# DRIEHAUS EVENT DRIVEN FUND

November 2013

Ticker: DEVDX

**The Driehaus Event Driven Fund seeks to provide:**

- At least two-thirds the return of the S&P 500 Index
- Less than two-thirds the volatility of S&P 500 Index
- A correlation of 0.65 or less with the S&P 500 Index
- Sharpe ratio of 1.0 or greater

**Inception Date**

August 26, 2013

**Fund Assets Under Management**

$36 million

**Firm Assets Under Management**

$11.9 billion

**Portfolio Concentration**

Flexible, best ideas approach, generally 25-75 trades

**Volatility Target**

Less than the S&P 500 Index (approximately 8% - 12%, annually)

**Distributions**

Quarterly dividends; annual capital gains

**Portfolio Managers**

K.C. Nelson
Portfolio Manager
15 years of industry experience

Adam Abbas
Assistant Portfolio Manager
8 years of industry experience

Michael Caldwell
Assistant Portfolio Manager
6 years of industry experience

## Performance Recap

During November, the Driehaus Event Driven Fund returned 1.52% on a realized volatility of 7.08% versus the S&P 500 Index return of 3.05% and 9.37% volatility. The fund had solid contributions across event types with corporate actions (+1.43%), product cycle (+0.56%), restructuring (+0.24%), and market dislocation (+0.11%) trade types all contributing to returns. Detractors from performance came from the earnings sleeve (-0.38%) and, consistent with September and October, portfolio hedges (-0.45%).

## Investment theme: Understanding the Current Volatility Regime in the Context of Event Risk

One of the key shifts during 2013 has been the shortening of the "volatility cycle," in which volatility spikes have been met with equally strong and swift volatility compressions (Exhibit 1). This phenomenon has made assessing the volatility landscape critical to managing exposures.

Much like we compare relative value in credit structures, we look at volatility through such a lens—for the individual security as well as relative to other securities and across asset classes. Given the current low volatility regime ("low" being a key distinction from "cheap"), often times the volatility structures we employ allow us to express our views with limited capital at risk (premium paid) and attractive payoff profiles.

This has allowed us to capitalize on events where the market may be under- or overestimating a company's volatility as it pertains to events such as an analyst day, a new bond deal, an earnings release or a data release.  While the volatility landscape will shift at some point, for now we are being well served by selectively putting on volatility trades in this environment.

**Exhibit 1: 2013 volatility spikes and the subsequent volatility compressions**


Source: Bloomberg

## Contributors and Detractors

Trades within the Driehaus Event Driven Fund are highly idiosyncratic. While market movements will have some degree of influence upon the fund's trades, company-specific factors are generally the drivers of returns. Following are brief explanations of three meaningful contributors and detractors to performance for the month.

## Contributors

The top performing position during November was a long equity position in a specialty pharmaceutical company. The company has developed a drug for post-operative pain and is currently seeking regulatory approval. The trade was initiated this October with a 75 basis points position. It was further increased to 2.5% in early November as we believed the risk-return profile of the trade was unusually attractive given the quality of the asset. The company filed a new drug application in September with the expectation that by the end of November the FDA would accept the filing for review. The FDA accepted the filing and the company's equity advanced 47% during the month. The trade contributed 87 basis points during November.

The second most significant contributor was a bearish trade involving a Latin American wireless communications company. The company's third quarter earnings release showed significantly deteriorating metrics, including pricing, profitability and cash. The results confirmed our view that while the company has done an impressive job raising liquidity during the prior 12 months, the fundamentals of the company were unsustainable and still pointed to an eventual restructuring. Expected cash burn now extends through 2015 and puts in doubt an $800 million bond refinancing in 2016. Management faces the difficult choice of either reducing capital expenditures and falling even further behind in the infrastructure upgrade race, or spending the cash and risking a default if customers and pricing do not improve. Our bearish view was expressed through a short position at the more risky unsecured level of the capital structure while hedging with higher quality senior bonds. On the date of the earnings release, the positions benefited from a large decline in bond prices and a widening of the senior-to-unsecured relationship. The trade contributed 51 basis points.

Another top contributor was an equity position in a U.S. auto OEM (original equipment manufacturer). The company continues to benefit from successful product launches, a recovery in its European business, and the reduction of the overhang from a large stake owned by the U.S. government. The trade contributed 26 basis points.

## Detractors

The top detractor for November was a long equity position in a development stage biotech company. During the month, the company released preliminary data for a drug that is early in its development cycle. The inconclusive nature of the released data sparked a 40% decline in the company's share price. After additional diligence, we concluded that an opportunity for this drug remains, as do other opportunities for the company. We have since doubled the size of the position. The company's venture investors also remain confident in the company's outlook. A few days after we resized this position, a filing was released indicating that the top VC had increased its stake, as well. The trade detracted 66 basis points during the month.

The second most significant detractor for the month was a hedge protecting the long credit holdings of the portfolio. This position appeared in last month's detractors. As we mentioned in October, the general tightening of credit spreads has meant negative returns for credit indices and thus negative returns for the hedge, as we would expect. During the month, we removed the hedge and redeployed the proceeds to other positions to protect against market risk. The hedge detracted 29 basis points.

Another notable detractor during November was a long equity position in a cloud communications company. The company has developed a cloud-based communications platform for business customers that disrupts legacy on-premise communications systems, offering 70% to 80% upfront savings and 50% ongoing maintenance savings. During November, the company released its quarterly earnings report, which showed a continued strengthening of fundamentals and its market position. The market did not reward the positive news and we increased our position size. We continue to believe that the underperformance in November is a market-related dislocation and that fundamentals of the company remain strong. The trade detracted 27 basis points.

**New Trade**

The largest position added to the portfolio during November was a trade involving a Japanese technology company that provides Internet consulting solutions and makes early stage investments in technology companies, globally. The trade attempts to isolate a specific investment that the company holds in a highly visible U.S. technology firm. Based on our sum-of-the-parts analysis, we believe either the company's core businesses or its stake in the U.S. technology company is receiving a significant discount by the market. Our view is that a recent IPO of the investment coupled with an expected disclosure of the company's precise stake in the U.S. technology company will serve as the catalyst to unlock value in this trade.

**Outlook**

The year is winding down and the combination of open capital markets, historically high U.S. corporate cash balances, and lower implied correlations across the major assets classes should equate to fertile soil for event investments in 2014. Although we are not beholden to open capital markets to find attractive event trades, it certainly buttresses the opportunity set when the market is ripe with refinancings, IPOs or other corporate events. We are also keeping watchful eyes on U.S. corporate cash balances that might lead to a meaningful increase in M&A activity. Lastly, we are encouraged by correlations within the major asset classes, which continue to grind lower. The benefit of inter-asset class differentiation should accrue to funds like ours that are driven by bottom-up analysis.

Until next month,

**K.C. Nelson**
*Portfolio Manager*

**Adam Abbas**
*Assistant Portfolio Manager*

**Michael Caldwell**
*Assistant Portfolio Manager*

# DRIEHAUS EVENT DRIVEN FUND PERFORMANCE RECAP

## MONTH-END PERFORMANCE AS OF 11/30/13

| | | | | Average Annual Total Return | | | |
|---|---|---|---|---|---|---|---|
| Fund/Index | Nov | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception[1] |
| Driehaus Event Driven Fund | **1.52%** | ---- | ---- | ---- | ---- | ---- | **7.20%** |
| S&P 500 Index[2] | 3.05% | ---- | ---- | ---- | ---- | ---- | 9.17% |
| Citigroup 3-Month T-Bill Index[3] | 0.00% | ---- | ---- | ---- | ---- | ---- | 0.01% |

## CALENDAR QUARTER-END PERFORMANCE AS OF 9/30/13

| | | | | Average Annual Total Return | | | |
|---|---|---|---|---|---|---|---|
| Fund/Index | 3rd QTR[1] | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception[1] |
| Driehaus Event Driven Fund | **3.60%** | ---- | ---- | ---- | ---- | ---- | **3.60%** |
| S&P 500 Index[2] | 1.29% | ---- | ---- | ---- | ---- | ---- | 1.29% |
| Citigroup 3-Month T-Bill Index[3] | 0.00% | ---- | ---- | ---- | ---- | ---- | 0.00% |

| Annual Fund Operating Expenses[4] | |
|---|---|
| Management Fee | 1.00% |
| Other Expenses Excluding Dividends and Interest on Short Sales | 1.13% |
| Dividends and Interest on Short Sales | n/a |
| Total Annual Fund Operating Expenses | 2.13% |
| Expense Reimbursement | (0.13)% |
| **Total Annual Fund Operating Expenses After Expense Reimbursement** | **2.00%** |

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: 8/26/2013. [2]The Standard & Poor's ("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. [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]Represents the estimated Annual Fund Operating Expenses as disclosed in the current prospectus dated August 2, 2013. 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 Excluding Dividends and Interest on Short Sales" are estimated for the current fiscal year. "Dividends and Interest on Short Sales" cannot be estimated and, therefore, actual Fund expenses may be higher than those shown. 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 dividends and interest on short sales, 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 August 25, 2016. 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 August 26, 2013, 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. Because dividends and interest on short positions are not included in the expenses subject to reimbursement, the actual net expenses of the Fund may be higher than those shown.

Investments in overseas markets can pose more risks than U.S. investments, and share prices are expected to be more volatile than that of a U.S.-only fund. The Driehaus Event Driven Fund invests in foreign securities, including small and mid cap stocks, which may be subject to greater volatility than other investments. In addition, returns of this Fund will fluctuate with changes in stock market conditions, currency values, interest rates, foreign government regulations, and economic and political conditions in countries in which this Fund invests. These risks are generally greater when investing in emerging markets. These and other risk considerations are discussed in the prospectus for this Fund. At times, a significant portion of the 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 this Fund may not experience similar performance results as its assets grow. Stocks of medium-sized companies tend to be more volatile in price than those of larger companies and may have underperformed the stocks of small and large companies during some periods. In addition, investments in medium-sized companies may be more susceptible to particular economic events or competitive factors than are larger, more broadly diversified companies. Growth stocks may involve special risks and their prices may be more volatile than the overall market. 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. 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. 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.

**Please consider the investment objectives, risks, fees and expenses of the Fund carefully prior to investing. The prospectus and summary prospectus contains 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.**

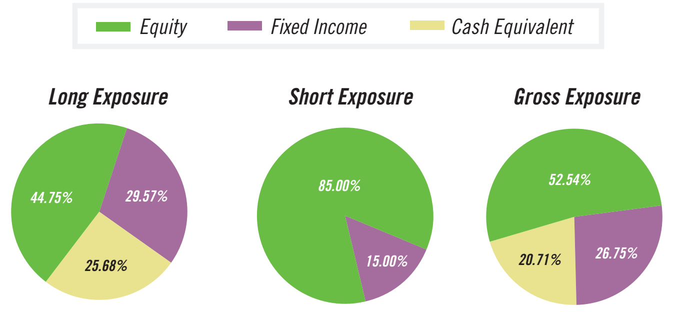
*Driehaus Securities LLC, Distributor*

# DRIEHAUS EVENT DRIVEN FUND PORTFOLIO CHARACTERISTICS*

## EXPOSURE SUMMARY

| | | excluding cash |
|---|---|---|
| Assets Under Management (AUM) | $36,091,918 | |
| Long Exposure | $43,006,205 | $31,964,040 |
| Short Exposure | $(10,307,378) | $(10,307,378) |
| Net Exposure | $32,698,827 | $21,656,661 |
| Net Exposure/AUM | 90.6% | 60.0% |
| Gross Exposure | $53,313,584 | $42,271,418 |
| Gross Exposure/AUM | 1.5x | 1.2x |

## EXPOSURE BREAKDOWN BY ASSET CLASS




## EVENT TYPE

| | Gross Exposure | % of Gross Exposure | % Contrib. to Total Return | % of Gross Exposure Change vs. Previous Month End |
|---|---|---|---|---|
| Corporate Action | 6,245,833 | 11.7% | 1.43% | 0.4% |
| Earnings | 788,713 | 1.5% | -0.38% | 1.5% |
| Product Cycle | 3,069,928 | 5.8% | 0.56% | 1.0% |
| Market Dislocation | 10,757,436 | 20.2% | 0.11% | 3.8% |
| Portfolio Hedges | 17,841,373 | 33.5% | -0.45% | -7.5% |
| Restructuring | 3,653,161 | 6.9% | 0.24% | -1.2% |
| Cash equivalent** | 10,957,139 | 20.6% | 0.00% | 2.1% |
| **Total** | **53,313,584** | **100.0%** | **1.52%** | |

## PORTFOLIO SUMMARY (Since Inception)

| | |
|---|---|
| Portfolio Yield-To-Worst (as of 11/30/13) | 1.57% |
| Portfolio Volatility (Based on historical daily returns) | 6.89% |
| S&P 500 Index Volatility (Based on historical daily returns) | 11.17% |
| DEVDX and S&P 500 Index[1] Correlation | 0.62 |
| Beta vs. S&P 500 Index[2] | 0.02 |
| Beta vs. Barclays Agg[3] | 0.74 |
| Beta vs. Merrill Lynch High Yield Index | 0.00 |

## CHARACTERISTICS

| **FIXED INCOME** | |
|---|---|
| Effective Duration/100 bps | 0.61% |
| Effective Spread Duration/100 bps | 0.76% |
| Long Exposure Mark-to-market Value/Par Value (ex IR hedge) | 102.2% |
| Short Exposure Mark-to-market Value/Par Value (ex IR hedge) | 94.8% |
| Average Credit Rating Excluding Treasury Hedge | BB |
| **EQUITY** | |
| Weighted Average Market Capitalization (USD in Billion) | 8.6 |
| Dividend Yield | 0.3 |
| Weighted Harmonic Average P/E using FY1 Estimation | 22.1 |

Source: Bloomberg

*Exposure: please note exposure may be different than market value. For equities, bonds, foreign exchange forwards and interest rate swap products, exposure is the same as market value. For options, exposure represents delta-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.

[1] The Standard & Poor's ("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.

[2] The BofA Merrill Lynch US High Yield Index is an unmanaged index that tracks the performance of below-investment-grade, U.S.-dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

[3] The Barclays Capital U.S. Aggregate Bond 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.

***Note:*** *A definition of key terms can be found on page 10*

## PRODUCT TYPE

| | Long Exposure ($) | % of Long Exposure | Short Exposure ($) | % of Short Exposure | Gross Exposure ($) | % of Gross Exposure | % of Gross Exposure Change vs. Previous Month End |
|---|---|---|---|---|---|---|---|
| **Cash Equivalent** | **11,042,165** | **25.7%** | **-** | **0.0%** | **11,042,165** | **20.7%** | **2.2%** |
| USD Cash | 10,591,646 | 24.6% | - | 0.0% | 10,591,646 | 19.9% | 2.2% |
| FX Cash | 450,520 | 1.0% | - | 0.0% | 450,520 | 0.8% | 0.1% |
| **Credit Products** | **12,717,069** | **29.6%** | **(1,545,859)** | **15.0%** | **14,262,928** | **26.8%** | **-7.6%** |
| Bank Loan | 2,041,313 | 4.7% | - | 0.0% | 2,041,313 | 3.8% | 1.1% |
| Corp Credit | 7,567,591 | 17.6% | (1,545,859) | 15.0% | 9,113,449 | 17.1% | -4.1% |
| Corp CDS | - | 0.0% | - | 0.0% | - | 0.0% | 0.0% |
| CDS Index | - | 0.0% | - | 0.0% | - | 0.0% | -6.2% |
| Sovereign Credit | - | 0.0% | - | 0.0% | - | 0.0% | 0.0% |
| Convertible | 2,056,276 | 4.8% | - | 0.0% | 2,056,276 | 3.9% | 1.7% |
| Pfd | 1,051,889 | 2.4% | - | 0.0% | 1,051,889 | 2.0% | -0.2% |
| **Rates Products** | **-** | **0.0%** | **-** | **0.0%** | **-** | **0.0%** | **0.0%** |
| Govt Bonds | - | 0.0% | - | 0.0% | - | 0.0% | 0.0% |
| Treasury Future | - | 0.0% | - | 0.0% | - | 0.0% | 0.0% |
| IR Swaption | - | 0.0% | - | 0.0% | - | 0.0% | 0.0% |
| **Equity Products** | **19,246,970** | **44.8%** | **(8,761,520)** | **85.0%** | **28,008,490** | **52.5%** | **5.4%** |
| Equity | 10,024,234 | 23.3% | (1,280,785) | 12.4% | 11,305,019 | 21.2% | 6.1% |
| Equity Option | 567,633 | 1.3% | (452,313) | 4.4% | 1,019,946 | 1.9% | 0.4% |
| Equity Index Future | - | 0.0% | (4,334,513) | 42.1% | 4,334,513 | 8.1% | -0.8% |
| Equity Index Option | 8,655,103 | 20.1% | (534,609) | 5.2% | 9,189,712 | 17.2% | -1.4% |
| Equity Warrant | - | 0.0% | - | 0.0% | - | 0.0% | 0.0% |
| ETF | - | 0.0% | (2,159,300) | 20.9% | 2,159,300 | 4.1% | 1.1% |
| Volatility Index Option | - | 0.0% | - | 0.0% | - | 0.0% | 0.0% |
| **Commodity Products** | **-** | **0.0%** | **-** | **0.0%** | **-** | **0.0%** | **0.0%** |
| Commodity Option | - | 0.0% | - | 0.0% | - | 0.0% | 0.0% |
| Commodity Future | - | 0.0% | - | 0.0% | - | 0.0% | 0.0% |
| **Foreign Exchange Products** | **-** | **0.0%** | **-** | **0.0%** | **-** | **0.0%** | **0.0%** |
| FX Forward | - | 0.0% | - | 0.0% | - | 0.0% | 0.0% |
| FX Option | - | 0.0% | - | 0.0% | - | 0.0% | 0.0% |
| **Total** | **43,006,205** | **100.0%** | **(10,307,378)** | **100.0%** | **53,313,584** | **100.0%** | **0.0%** |

Source: Bloomberg

***Note:*** *A definition of key terms can be found on page 10*

## EXPOSURE BY COUNTRY OF RISK

| Country Of Risk | Long Exposure ($) | % of Long Exposure | Short Exposure ($) | % of Short Exposure | Gross Exposure ($) | % of Gross Exposure |
|---|---|---|---|---|---|---|
| United States | 35,259,175 | 82.0% | (9,712,314) | 94.2% | 44,971,489 | 84.4% |
| Japan | 873,430 | 2.0% | - | 0.0% | 873,430 | 1.6% |
| United Kingdom | 491,335 | 1.1% | - | 0.0% | 491,335 | 0.9% |
| Jersey | 2,437 | 0.0% | - | 0.0% | 2,437 | 0.0% |
| Europe | 85,026 | 0.2% | (61,953) | 0.6% | 146,979 | 0.3% |
| France | 1,122,424 | 2.6% | - | 0.0% | 1,122,424 | 2.1% |
| Canada | 1,143,750 | 2.7% | - | 0.0% | 1,143,750 | 2.1% |
| Hong Kong | 365,494 | 0.8% | (533,111) | 5.2% | 898,605 | 1.7% |
| Turkey | 385,995 | 0.9% | - | 0.0% | 385,995 | 0.7% |
| United Arab Emirates | 1,026,510 | 2.4% | - | 0.0% | 1,026,510 | 1.9% |
| Brazil | 550,989 | 1.3% | - | 0.0% | 550,989 | 1.0% |
| Mexico | 628,752 | 1.5% | - | 0.0% | 628,752 | 1.2% |
| Panama | 549,139 | 1.3% | - | 0.0% | 549,139 | 1.0% |
| Colombia | 521,749 | 1.2% | - | 0.0% | 521,749 | 1.0% |
| | **43,006,205** | **100.0%** | **(10,307,378)** | **100.0%** | **53,313,584** | **100.0%** |

## INDUSTRY SECTOR

| GICS[1] | Long Exposure ($) | % of Long Exposure | Short Exposure ($) | % of Short Exposure | Gross Exposure ($) | % of Gross Exposure |
|---|---|---|---|---|---|---|
| Consumer Discretionary | 4,323,945 | 18.6% | (2,177,063) | 77.0% | 6,501,008 | 24.9% |
| Energy | 2,768,428 | 11.9% | - | 0.0% | 2,768,428 | 10.6% |
| Financials | 2,591,283 | 11.1% | - | 0.0% | 2,591,283 | 9.9% |
| Health Care | 2,224,524 | 9.5% | - | 0.0% | 2,224,524 | 8.5% |
| Industrials | 198,897 | 0.9% | - | 0.0% | 198,897 | 0.8% |
| Information Technology | 6,062,760 | 26.0% | (587,627) | 20.8% | 6,650,387 | 25.4% |
| Materials | 491,335 | 2.1% | - | 0.0% | 491,335 | 1.9% |
| Telecommunication Services | 4,647,766 | 19.9% | (61,953) | 2.2% | 4,709,719 | 18.0% |
| **GICS Total** | **23,308,937** | **100.0%** | **(2,826,644)** | **100.0%** | **26,135,580.18** | **100.0%** |
| | | | | | | |
| **Other[2]** | | | | | | |
| Cash Equivalent | 10,591,646 | 53.8% | - | 0.0% | 10,591,646 | 39.0% |
| Equity Index | 8,655,103 | 43.9% | (4,869,121) | 65.1% | 13,524,225 | 49.8% |
| ETF | - | 0.0% | (2,611,613) | 34.9% | 2,611,613 | 9.6% |
| FX Cash | 450,520 | 2.3% | - | 0.0% | 450,520 | 1.7% |
| **Other Total** | **19,697,269** | **100.0%** | **(7,480,734.75)** | **100.0%** | **27,178,003.35** | **100.0%** |

Source: Bloomberg, Moody's, Standard & Poor's

[1] 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.

[2] The Other Industry Group data is not categorized within the GICS classification system.

***Note:*** *A definition of key terms can be found on page 10*

## INDUSTRY GROUP

| GICS[1] | Long Exposure ($) | % of Long Exposure | Short Exposure ($) | % of Short Exposure | Gross Exposure ($) | % of Gross Exposure |
|---|---|---|---|---|---|---|
| Automobiles & Components | 2,887,618 | 13.7% | (693,158) | 24.5% | 3,580,775 | 15.0% |
| Capital Goods | - | 0.0% | - | 0.0% | - | 0.0% |
| Consumer Services | 1,117,967 | 5.3% | (533,111) | 18.9% | 1,651,078 | 6.9% |
| Energy | 2,768,428 | 13.1% | - | 0.0% | 2,768,428 | 11.6% |
| Materials | 491,335 | 2.3% | - | 0.0% | 491,335 | 2.1% |
| Pharmaceuticals, Biotechnology | 2,224,524 | 10.6% | - | 0.0% | 2,224,524 | 9.3% |
| Real Estate | 549,139 | 2.6% | - | 0.0% | 549,139 | 2.3% |
| Retailing | 318,360 | 1.5% | (950,795) | 33.6% | 1,269,155 | 5.3% |
| Semiconductors & Semiconductor | 1,192,250 | 5.7% | - | 0.0% | 1,192,250 | 5.0% |
| Software & Services | 2,774,722 | 13.2% | (587,627) | 20.8% | 3,362,349 | 14.1% |
| Technology Hardware & Equipmen | 2,095,788 | 9.9% | - | 0.0% | 2,095,788 | 8.8% |
| Telecommunication Services | 4,647,766 | 22.1% | (61,953) | 2.2% | 4,709,719 | 19.7% |
| **GICS Group Total** | **21,067,896** | **100.0%** | **(2,826,644)** | **100.0%** | **23,894,540** | **100.0%** |

| Other[2] | | | | | | |
|---|---|---|---|---|---|---|
| Commercial & Professional Services | 198,897 | 0.9% | 0 | 0.0% | 198,897 | 0.7% |
| Diversified Financials | 2,042,144 | 9.3% | 0 | 0.0% | 2,042,144 | 6.9% |
| EUR Currency | 85,026 | 0.4% | 0 | 0.0% | 85,026 | 0.3% |
| HKD Currency | 365,494 | 1.7% | 0 | 0.0% | 365,494 | 1.2% |
| iTraxx Crossover Index | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Russell 2000 Value Index | 0 | 0.0% | (2,159,300) | 28.9% | 2,159,300 | 7.3% |
| RUT Index | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| SPX Index | 8,655,103 | 39.5% | (4,869,121) | 65.1% | 13,524,225 | 46.0% |
| US Treasury ETF | 0 | 0.0% | (452,313) | 6.0% | 452,313 | 1.5% |
| USD Currency | 10,591,646 | 48.3% | 0 | 0.0% | 10,591,646 | 36.0% |
| **Other Total** | **21,938,309** | **100.0%** | **(7,480,735)** | **100.0%** | **29,419,044** | **100.0%** |

## DERIVATIVES CHARACTERISTICS

| | |
|---|---|
| Derivatives Premium (% of AUM) (Excluding Fixed-Income Derivatives) | 0.67% |
| Equity Delta (% of AUM) per 1% underlying move | 0.35% |
| Equity Gamma (% of AUM) per 1% underlying move | 0.01% |
| Vega (% of AUM) per 1 point vol move | 0.06% |
| Theta (% of AUM) per 1 day change | -0.01% |
| Currency Delta (% of AUM) per 1% underlying move | 0.06% |

## CONTRIBUTORS

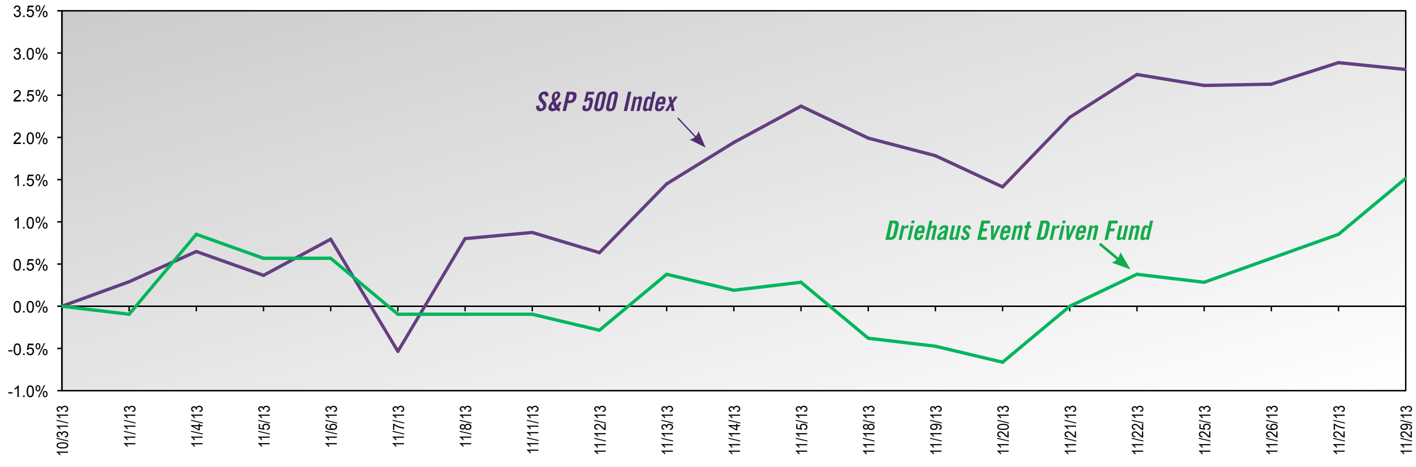
| TOP 5 | | BOTTOM 5 | |
|---|---|---|---|
| Corporate Action | 0.87% | Corporate Action | -0.66% |
| Corporate Action | 0.58% | Market Dislocation | -0.49% |
| Market Dislocation | 0.51% | Portfolio Hedges | -0.29% |
| Product Cycle | 0.26% | Earnings | -0.27% |
| Product Cycle | 0.22% | Market Dislocation | -0.27% |
| **Total** | **2.43%** | **Total** | **-1.98%** |

Source: Bloomberg, Moody's, Standard & Poor's

[1] 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. [2] The Other Industry Group data is not categorized within the GICS classification system.

***Note:*** *A definition of key terms can be found on page 10*

## CUMULATIVE RETURNS (DAILY)




Source: Bloomberg

Investments in overseas markets can pose more risks than U.S. investments, and share prices are expected to be more volatile than that of a U.S.-only fund. The Driehaus Event Driven Fund invests in foreign securities, including small and mid cap stocks, which may be subject to greater volatility than other investments. In addition, returns of this Fund will fluctuate with changes in stock market conditions, currency values, interest rates, foreign government regulations, and economic and political conditions in countries in which this Fund invests. These risks are generally greater when investing in emerging markets. These and other risk considerations are discussed in the prospectus for this Fund. At times, a significant portion of the 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 this Fund may not experience similar performance results as its assets grow. Stocks of medium-sized companies tend to be more volatile in price than those of larger companies and may have underperformed the stocks of small and large companies during some periods. In addition, investments in medium-sized companies may be more susceptible to particular economic events or competitive factors than are larger, more broadly diversified companies. Growth stocks may involve special risks and their prices may be more volatile than the overall market. 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. 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. 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.

**Please consider the investment objectives, risks, fees and expenses of the Fund carefully prior to investing. The prospectus and summary prospectus contains 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.**

This snapshot is not intended to provide investment advice. Nothing herein should be construed as a solicitation or a recommendation to buy or sell securities or other investments. You should assess your own investment needs based on your individual financial circumstances and investment objectives. Driehaus does not guarantee the accuracy or completeness of this information. This data was prepared on December 7, 2013 and has not been updated since then. It may not reflect recent market activity. Driehaus assumes no obligation to update or supplement this information to reflect subsequent changes. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by Driehaus to be reliable, are not necessarily all inclusive and are not guaranteed as to accuracy. 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.

**Driehaus Securities LLC, Distributor**

## FUND INFORMATION

Types of events in which the fund frequently invests include:

**Earnings:** A trade involving an upside or downside surprise to earnings versus market expectations.

**Product cycle:** A key change to the company's product/service offering, or a change in customer preferences for the company's product/service.

**Restructuring:** A change to the company's capital structure or business prospects as a result of bankruptcy, reorganization or corporate distress.

**Corporate action:** Changes to the company's strategy or capital structure as a result of mergers, acquisitions, spin-offs, lawsuits, etc.

**Market dislocation:** Any mispricing of a security for a non-fundamental reason.

**Portfolio hedges:** A hedge to an unwanted factor exposure, such as equity, volatility, credit or interest rate risk.

Types of trades in which the fund frequently invests include:

**Capital Structure Arbitrage** attempt to exploit pricing inefficiencies between two securities of the same company.

**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.

**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.

**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.

**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.

**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.

**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.

**Delta -** The ratio that compares the change in the price of a derivative to the corresponding change in the price of an underlying asset.

**Derivatives Premium** – Value of a derivatives contract.

**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.

**Equity Gamma -** The ratio that compares the rate of change for the delta with respect to the underlying asset's price.

**Effective 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.

**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.

**Theta -** A measure of the rate of decline in the value of an option due to the passage of time. Theta can also be referred to as the time decay on the value of an option.