, where we see significant spending, a low likelihood of subsidy cuts, and attractive structural fundamentals.

Pakistan

This past quarter the Pakistan press was abuzz about recent data suggesting the size of its consumer economy to be in the range of \$290 billion, before even considering the informal economy. Additionally, the country's petroleum minister highlighted that Pakistan has "risked technically recoverable" shale gas resources of 95 trillion cubic meters (TCF) and 14 billion barrels of oil. While geological considerations and oil price dynamics may not allow these resources to be unlocked in the near term, such a development would strengthen the local power and manufacturing sectors in the economy, as Pakistan's conventional reserves stand at 20 TCF and 385 million barrels of gas and oil, respectively.

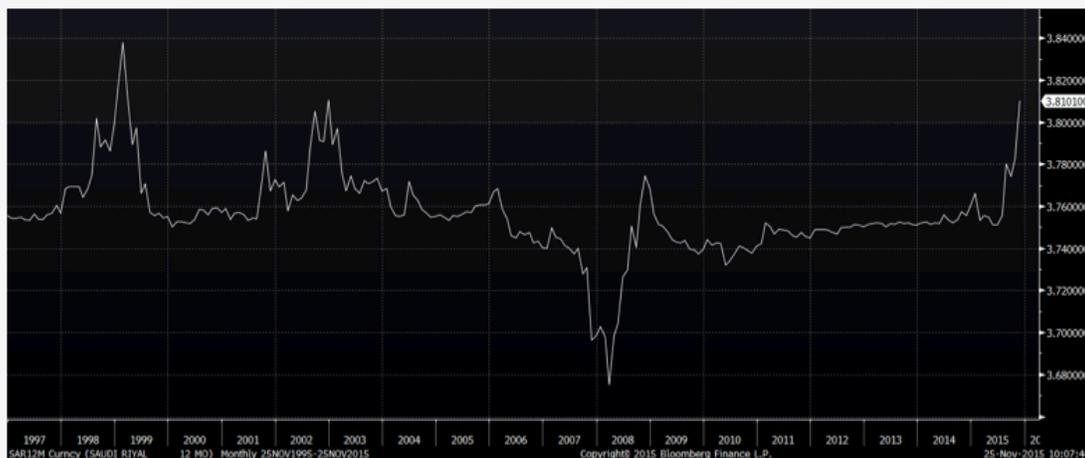
However, law and order concerns remain a fact of life as illustrated by the violence that broke out during my stay ahead of local elections. A looming water crisis also presents problems for Pakistan, whose economy remains heavily influenced by agriculture. Such a crisis would also

diminish the country's ability to capitalize on the shale resources, which require significant amounts of water to produce.

Meanwhile, the power sector, a long-standing roadblock for Pakistani economic growth prospects, is on the cusp of reaping significant investment. Power projects associated with the \$46 billion China-Pakistan Economic Corridor are soon to start construction, and local companies are compelled by attractive, dollarized returns offered by the sector. Firsthand, I witnessed much improved road infrastructure. While there is a long way to go, improvements such as these will bolster business confidence amid the ongoing favorable macro environment.

We remain invested across various sectors in Pakistan, including banks, cement, consumer and power. While the country faces numerous challenges in its path to development, we see positive change unfolding that should lead to strong earnings growth across these areas.

Exhibit 2:
Saudi Riyal 12-Month Forward Points



Source: Bloomberg

Performance Review and Portfolio Positioning

The Driehaus Frontier Emerging Markets Fund returned -1.01%¹ for the fourth quarter, compared to the MSCI Frontier Markets Index return of -1.20%.

At the sector level, outperformance was driven by security selection within materials and consumer discretionary, while detractors to performance included an underweight to, and security selection within, energy, as well as selection within health care. From a country perspective, holdings in Bangladesh and Kuwait contributed to returns and Argentina and Botswana detracted value.

As of quarter-end, the fund was overweight utilities and the consumer sectors, as well



Frontier Markets Industry Spotlight

Mobile money is flourishing amid increased market penetration by formal banking and telecoms within frontier markets. Read more about this growing industry in our commentary, "[Making Mobile Money.](#)"

as Bangladesh and Romania. The strategy held significant underweights to the energy, financials and telecom sectors, as well as to Kuwait and Nigeria.

Outlook

We maintain a positive bias in the portfolio toward domestic demand and commodity-importing countries that have persisted for several quarters. We have slowly added to recovery growth stocks, and we continue to find a strong pipeline of ideas in areas like Bangladesh and Central and Eastern

Europe. We believe that country selection within this framework will prove to be an important differentiating factor of frontier market returns in the year ahead.

Until next month,

Chad Cleaver
Portfolio Manager

Rich Thies
Assistant Portfolio Manager

¹Performance 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. The Fund will charge a redemption fee of 2.00% on shares held less than 60 days. Performance data represents the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). Average annual total return reflects annualized change, while cumulative total return reflects aggregate 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. Sources: Driehaus Capital Management LLC, Factset, Reuters and MSCI Indices.

% MONTH-END ANNUAL TOTAL RETURN (as of 12/31/15)

	MTH	Inception ¹
Driehaus Frontier Emerging Markets Fund	-0.34%	-12.00%
MSCI Frontier Markets Index ²	-0.29%	-14.78%

% QUARTER-END AVERAGE ANNUAL TOTAL RETURN (as of 12/31/15)

	QTR ¹	Inception ¹
Driehaus Frontier Emerging Markets Fund	-1.01%	-12.00%
MSCI Frontier Markets Index ²	-1.20%	-14.78%

PORTFOLIO CHARACTERISTICS

	Fund	Benchmark
Number of Holdings	85	120
Weighted Avg. Market Cap (M)	\$2,376	\$4,235
Median Market Cap (M)	\$1,018	\$1,496
Est. 3-5 Year EPS Growth	17.8%	16.5%
Active Share	77.31	n/a
Market Cap Breakout		
< \$5 billion	87.5%	73.2%
\$5 - \$15 billion	11.2%	26.5%
> \$15 billion	1.3%	0.3%

ANNUAL FUND OPERATING EXPENSES⁴

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%

TOP 5 HOLDINGS³ (as of 11/30/15)

Company	Sector	Country	% of Fund
Zenith Bank PLC	Financials	Nigeria	3.6%
Brac Bank Limited	Financials	Bangladesh	3.2%
Saigon Securities, Inc.	Financials	Vietnam	3.0%
Letshego Holdings Limited	Financials	Botswana	2.9%
Guaranty Trust Bank PLC	Financials	Nigeria	2.6%

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 12/31/15.

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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 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	6.6%	11.8%	-5.2%
Bangladesh	14.5%	2.5%	12.1%
Botswana	2.7%	0.0%	2.7%
Colombia	0.2%	0.0%	0.2%
Egypt	2.6%	0.0%	2.6%
Georgia	0.4%	0.0%	0.4%
Kenya	6.7%	5.4%	1.3%
Kuwait	4.9%	21.1%	-16.2%
Nigeria	4.1%	13.3%	-9.2%
Pakistan	13.3%	8.7%	4.7%
Poland	1.4%	0.0%	1.4%
Qatar	1.0%	0.0%	1.0%
Romania	7.7%	2.0%	5.7%
Saudi Arabia	1.0%	0.0%	1.0%
Senegal	1.4%	0.0%	1.4%
Sri Lanka	4.8%	1.9%	2.9%
Tanzania	1.0%	0.0%	1.0%
Thailand	2.6%	0.0%	2.6%
Togo	0.7%	0.7%	0.0%
Ukraine	0.5%	0.0%	0.5%
United Arab Emirates	2.8%	0.0%	2.8%
United Kingdom	1.4%	0.0%	1.4%
United States	2.6%	0.6%	2.0%
Vietnam	8.7%	4.0%	4.7%
Cash	6.3%	0.0%	6.3%

SECTOR WEIGHTS

	Fund	Benchmark	Active Weights
Consumer Discretionary	3.3%	0.4%	3.0%
Consumer Staples	12.2%	8.8%	3.4%
Energy	1.8%	9.1%	-7.2%
Financials	46.3%	53.4%	-7.1%
Health Care	3.3%	3.3%	0.0%
Industrials	3.6%	2.9%	0.7%
Materials	8.7%	7.4%	1.3%
Telecomm. Services	7.4%	13.0%	-5.6%
Utilities	6.4%	1.2%	5.3%
Cash	6.3%	0.0%	6.3%
Unassigned	0.6%	0.0%	0.6%

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eInvestment Alliance
Data as of 12/31/15. 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: eInvestment 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.