He Went Low, Now Watch Rates Go High

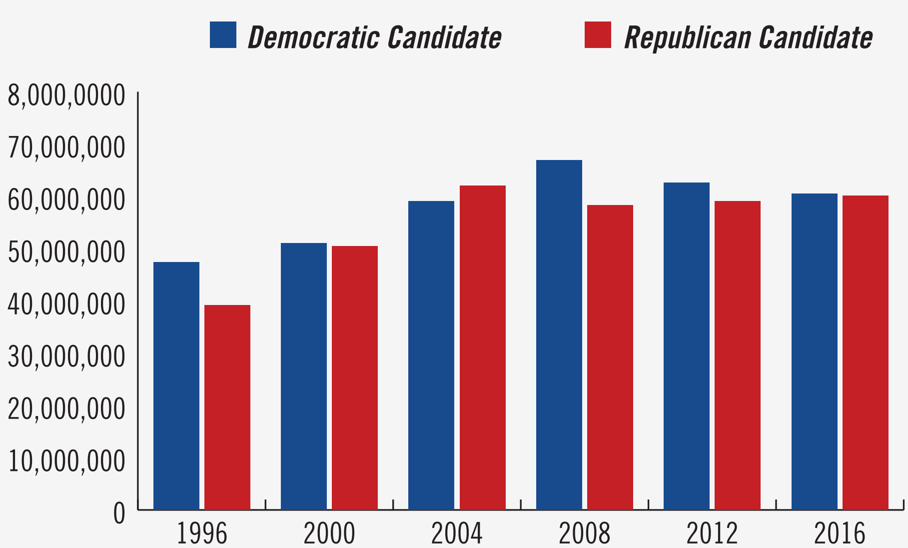
Oh boy was I wrong. Twelve months ago I predicted that Mr. Trump had no shot at becoming president and compared him to the political equivalent of Snookie from MTV's Jersey Shore. Now he's our president-elect. What a difference a year makes. I believed in the polls, and demographic trends. I think the demographic trends are still in place, but I'm not sure what to make of the polls going forward. They've largely whiffed on the last two presidential elections as they predicted Obama versus Romney would be really close (not close) and that Hillary would win comfortably (not winning, and not comfortable).

As badly as the press missed going into this election, they seem to be missing just as badly post-election. There are now countless articles about the "Trump surge" in voters across the nation. Upon further examination of the data in Exhibit 1, there wasn't much of a surge. Trump gathered less than 1 million votes more than Romney, who is now thought of as the soggy waffle of presidential candidates (no offense to Romney or his supporters, as many would've embraced such a soggy waffle for president this go around). What's more notable is the Hillary dip. She gathered over two million fewer votes than Obama in the 2012 election, and 6.3 million votes less than he did in 2008!

While I whiffed badly on the presidential outcome, not all of my recent predictions were garbage. I started jumping up and down about fixed income diversification a couple of months ago, and now many of you know why. The surge in Treasury yields has taken away a chunk of this year's fat fixed income returns…in the span of one week. For those who may have missed my aforementioned arguments, here are the Cliffs Notes:

1. Investors have a lot more duration than they think in their portfolios.
2. Investors have a lot less diversification than they think in their portfolios.
3. It appears as if inflationary pressures are on the rise.
4. Despite assertions #1-3, fund flows indicate that investors are allocating more money to fixed income than other asset classes…with yields hovering at all-time lows.

Exhibit 1: Vote Counts for Presidential Candidates (1996-2016)



Source: infoplease.com

So what happened? Exhibit 2 shows what the yield curve looked like at the end of the second quarter, versus the night before the election and versus now.

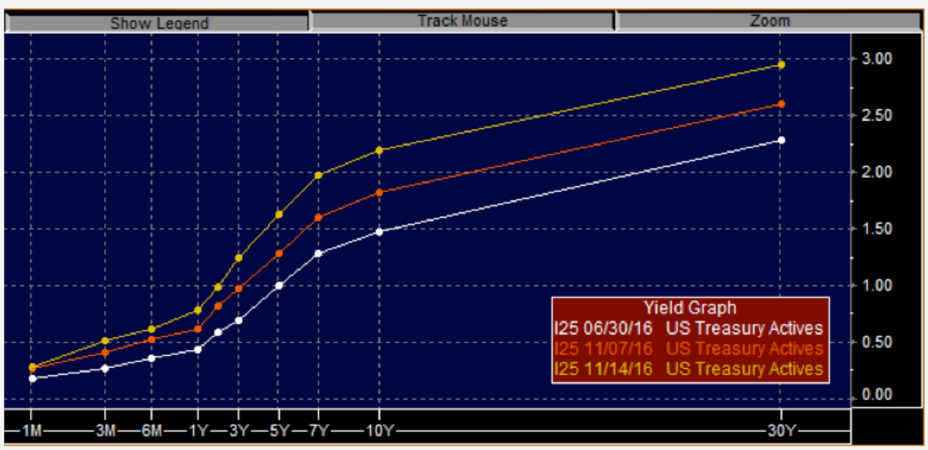
Bold call I know, but I think June 30 will prove to be the bottom in US rates for many years to come. You can see even prior to the election, yields had begun to rise. That's likely due to inflationary pressures, which were already on the rise as shown in Exhibit 3.

After the election (keep in mind this is only seven days later), the curve jumped higher and steeper. I predict that this move in rates is just getting started. For those who say that we've heard this before, I'd argue that this time is different. I say that for a few reasons but mostly I say that because of Trump.

Here are a few excerpts from donaldjtrump.com that outline Trump's 100-day action plan to Make America Great Again:

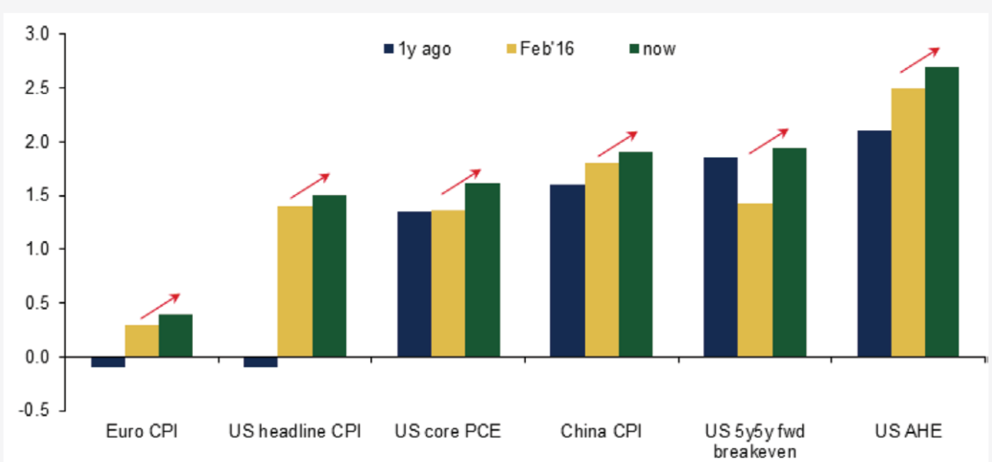
» Middle Class Tax Relief and Simplification Act. An economic plan designed to grow the economy 4% per year and create at least 25 million new jobs through massive tax reduction and simplification, in combination with trade reform, regulatory relief, and lifting the restrictions on American energy. The largest tax reductions are for the middle class. A middle-class family with two children will get a 35% tax cut. The current number of brackets will be reduced from seven to three, and tax forms will likewise be greatly simplified. The business rate will be lowered from 35% to 15%, and the trillions of dollars of American corporate money overseas can now be brought back at a 10% rate.

Exhibit 2: Treasury Yield Curve (June 30, Nov 7 and Nov 14, 2016)



Source: Bloomberg

Exhibit 3: Inflationary Measures Across the Globe



Source: "The Biggest Pictures" BofA Merrill Lynch Global Investment Strategy

- American Energy and Infrastructure Act. Leverages public-private partnerships, and private investments through tax incentives, to spur $1 trillion in infrastructure investment over 10 years. It is revenue neutral.
- I will direct my Secretary of the Treasury to label China a currency manipulator.

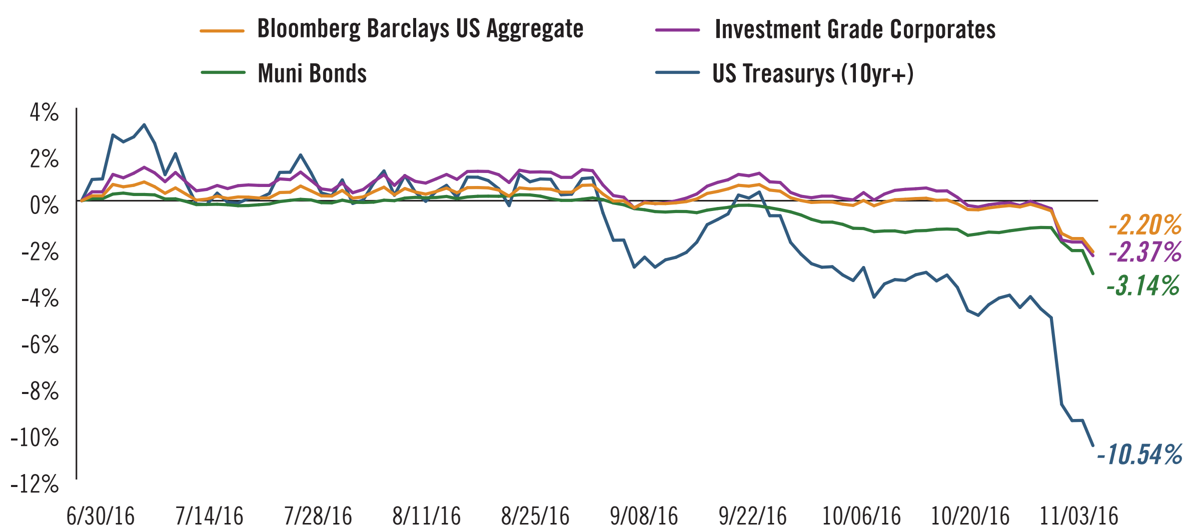
To summarize, massive tax cuts, huge infrastructure spending (I'll take the under on revenue neutral if anyone wants to place some action) and needling of the largest foreign holder of US Treasurys are cornerstones of Trump's first 100 days in office. In addition to this plan, there are a few other details worth keeping in mind when considering the path forward in rates:

- We're likely to have a new Federal Reserve president roughly 18 months after Trump is elected;
- We should have significantly less gridlock in D.C. than at any point over the past decade; and
- To quote Trump himself, "I'm the king of debt. I'm great with debt. Nobody knows debt better than me." (CBS This Morning, 6/22/16.)
- To quote Paul Ryan's own twitter proclamation on Nov 15th, "it's time to go big".

Yes, there are many unknowns in the four years to come, but one prediction that I feel pretty good about it is that deficits, the national debt, and interest rates are all heading higher, possibly much higher.

Now that interest rates have begun their upward ascent, we have some data to test my theory that investors have little to no diversification in their fixed income portfolios. In Exhibit 4, you can see the returns and correlations of the Barclays Aggregate, Barclays Municipal Bonds, Barclays Investment Grade Corporates, and the ML 10 Year+ US Treasury indices. Since the end of the second quarter, they've all lost money, it's just been a question of how much have they lost. What's more damning though, is the correlation data.

Exhibit 4: Return & Correlation Data of Major Fixed Income Indices (July 1-November 14, 2016)



Correlations	Bloomberg Barclays US Aggregate	Investment Grade Corporates	Muni Bonds	US Treasurys (10yr+)
Bloomberg Barclays US Aggregate	1.00			
Investment Grade Corporates	0.99	1.00		
Muni Bonds	0.71	0.64	1.00	
US Treasurys (10yr+)	0.97	0.98	0.66	1.00

Source: Driehaus Capital Management, FactSet Daily data.

There has been near perfect daily correlation between the Agg, investment grade corporates and Treasurys. Municipal bonds have offered some diversification, but not much. Now I knew that this correlation would be high but 0.99 and 0.97 were so absurdly high, that I was convinced Excel had a glitch in it! That's so bad that I cackled aloud in disbelief when I read it. So to summarize, when we are talking about correlations of 0.99 and 0.97, the only diversification that you're getting is in the name of the fund and the ticker. Outside of that, the actual exposure you own is the same, which is nothing other than US interest rate risk.

To be clear, if investors own this basket of fixed income (and we should give it a fancy name, like Diversification-in-Name-Only Fixed Income Alpha Portfolio), they are betting that rates are stable or going lower from here on out. That doesn't appear to be a winning strategy to me, but perhaps they have a different interpretation of the inflationary pressures, tax cuts, infrastructure spending, and new Fed chair. Perhaps they think the majority of the damage in rates has already occurred? That's possible, but I'd like to remind you that Trump's inauguration is set for January 20, and then we have four or eight years of stimulus in front of us. Something tells me that it hasn't already been factored in over five trading days…

Until next month, enjoy the turkey, pigskin, and time with the family.

K.C. & Cass

K.C. Nelson
Lead Portfolio Manager

Elizabeth Cassidy
Portfolio Manager

LCMAX Performance Review

Features:

- Multi-strategy credit approach
- Absolute return focused, long/short credit strategy
- Volatility managed, low correlation return objectives
- Hedging of interest rate exposure
- Liquid, transparent "hedged" mutual fund vehicle

Inception Date: November 8, 2005*

Fund Assets Under Management: $2.3 billion

Firm Assets Under Management: $8.3 billion

Portfolio Concentration: Flexible, best ideas approach, generally 80-100 trades

Duration Target: +/- 1 year

Volatility Target: Less than the Bloomberg Barclays Aggregate Index (about 5%, annually)

Distributions: Quarterly dividends; annual capital gains

Portfolio Managers:

K.C. Nelson, Lead Portfolio Manager
17 years experience

Elizabeth Cassidy, Portfolio Manager
16 years experience

**The Driehaus Active Income Fund commenced operations on June 1, 2009 following the receipt of the assets and liabilities of the Lotsoff Capital Management Active Income Fund (the "Predecessor Fund") through a reorganization into the Driehaus Active Income Fund.*

[1]***Performance 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.

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 (877) 779-0079 or visit www.driehaus.com for more current performance information.

MONTH

The Driehaus Active Income Fund returned 0.50% in October.[1] The directional long trading strategy made the most significant contribution to the fund, adding 0.25%. Eight long positions in the fund contributed 0.30% to performance. These positions were generally lower quality credits or highly levered credits that rallied either due to positive news, a refinancing event, or strong technicals as investors reached for yield in the riskier parts of the market as credit spreads tightened.

The event driven strategy contributed 0.09%. Three risk-arbitrage positions contributed 0.36%, primarily due to spread tightening as the market increased the probabilities of the deals closing. These gains were offset by losses in three other positions (-0.24%). One of the positions is in the gaming industry and has a substantial dividend yield and declined as interest rates increased during the month. The other two positions sold off due to negative news or broader macro concerns about the health of the consumer.

The hedging strategies both contributed meaningfully to returns this month. The interest rate hedge contributed 0.18% as 10-year Treasury spreads increased 0.23%, the largest one-month increase this year. The volatility hedges focused on the S&P 500 also contributed 0.09% as the market sold off at the end of the month.

No other trading strategy contributed meaningfully to performance this month.

LCMAX Performance Review

Month-end Performance as of 10/31/16

				Average Annual Total Return			
Fund/Index	**MTH**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**10 Year**	**Since Inception[1]**
Driehaus Active Income Fund[2]	**0.50%**	**3.74%**	**1.82%**	**0.74%**	**2.28%**	**3.56%**	**3.66%**
Citigroup 3-Month T-Bill Index[3]	0.02%	0.21%	0.22%	0.09%	0.08%	0.80%	1.14%
Bloomberg Barclays Aggregate Index[4]	-0.76%	4.99%	4.37%	3.48%	2.90%	4.71%	4.74%

Calendar Quarter-end Performance as of 9/30/16

				Average Annual Total Return			
Fund/Index	**QTR**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**10 Year**	**Since Inception[1]**
Driehaus Active Income Fund[2]	**2.26%**	**3.22%**	**2.93%**	**0.82%**	**2.92%**	**3.55%**	**3.64%**
Citigroup 3-Month T-Bill Index[3]	0.07%	0.19%	0.20%	0.09%	0.08%	0.84%	1.14%
Bloomberg Barclays Aggregate Index[4]	0.46%	5.80%	5.19%	4.03%	3.08%	4.88%	4.85%

Annual Fund Operating Expenses[5]

Management Fee	0.55%
Other Expenses Excluding Dividends and Interest on Short Sales	0.23%
Dividends and Interest on Short Sales	0.27%
Total Annual Fund Operating Expenses	**1.05%**

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 (877) 779-0079 or visit www.driehaus.com for more current performance information.

[1]Inception Date: 11/8/2005. [2]The Driehaus Active Income Fund commenced operations on June 1, 2009 following the receipt of the assets and liabilities of the Lotsoff Capital Management Active Income Fund (the "Predecessor Fund") through a reorganization into the Driehaus Active Income Fund (the "Fund"). Lotsoff Capital Management was the investment adviser from inception through April 2, 2009. Driehaus Capital Management LLC (the "Adviser") became the interim investment adviser to the Predecessor Fund on April 3, 2009. [3]The Citigroup 3-Month T-Bill Index is designed to mirror the performance of the 3-Month U.S. Treasury Bill. The Citigroup 3-Month T-Bill Index is unmanaged and its returns include reinvested dividends. [4]The Bloomberg Barclays Aggregate Index, an unmanaged index, represents securities that are SEC-registered, taxable and dollar denominated. This index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. [5]Represents 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.

The Driehaus Active Income Fund (the "Fund"), in addition to investing in unrated and investment grade bonds, may also invest in junk bonds, which involve greater credit risk, including the risk of default. The prices of high yield bonds are more sensitive to changing economic conditions and can fall dramatically in response to negative news about the issuer or its industry, or the economy in general. The use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value, and there is a risk that changes in the value of a derivative held by the Fund will not correlate with the Fund's other investments. Further, the Fund may invest in derivatives for speculative purposes. Gains or losses from speculative positions in a derivative may be much greater than the derivative's original cost and potential losses may be substantial. The Fund may make short sales. Short sales expose the Fund to the risk of loss. It is anticipated that the Fund will experience high rates of portfolio turnover, which may result in payment by the Fund of above-average transaction costs. This is a nondiversified fund; compared to other funds, the Fund may invest a greater percentage of assets in a particular issuer or a small number of issuers. As a consequence, the Fund may be subject to greater risks and larger losses than diversified funds. No investment strategy, including an absolute return strategy, can ensure a profit or protect against loss. Additionally, investing in an absolute return strategy may lead to underperforming results during an upward moving market. When interest rates increase, bond prices decrease and bond funds become more volatile.

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

LCMAX Portfolio Characteristics*

Executive Summary

	excluding cash
Assets Under Management (AUM)	$2,294,915,631
Long Exposure	$2,128,413,379
Short Exposure	$(1,432,431,094)
Net Exposure	$695,982,285
Net Exposure/AUM	30.33%
Gross Exposure	$3,561,013,038
Gross Exposure/AUM	1.55x
Cash**	$195,976,070
Cash/AUM	8.54%

Risk Summary

Effective Duration	0.24 years
Spread Duration	1.54 years
30-day SEC Yield	1.93%
Portfolio Yield-To-Worst[1]	3.25%
Average % of Par Longs	97.76%
Average % of Par Shorts	100.53%
Beta vs. S&P 500	0.16
100-Day Volatility	2.75%

Trading Strategy Type

	Gross Exposure	% of Gross Exposure	% Contrib. to Total Return
Capital Structure Arbitrage[2]	401,954,417	11.9%	0.01%
Convertible Arbitrage[2]	267,514,938	7.9%	0.01%
Event Driven[2]	764,140,438	22.6%	0.09%
Pairs Trading[2]	33,615,930	1.0%	0.00%
Directional Long[2]	1,118,902,582	33.1%	0.25%
Directional Short[2]	281,349,669	8.3%	-0.01%
Interest Rate Hedge[2]	396,026,482	11.7%	0.18%
Volatility Trading[2]	297,508,584	3.5%	0.09%
Expenses***			-0.08%
Total	**3,561,013,038**	**100.0%**	**0.52%**

Preliminary data. Data is ex-cash. May differ from data shown by third-party providers because of rounding or for other reasons.

Source: Bloomberg, Factset

[1] Refers to credit only
[2] A definition of this term can be found on page 14.

*Exposure: please note exposure may be different than market value. For equities, bonds, and interest rate swap products, exposure is the same as market value. For options and foreign exchange forwards exposure represents greek-adjusted underlying exposure. For credit default swap and credit default swap indices, exposure represents bond-equivalent exposure.

**This figure represents the fund's operating cash plus receivables for investments sold and minus payables for investments purchased, and includes USD and FX cash.

***Estimated expenses for the month (not annualized) as a percentage of the fund's net assets for the month.

Note: *A definition of key terms can be found on page 14*

Credit Rating*

	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure
AAA[1]	-	0.0%	-	0.0%	-	0.0%
AA	-	0.0%	-	0.0%	-	0.0%
A[2]	9,413,914	0.6%	(47,086,260)	9.4%	56,500,174	2.8%
BBB	179,186,270	11.7%	(229,035,277)	45.9%	408,221,547	20.1%
BB	269,610,657	17.6%	(58,883,905)	11.8%	328,643,725	16.2%
B	746,054,051	48.7%	(36,022,593)	7.2%	782,096,045	38.5%
CCC	204,437,409	13.4%	(19,409,518)	3.9%	223,846,928	11.0%
CC	-	0.0%	-	0.0%	-	0.0%
C	-	0.0%	-	0.0%	-	0.0%
D	-	0.0%	-	0.0%	-	0.0%
Not Rated	121,734,720	8.0%	(108,914,614)	21.8%	230,649,334	11.4%
Total	**1,530,437,021**	**100.0%**	**(499,352,168)**	**100.0%**	**2,029,957,753**	**100.0%**

Credit rating data is shown only for the following asset classes: Bank Loan, Corporate CDS, Corporate Credit, Convertible Bonds and Preferred Stocks. Data is ex-cash.

Industry Sector

	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure
GICS[3]						
Consumer Discretionary	639,356,823	30.0%	(77,548,717)	5.4%	717,054,704	21.2%
Consumer Staples	35,279,740	1.7%	0	0.0%	35,279,740	1.0%
Energy	55,207,151	2.6%	(158,637,494)	11.1%	213,844,645	6.3%
Financials	522,172,256	24.5%	(177,461,836)	12.4%	699,634,092	20.7%
Health Care	139,869,632	6.6%	(9,774,553)	0.7%	149,644,185	4.4%
Industrials	6,097,338	0.3%	(23,112,182)	1.6%	29,209,520	0.9%
Information Technology	365,949,430	17.2%	(58,250,084)	4.1%	424,218,915	12.5%
Materials	99,825,974	4.7%	(14,415,873)	1.0%	114,241,847	3.4%
Real Estate	93,406,734	4.4%	(10,023,961)	0.7%	103,430,695	3.1%
Telecommunication Services	7,334,379	0.3%	(13,106,387)	0.9%	20,440,766	0.6%
Utilities	47,338,353	2.2%	0	0.0%	47,338,353	1.4%
Other[4]	*116,575,570*	*5.5%*	*(890,100,006)*	*62.1%*	*1,006,675,576*	*24.5%*
Total	**2,128,413,379**	**100.0%**	**(1,432,431,094)**	**100.0%**	**3,561,013,038**	**100.0%**

Source: Bloomberg, Factset Moody's, Standard & Poor's, Global Industry Classification Standard
Data is ex-cash.

*Credit ratings listed are subject to change. Credit quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). "NR" is used to classify securities for which a rating is not available. The Adviser receives credit quality ratings on underlying securities of the portfolio from the three major ratings agencies - Moody's Investors Service (Moody's), Fitch Ratings (Fitch), and Standard & Poor's (S&P). When calculating the credit quality breakdown, the Adviser utilizes Moody's and if Moody's is not available the manager selects the lower rating of S&P and Fitch.

Note: *A definition of key terms can be found on page 14*

Credit Ratings:

AAA and AA:	High credit-quality investment grade
A and BBB:	Medium credit-quality investment grade
BB, B, CCC, CC, C:	Low credit-quality (non-investment grade), or "junk bonds"
Not Rated:	Bonds currently not rated

[1] All government bonds are rated AAA.

[2] All agency Mortgage Backed Securities (MBS) are rated A.

[3] The Global Industry Classification Standard (GICS), a collaboration between Standard & Poor's and Morgan Stanley Capital International, is a system of classification that identifies a company according to its business activity.

[4] The Other Industry Sector data is not categorized within the GICS classification system.

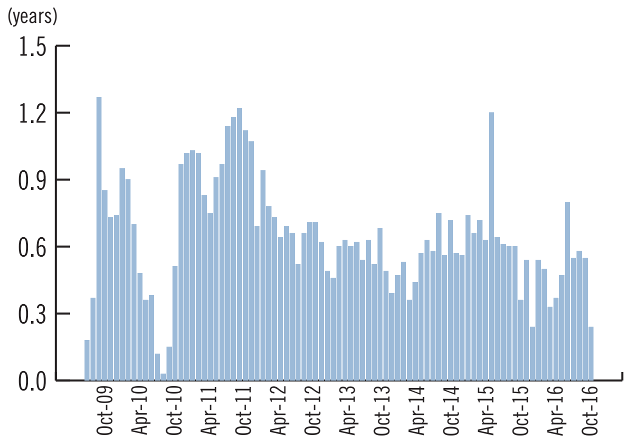
Product Type

	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure
Bank Loan	523,492,118	24.6%	13,047	0.0%	523,505,165	14.7%
Convertible Bond	107,318,510	5.0%	0	0.0%	107,318,510	3.0%
Convertible Preferred	77,429,175	3.6%	0	0.0%	77,429,175	2.2%
Corporate	698,119,246	32.8%	(81,813,035)	5.7%	780,074,753	21.9%
Preferred	36,469,886	1.7%	0	0.0%	36,469,886	1.0%
Sovereign	7,197,715	0.3%	(88,811,710)	6.2%	96,009,425	2.7%
Fixed Income	***1,450,026,650***	***68.1%***	***(170,611,698)***	***11.9%***	***1,620,806,913***	***45.5%***
ADR/GDR	22,358,047	1.1%	(44,300,641)	3.1%	66,658,688	1.9%
Equity Common	550,201,803	25.9%	(102,534,060)	7.2%	652,735,863	18.3%
Exchange Traded Fund	0	0.0%	(61,401,760)	4.3%	61,401,760	1.7%
Equity	***572,559,849***	***26.9%***	***(208,236,461)***	***14.5%***	***780,796,311***	***21.9%***
Credit Default Swap	87,608,086	4.1%	(417,552,179)	29.1%	505,160,265	14.2%
Currency Forward	1,002,636	0.0%	(64,374)	0.0%	1,067,010	0.0%
Index Future	0	0.0%	(92,754,375)	6.5%	92,754,375	2.6%
Index Options	0	0.0%	(185,337,459)	12.9%	185,337,459	5.2%
Interest Rate Future	0	0.0%	(357,874,547)	25.0%	357,874,547	10.0%
Residential Mortgage Backed	0	0.0%	0	0.0%	0	0.0%
Securitized / Covered	224,753	0.0%	0	0.0%	224,753	0.0%
Swaptions	924,900	0.0%	0	0.0%	924,900	0.0%
Total Return Swap	16,066,505	0.8%	0	0.0%	16,066,505	0.5%
Derivatives	***105,826,880***	***5.0%***	***(1,053,582,934)***	***73.6%***	***1,159,409,814***	***32.6%***
Total	***2,128,413,379***	***100.0%***	***(1,432,431,094)***	***100.0%***	***3,561,013,038***	***100.0%***

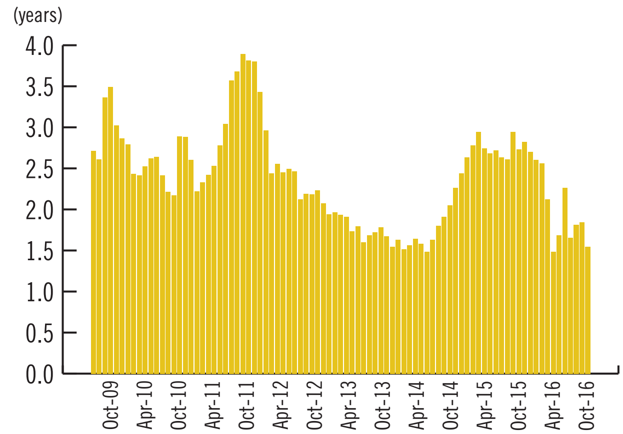
Data is ex-cash.

Note: *A definition of key terms can be found on page 14*

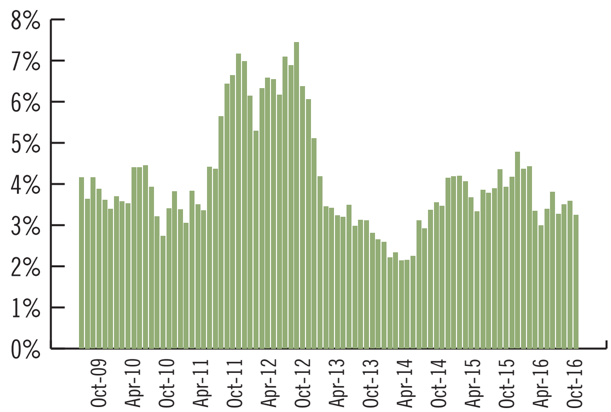
LCMAX Effective Duration



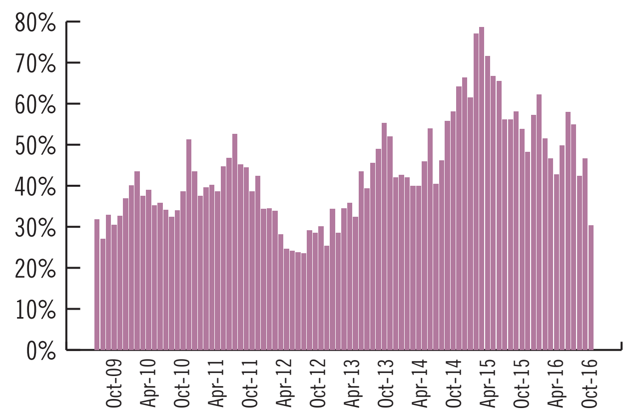
LCMAX Spread Duration



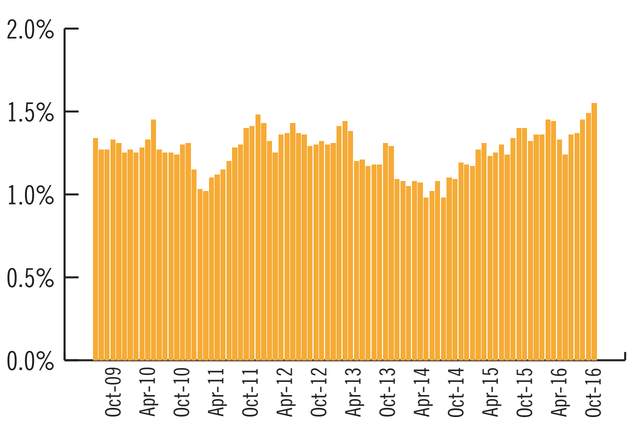
LCMAX Average Yield-to-Worst



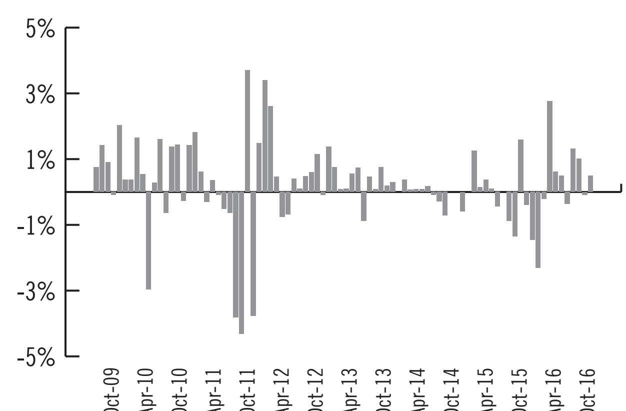
LCMAX Net Exposure / AUM (Excluding Cash)



LCMAX Gross Exposure / AUM (Excluding Cash)



LCMAX Monthly Return*



Sources: Driehaus Capital Management LLC, Bloomberg, Factset

***Note:** A definition of key terms can be found on page 14*

*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.

Spread Distribution* ($M)

		0-300	300-600	600-1000	>1000	Total
Bank Loan	Long Exposure	7,334,379	370,092,094	138,231,379	7,834,266	523,492,118
	Short Exposure	-	13,047	0	0	13,047
	Net Exposure	7,334,379	370,105,140	138,231,379	7,834,266	523,505,165
	Gross Exposure	7,334,379	370,105,140	138,231,379	7,834,266	523,505,165
Convertible Bond	Long Exposure	51,499,520	55,818,989	-	-	107,318,510
	Short Exposure	-	-	-	-	0
	Net Exposure	51,499,520	55,818,989	-	-	107,318,510
	Gross Exposure	51,499,520	55,818,989	-	-	107,318,510
Convertible Preferred	Long Exposure	52,127,925	-	-	25,301,250	77,429,175
	Short Exposure	-	-	-	-	0
	Net Exposure	52,127,925	-	-	25,301,250	77,429,175
	Gross Exposure	52,127,925	-	-	25,301,250	77,429,175
Corp Credit	Long Exposure	159,937,065	421,111,021	67,464,212	49,606,948	698,119,246
	Short Exposure	(52,116,067)	(27,129,229)	(2,638,975)	71,236	(81,813,035)
	Net Exposure	107,820,998	393,981,792	64,825,237	49,678,184	616,306,211
	Gross Exposure	212,053,133	448,240,251	70,103,186	49,678,184	780,074,753
Credit Default Swap	Long Exposure	87,608,086	-	0	-	87,608,086
	Short Exposure	(384,953,784)	(25,270,747)	(7,327,648)	-	(417,552,179)
	Net Exposure	(297,345,698)	(25,270,747)	(7,327,648)	-	(329,944,093)
	Gross Exposure	472,561,870	25,270,747	7,327,648	-	505,160,265
Preferred	Long Exposure	-	36,469,886	-	-	36,469,886
	Short Exposure	-	-	-	-	0
	Net Exposure	-	36,469,886	-	-	36,469,886
	Gross Exposure	-	36,469,886	-	-	36,469,886
Total	Long Exposure	358,506,976	883,491,990	205,695,591	82,742,464	1,530,437,021
	Short Exposure	(437,069,851)	(52,386,930)	(9,966,622)	71,236	(499,352,168)
	Net Exposure	(78,562,875)	831,105,060	195,728,969	82,813,699	1,031,084,853
	Gross Exposure	795,576,827	935,905,013	215,662,213	82,813,699	2,029,957,753
	Net Exposure %	**-7.6%**	**80.6%**	**19.0%**	**8.0%**	**100.0%**
	Gross Exposure %	**39.2%**	**46.1%**	**10.6%**	**4.1%**	**100.0%**

Data is ex-cash.

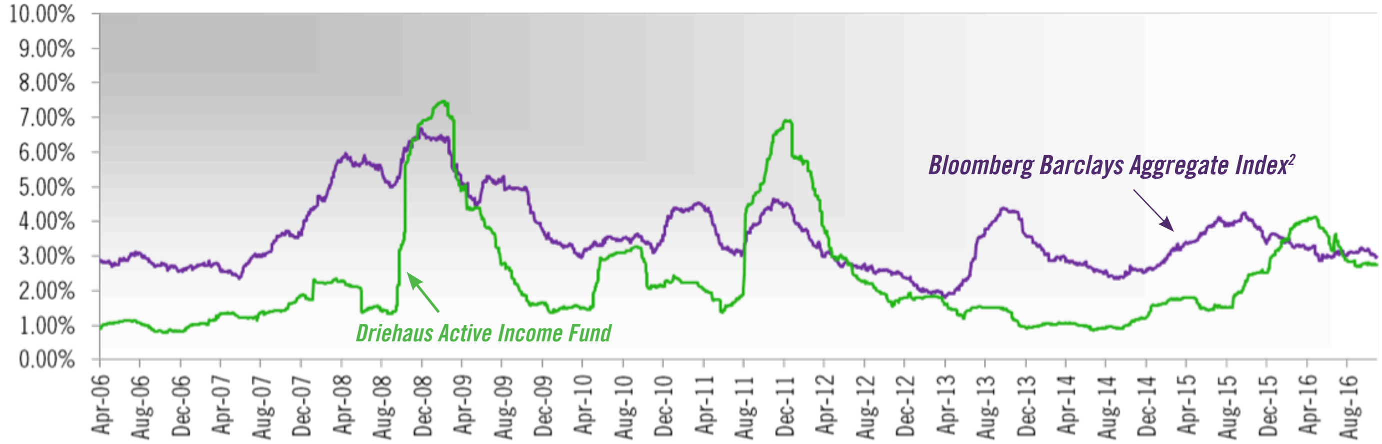
Regional Allocation

	Long Exposure ($)	% of Long Exposure	Short Exposure ($)	% of Short Exposure	Gross Exposure ($)	% of Gross Exposure
Developed	352,975,364	16.6%	(200,295,612)	14.0%	553,270,976	16.4%
Emerging	54,863,566	2.6%	(103,083,030)	7.2%	157,946,596	4.7%
United States	1,720,574,450	80.8%	(1,129,052,452)	78.8%	2,849,795,467	79.0%
Total	**2,128,413,379**	**100.0%**	**(1,432,431,094)**	**100.0%**	**3,561,013,038**	**100.0%**

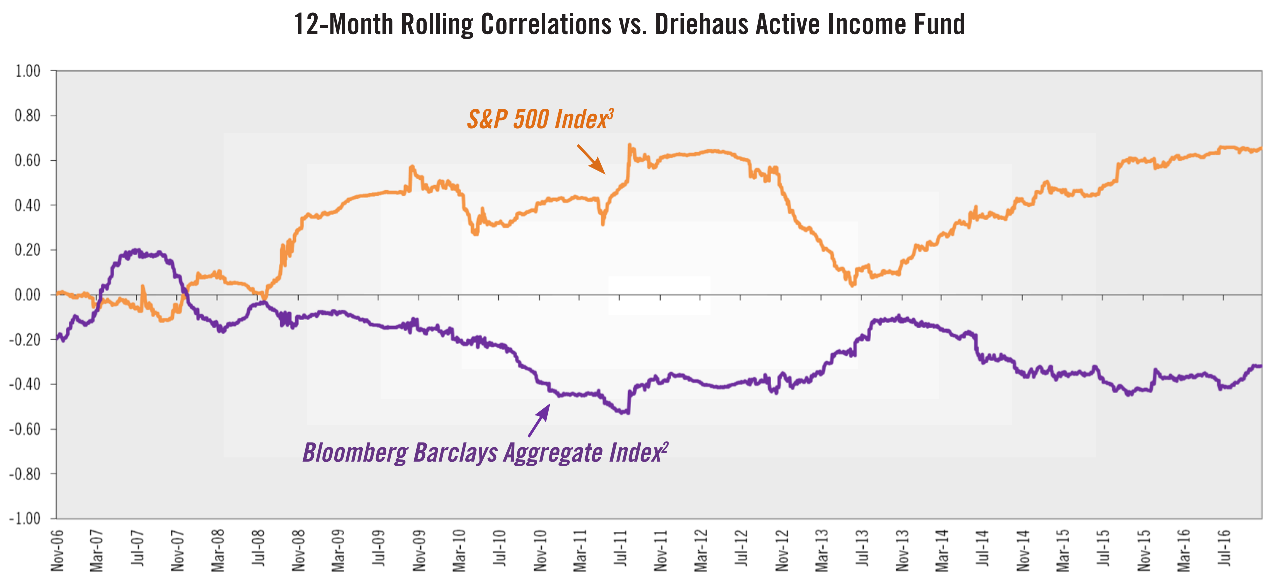
Source: Bloomberg, Factset *Spread Distributions are shown only for the following asset classes: Bank Loan, Corporate CDS, Corporate Credit, Convertible Bonds and Preferred Stocks. Spread differential between the underlying securities and Treasury bonds in basis points. The chart above measures the excess yield (in basis points) that these securities provide over the yield offered by U.S. treasuries of comparable maturities according to market prices at the end of the month. We then define the security type, as well as the Fund's long and short exposure, and plot these exposures based on current market values to show a more accurate view of where the Fund's capital is allocated than can be depicted by simply defining exposures by credit rating or security type. Data is ex-cash.

Note: *A definition of key terms can be found on page 14*

100-Day Volatility



Correlation[1] Comparison



Sources: Driehaus Capital Management, Bloomberg, Factset Standards & Poor's ("S&P") 500 Index total return data from Bloomberg. Bloomberg Barclays Aggregate Index data from Barclays

The benchmarks for the Driehaus Active Income Fund are the Citigroup 3-Month T-Bill and the Bloomberg Barclays Aggregate Index. The S&P 500 Index is shown for illustrative purposes only.

[1] Correlation is a statistical measure of how return sets move in relation to each other. Correlation is computed into what is known as the correlation coefficient, which ranges between -1 and +1. Perfect positive correlation (a correlation co-efficient of +1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. Alternatively, perfect negative correlation means that if one security moves in either direction the security that is perfectly negatively correlated will move by an equal amount in the opposite direction. If the correlation is 0, the movements of the securities are said to have no correlation; they are completely random. The S&P 500 Index and the Bloomberg Barclays Aggregate Index are recognized proxies for the U.S. fixed income market.

[2] The Bloomberg Barclays Aggregate Index is a broad base index, maintained by Barclays, used to represent investment grade bonds being traded in the United States.

[3] The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group. It is a market-weighted index (stock price times number of shares outstanding), with each stock's weight in the index proportionate to its market value.

The Driehaus Active Income Fund (the "Fund"), in addition to investing in unrated and investment grade bonds, may also invest in junk bonds, which involve greater credit risk, including the risk of default. The prices of high yield bonds are more sensitive to changing economic conditions and can fall dramatically in response to negative news about the issuer or its industry, or the economy in general. The use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value, and there is a risk that changes in the value of a derivative held by the Fund will not correlate with the Fund's other investments. Further, the Fund may invest in derivatives for speculative purposes. Gains or losses from speculative positions in a derivative may be much greater than the derivative's original cost and potential losses may be substantial. The Fund may make short sales. Short sales expose the Fund to the risk of loss. It is anticipated that the Fund will experience high rates of portfolio turnover, which may result in payment by the Fund of above-average transaction costs. This is a nondiversified fund; compared to other funds, the Fund may invest a greater percentage of assets in a particular issuer or a small number of issuers. As a consequence, the Fund may be subject to greater risks and larger losses than diversified funds. No investment strategy, including an absolute return strategy, can ensure a profit or protect against loss. Additionally, investing in an absolute return strategy may lead to underperforming results during an upward moving market. When interest rates increase, bond prices decrease and bond funds become more volatile.

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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

FUND INFORMATION

The Fund invests primarily in U.S. fixed income and floating rate securities, of both investment and non-investment grade credit quality, as well as equities and derivative instruments. The Fund intends to pursue its fundamental opportunistic "bottom-up" trading approach using the following investment strategies:

Capital Structure Arbitrage – attempt to exploit pricing inefficiencies between two securities of the same company. Example: buying a debt instrument that is believed to be undervalued while simultaneously shorting a subordinated debt instrument of the same issuer that is believed to be overvalued.

Convertible Arbitrage – attempt to profit from changes in a company's equity volatility or credit quality by purchasing a convertible bond and simultaneously shorting the same issuer's common stock.

Directional Trading – taking long or short positions in equity or corporate debt instruments in anticipation of profiting from movements in the prices of these assets.

Event Driven – attempt to profit from the consummation of a given event, e.g. a takeover, merger, reorganization or conclusion of material litigation, or based upon the perceptions of a potential pending corporate event.

Pairs Trading – attempt to exploit pricing inefficiencies between the securities of two similar companies by buying the security of one company and shorting the security of the other.

Interest Rate Hedging – attempt to reduce the performance impact of rising or falling interest rates.

Volatility Hedging – attempt to profit from extreme market volatility.

DEFINITIONS OF KEY TERMS

Agency Mortgage-Backed Security - A mortgage-backed security issued and guaranteed by a government agency such as the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or Government National Mortgage Association.

Asset-Backed Security (ABS) - A security whose value and income payments are derived from and collateralized (or "backed") by a specified pool of underlying assets.

Average % of Par-Longs - The average dollar price of a bond the Fund is long as a percentage of par.

Average % of Par-Shorts - The average dollar price of a bond the Fund is short as a percentage of par.

Credit Default Swap (CDS) - A contract in which the buyer of the CDS makes a series of payments to the seller and, in exchange, receives a payoff if a credit instrument (typically a bond or loan) goes into default. In its simplest form, a credit default swap is a bilateral contract between the buyer and seller of protection.

Equity Beta - A measure describing the relation of a portfolio's returns with that of the financial market as a whole. A portfolio with a beta of 0 means that its price is not at all correlated with the market. A positive beta means that the portfolio generally follows the market. A negative beta shows that the portfolio inversely follows the market; the portfolio generally decreases in value if the market goes up and vice versa.

Effective Duration - A duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

Spread Duration - The sensitivity of the price of a bond to a 100 basis point change to its option-adjusted spread. As the rate of the Treasury security in the option-adjusted spread increases, the rate of the option-adjusted spread also increases.

Mortgage-Backed Security (MBS) - An asset-backed security or debt obligation that represents a claim on the cash flows from mortgage loans, most commonly on residential property.

Portfolio Coupon - The annualized interest earned for the portfolio.

Portfolio Current Yield - The annual income (interest or dividends) divided by the current price of the security, aggregated to the portfolio level.

Portfolio Yield-to-Worst - The lowest potential yield that can be received on a bond without the issuer actually defaulting, aggregated to the portfolio level. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer.

Sharpe ratio - A measure of return per unit of risk, it is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation.

Stock Vega - The change in the price of an option that results from a 1% change in volatility. Vega changes when there are large price movements in the underlying asset and Vega falls as the option gets closer to maturity. Vega can change even if there is no change in the price of the underlying asset (e.g., if there is a change in expected volatility).

Swap - A derivative in which two counterparties exchange certain benefits of one party's financial instrument for those of the other party's financial instrument.