# DRIEHAUS EVENT DRIVEN FUND

November 2014

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**

$209.4 million

**Firm Assets Under Management**

$10.9 billion

**Portfolio Concentration**

Flexible, best ideas approach,
generally 25-75 trades

**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

@DriehausCapital

## November 2014 Performance Recap

**Return:** DEVDX returned -1.43% versus the S&P 500 Index's 2.69%[1]
**Volatility:** DEVDX daily volatility was 7.62% versus the S&P 500's 4.17%
**Correlation:** Daily correlation to the S&P 500 during the month was 0.25

### November Trade Highlights

***Trade count:*** There were 29 trades in the portfolio at month end

***Event categories:***

- Best performer: Market dislocation contributed 128 basis points
- Worst performer: Corporate actions detracted 216 basis points

***Top and bottom contributors:***

- Top three trades contributed 129 basis points
- Bottom three trades detracted 272 basis points

## New Trade

We initiated a trade in a large cap pharmaceutical company on November 20. This company is undertaking a significant strategic change to its operating structure with plans to split its bioscience and medical products businesses in the first half of 2015. In addition to allowing the management of each respective business more time and attention to create attractive shareholder returns, we also believe that the split will unlock an increased multiple for the bioscience business.

Specifically, we believe that the higher-growth bioscience business has traded at a depressed valuation. One potential reason for this is that investors who target pharmaceuticals and branded drugs may be dissuaded from investing in the company because of the significant revenue contribution from the medical products business. Instead, they likely would opt for 'pure plays' in which they can more directly gain this exposure.

Similarly, we believe that the medical products business is undervalued and has underperformed because of its ties to the bioscience business. Specifically, EBITDA (earnings before interest, taxes, depreciation and amortization) margins within the medical products business have lagged peers with similar product lines. This is likely due, at least in part, to the lack of focused managerial attention on the more staid medical products segment. The management team that is slated to take the helm of

[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.**

this business has been adamant about its desire to improve medical products' margin profile and improve valuation. We are optimistic that such improvements are possible, and that the market will afford shares credit for such prospective improvement at the time of the split.

Furthermore, we believe that the company has been unfairly punished with respect to its equity valuation due to fears of diminishing sales of one of its hallmark branded drugs. Consensus estimates are that this drug's market share will decline by low-double digits in 2015. Because of the sticky nature of the respective drug, the characteristics of the patients it treats, and the company's deep experience with the respective disorder that is treated, we believe that market share losses will be in the mid-single digits. This lower share loss would be a significant boon to shares, removing a prominent valuation overhang.

Finally, the company currently trades at a forward P/E multiple that is much lower than applicable peers in either the bioscience or medical products spaces, providing a margin of safety for the upcoming catalysts just discussed. With many value-creating options and an attractive valuation, we initiated a long call position in the company's equity.

**Driehaus Alternative Strategies**

Please visit our website or click a fund below to download a monthly commentary:

- **Driehaus Active Income Fund (LCMAX)**
- **Driehaus Select Credit Fund (DRSLX)**
- **Driehaus Event Driven Fund (DEVDX)**
- **Driehaus Emerging Markets Small Cap Growth Fund (DRESX)**

**Investment Theme: To Arbitrage the Arbitrage?**

One theme we are excited about for 2015 is opportunities that arise when asset classes are telling conflicting messages about prospective or ongoing M&A. This isn't a new idea for us; it stems from a broader thesis we've written about before that incentives, flows, and technicals are so incongruent across asset classes that it often leads to large relative-value mispricings within industries, capital structures or, as in this case, are specific to M&A. In the context of this theme, we're particularly interested in looking at the differences between how bonds and equities price within the capital structure of the companies in already announced M&A deals based on the likelihood of deal closure. What we are finding is that often the security prices suggest dramatically different outcomes, which sets up attractive opportunities to arbitrage the difference between expectations.

A prime example of this theme is a trade we initiated last month in a pending pay television M&A deal. We have been attracted to the merger arbitrage on the common stock. We believe the proposed asset sales are sufficient to mitigate antitrust concerns, the regulatory risk around Title 2 (regulation that could allow FCC price oversight, among other things) is overblown, and most importantly, that an outside party will bid for the target in a deal break scenario (which is another way of saying the deal spread assumptions by the marketplace are too cheap). We believe the standalone merits of the merger arbitrage spread warrant a sizeable position in the fund.

However, a relative-value mispricing in the bond market at times can fully protect losses from a deal breakup, with the cost limited to a small percent of the total return if the deal closes. In this particular case, after making conservative assumptions on the realistic scenarios on deal close and deal breakup, we believe the bond market appears to be pricing in roughly an 85% expected deal close while the equity market is closer to 50%, or a coin flip.

Answering the question of why an opportunity exists is sometimes more imperative to a risk/reward process than identifying the initial trade itself. In this instance, flows have been generous in the investment grade bond space, potentially causing managers to buy spread and thus collapsing this particular bond spread. Meanwhile, merger arbitrage funds have been exposed to the opposite force with outflows after the "Arb-ageddon" months, which we could reasonably assume caused some forced selling and thus the wider-than-fair-value deal spreads.

We are seeing a growing number of these opportunities arise and we are anxious to get more trades on where we can significantly enhance our expected returns by leveraging mispricings between assets classes.

## 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 usually the drivers of returns. Following are brief explanations of three meaningful contributors and detractors to performance for the month.

### Top Contributors

**1. Market Dislocation Trade**

***Company description:*** Provider of satellite broadcast subscription television

***Positioning:*** Long equity

***Catalyst:*** Government spectrum auction

***What happened during the month:***

- U.S. government began accepting bids for AWS (Advanced Wireless Services) spectrum
- Bidding rounds and levels outpaced Street estimates
- The market re-rated the value of existing comparable spectrum on the company's balance sheet

***How we have responded:*** We exited the position as the market price reflected our estimate for spectrum fair value

***Contribution:*** 62 basis points

**2. Market Dislocation Trade**

***Company description:*** Casual dining restaurant chain

***Positioning:*** Long equity

***Catalysts:*** Execution of turnaround strategy

***What happened during the month:***

- The company continued its turnaround efforts on the heels of positive quarterly results
- Company continued its messaging efforts by marketing its turnaround strategy during the month and meeting with investors

***How we have responded:*** We continued to trim our exposure to bring the position to a more in-line weighting after recent moves

***Contribution:*** 44 basis points

**3. Market Dislocation Trade**

***Company description:*** Biopharmaceutical company developing therapeutics
***Positioning:*** Long equity
***Catalysts:*** Pending merger with industry peer
***What happened during the month:*** Both target and acquirer appreciated as the market became more comfortable with the merger closing and the potential synergies associated with the deal
***How we have responded:*** We have maintained exposure
***Contribution:*** 23 basis points

### Top Detractors

**1. Corporate Action Trade**

***Company description:*** Exploration and production company
***Positioning:*** Long PIK (payment-in-kind) notes
***Catalysts:***

- MLP spin-out
- Debt pay-down

***What happened during the month:*** Position was hurt by further declines in oil prices, as well a filing that highlighted a potential covenant breach in the fall of 2015
***How we have responded:*** We have maintained exposure
***Detraction:*** 171 basis points

**2. Corporate Action Trade**

***Company description:*** Organic ingredients and foods producer
***Positioning:*** Long equity
***Catalysts:***

- Business development, including sale of subsidiary and/or bolt-on acquisitions
- Execution of mix-shift to higher value, higher margin foods

***What happened during the month:*** The company reported quarterly earnings that disappointed Street expectations as margins were pressured by production delays
***How we have responded:*** We have maintained exposure
***Detraction:*** 52 basis points

**3. Corporate Action Trade**

***Company description:*** Offshore driller in the oil and gas space
***Positioning:*** Long PIK (payment-in-kind) term loan
***What happened during the month:*** Continued decline in oil prices pressured high yield energy prices
***How we have responded:*** We exited our exposure as the potential for further pressure from commodity weakness may disproportionately impact the offshore drillers
***Detraction:*** 49 basis points

## Market Themes

As we move into the new year, there are several investment themes that are finding their way into the fund:

**Corporations will continue to get rewarded for action.** We continue to seek out corporations that have a high propensity for corporate action, such as through buybacks, M&A, activism, etc. We have a strong belief that the 2015 market will reward corporations that attempt to create value through action (relatively agnostic to what that action may be) over sitting idle. Our team's background in corporate debt, equities and merger arbitrage offers us several perspectives to view these profiles.

**Big getting bigger.** The current environment of low rates and stagnating margins offers significant incentives for the big to get bigger. Industries such as energy, food and beverage, and biotech are primed for consolidation due to significant synergies for buyers on the top line and cost sides. In these trades, we are looking for companies in attractive industries where we believe in the standalone secular thesis and where an acquisition is not already part of the security's price.

**The cable bundle shakeup.** A newer industry-specific theme we will play this coming year revolves around the uprooting of the traditional pay television model. We expect 2015 to offer several opportunities on the TV delivery side and the TV content side. Over-the-top programming (content delivery by Internet rather than cable distributors) is growing. As Internet distribution builds subscription critical mass, several industry dynamics will shift dramatically and quickly. This should create long and short trade opportunities across equities and bonds.

**Asset class arbitrage** (e.g., see the previous investment theme). Regardless of the market environment, expect us to seek out strong relative value opportunities where different asset classes are sending different messages about the same opportunity. Our pay TV example is one of several that we are excited about within the merger-arbitrage space.

Hope you find these themes as compelling as we do, and we wish you happy holidays and a great new year!

**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 11/30/14

| Fund/Index | MTD | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception[1] |
|---|---|---|---|---|---|---|---|
| Driehaus Event Driven Fund | **-1.43%** | **-3.45%** | **-0.61%** | ---- | ---- | ---- | **5.14%** |
| S&P 500 Index[2] | 2.69% | 13.98% | 16.86% | ---- | ---- | ---- | 21.22% |
| Citigroup 3-Month T-Bill Index[3] | 0.00% | 0.03% | 0.04% | ---- | ---- | ---- | 0.03% |

## CALENDAR QUARTER-END PERFORMANCE AS OF 9/30/14

| Fund/Index | QTR | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception[1] |
|---|---|---|---|---|---|---|---|
| Driehaus Event Driven Fund | **-5.97%** | **-3.17%** | **3.14%** | ---- | ---- | ---- | **6.22%** |
| S&P 500 Index[2] | 1.13% | 8.34% | 19.73% | ---- | ---- | ---- | 19.19% |
| Citigroup 3-Month T-Bill Index[3] | 0.01% | 0.03% | 0.04% | ---- | ---- | ---- | 0.04% |

| Annual Fund Operating Expenses[4] | |
|---|---|
| Management Fee | 1.00% |
| Other Expenses Excluding Dividends and Interest on Short Sales | 0.56% |
| Dividends and Interest on Short Sales | n/a |
| **Total Annual Fund Operating Expenses** | **1.56%** |

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 April 30, 2014. 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. 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 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.**

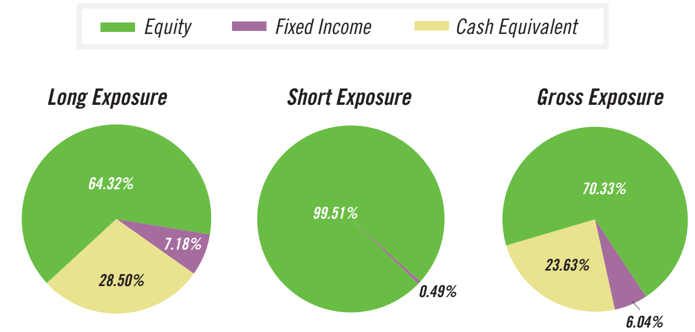
*Driehaus Securities LLC, Distributor*

# DRIEHAUS EVENT DRIVEN FUND PORTFOLIO CHARACTERISTICS*

## EXPOSURE SUMMARY

| | | *excluding cash* |
|---|---|---|
| Assets Under Management (AUM) | $217,538,942 | |
| Long Exposure | $224,720,728 | $160,680,104 |
| Short Exposure | $(46,289,924) | $(46,289,924) |
| Net Exposure | $178,430,804 | $114,390,180 |
| Net Exposure/AUM | 82.02% | 52.58% |
| Gross Exposure | $271,010,652 | $206,970,028 |
| Gross Exposure/AUM | 1.25x | 0.95x |

## 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 | 155,222,961 | 57.3% | -2.16% | -9.6% |
| Earnings | 0 | 0.0% | 0.00% | 0.0% |
| FX Cash** | 4,485 | 0.0% | 0.00% | 0.0% |
| Market Dislocation | 24,648,585 | 9.1% | 1.28% | -8.8% |
| Portfolio Hedges | 13,361,428 | 4.9% | -0.13% | -0.2% |
| Product Cycle | 10,109,854 | 3.7% | -0.41% | -4.5% |
| Restructuring | 3,627,201 | 1.3% | -0.01% | 0.2% |
| Cash equivalent*** | 64,036,139 | 23.6% | 0.00% | 22.9% |
| **Total** | **271,010,652** | **100.0%** | **-1.43%** | **0.0%** |

## PORTFOLIO SUMMARY

| | |
|---|---|
| Portfolio Yield-To-Worst (as of 11/30/14) | 0.00% |
| Portfolio Volatility (100 day, based on historical daily returns) | 7.26% |
| S&P 500 Index Volatility (100 day, based on historical daily returns) | 11.43% |
| Beta vs. S&P 500 Index[1] (since inception) | 0.40 |
| Beta vs. Barclays Agg[2] (since inception) | (0.39) |
| Beta vs. Merrill Lynch High Yield Index[3] (since inception) | 0.69 |
| DEVDX and S&P 500 Index Correlation (since inception) | 0.61 |
| DEVDX and Barclays Agg Correlation (since inception) | (0.15) |
| DEVDX and Merrill Lynch High Yield Index Correlation (since inception) | 0.23 |

## CHARACTERISTICS

| **FIXED INCOME** | |
|---|---|
| Effective Duration/100 bps | 0.52% |
| Effective Spread Duration/100 bps | 0.11% |
| Long Exposure Mark-to-market Value/Par Value (ex IR hedge) | 69.93% |
| Short Exposure Mark-to-market Value/Par Value (ex IR hedge) | 0.00% |
| Average Credit Rating Excluding Treasury Hedge | B |
| **EQUITY** | |
| Weighted Average Market Capitalization (USD in billion) | $21.60 |
| Dividend Yield | 1.34% |
| Weighted Harmonic Average P/E using FY1 Estimation | 19.1 |

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.

**FX cash is cash denominated in foreign currency and generally is a residual position from recently sold securities that has not yet been assigned to another trade or the cash equivalent bucket. In some instances, this may represent a trade in the fund.

***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 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.

[3] 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.

***Note:** A definition of key terms can be found on page 12*

## 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** | **64,040,624** | **28.5%** | 0 | **0.0%** | **64,040,624** | **23.6%** | **22.9%** |
| USD Cash | 64,036,139 | 28.5% | 0 | 0.0% | 64,036,139 | 23.6% | 22.9% |
| FX Cash | 4,485 | 0.0% | 0 | 0.0% | 4,485 | 0.0% | 0.0% |
| **Credit Products** | **16,133,596** | **7.2%** | **0** | **0.0%** | **16,133,596** | **6.0%** | **-8.2%** |
| Bank Loan | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | -3.6% |
| Corp Credit | 16,133,596 | 7.2% | 0 | 0.0% | 16,133,596 | 6.0% | -1.7% |
| Corp CDS | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| CDS Index | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Sovereign Credit | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Convertible | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | -3.0% |
| Pfd | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| **Rates Products** | **0** | **0.0%** | **(224,803)** | **0.5%** | **224,803** | **0.1%** | **-0.1%** |
| Govt Bonds | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Treasury Future | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| IR Swaption | 0 | 0.0% | (224,803) | 0.5% | 224,803 | 0.1% | -0.1% |
| **Equity Products** | **144,546,508** | **64.3%** | **(46,065,121)** | **99.5%** | **190,611,629** | **70.3%** | **-14.6%** |
| Equity | 127,979,675 | 57.0% | (21,309,483) | 46.0% | 149,289,158 | 55.1% | -15.1% |
| Equity Option | 8,642,252 | 3.8% | 0 | 0.0% | 8,642,252 | 3.2% | 2.3% |
| Equity Index Future | 0 | 0.0% | (11,619,013) | 25.1% | 11,619,013 | 4.3% | -2.0% |
| Equity Index Option | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Equity Warrant | 48,654 | 0.0% | 0 | 0.0% | 48,654 | 0.0% | 0.0% |
| ETF | 0 | 0.0% | (13,136,625) | 28.4% | 13,136,625 | 4.8% | -0.2% |
| Volatility Index Option | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| REIT | 7,875,926 | 3.5% | 0 | 0.0% | 7,875,926 | 2.9% | 0.3% |
| Equity Index Swap | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| **Commodity Products** | **0** | **0.0%** | **0** | **0.0%** | **0** | **0.0%** | **0.0%** |
| Commodity Option | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Commodity Future | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| **Foreign Exchange Products** | **0** | **0.0%** | **0** | **0.0%** | **0** | **0.0%** | **0.0%** |
| FX Forward | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| FX Option | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| **Total** | **224,720,728** | **100.0%** | **(46,289,924)** | **100.0%** | **271,010,652** | **100.0%** | |

Source: Bloomberg

***Note:*** *A definition of key terms can be found on page 12*

## 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 | 187,290,038 | 83.3% | (38,807,962) | 83.8% | 226,098,000 | 83.4% |
| Finland | 6,929,840 | 3.1% | 0 | 0.0% | 6,929,840 | 2.6% |
| United Kingdom | 12,060,042 | 5.4% | (7,481,962) | 16.2% | 19,542,004 | 7.2% |
| Europe | 4,483 | 0.0% | 0 | 0.0% | 4,483 | 0.0% |
| Canada | 10,278,197 | 4.6% | 0 | 0.0% | 10,278,197 | 3.8% |
| Mexico | 7,875,926 | 3.5% | 0 | 0.0% | 7,875,926 | 2.9% |
| Panama | 282,201 | 0.1% | 0 | 0.0% | 282,201 | 0.1% |
| | **224,720,728** | **100.0%** | **(46,289,924)** | **100.0%** | **271,010,652** | **100.0%** |

## INDUSTRY SECTOR

| GICS[1] | Long Exposure ($) | % of Long Exposure | Short Exposure ($) | % of Short Exposure | Gross Exposure ($) | % of Gross Exposure |
|---|---|---|---|---|---|---|
| Consumer Discretionary | 35,078,057 | 21.8% | (11,786,593) | 55.3% | 46,864,650 | 25.8% |
| Consumer Staples | 24,331,312 | 15.1% | (2,754,247) | 12.9% | 27,085,559 | 14.9% |
| Energy | 3,833,258 | 2.4% | 0 | 0.0% | 3,833,258 | 2.1% |
| Financials | 8,158,127 | 5.1% | 0 | 0.0% | 8,158,127 | 4.5% |
| Health Care | 55,879,064 | 34.8% | (4,237,183) | 19.9% | 60,116,247 | 33.0% |
| Industrials | 16,062,338 | 10.0% | (2,531,460) | 11.9% | 18,593,798 | 10.2% |
| Information Technology | 203,458 | 0.1% | 0 | 0.0% | 203,458 | 0.1% |
| Materials | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Telecommunication Services | 17,134,490 | 10.7% | 0 | 0.0% | 17,134,490 | 9.4% |
| **GICS Total** | **160,680,104** | **100.0%** | **(21,309,483)** | **100.0%** | **181,989,587** | **100.00%** |

| Other[2] | | | | | | |
|---|---|---|---|---|---|---|
| Equity Index | 0 | 0.0% | (24,755,638) | 99.1% | 24,755,638 | 27.8% |
| FX Currency | 4,485 | 0.0% | 0 | 0.0% | 4,485 | 0.0% |
| Interest Rate Swap | 0 | 0.0% | (224,803) | 0.9% | 224,803 | 0.3% |
| USD Currency | 64,036,139 | 100.0% | 0 | 0.0% | 64,036,139 | 71.9% |
| **Other Total** | **64,040,624** | **100.0%** | **(24,980,441)** | **100.0%** | **89,021,065** | **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 12*

## INDUSTRY GROUP

| GICS[1] | Long Exposure ($) | % of Long Exposure | Short Exposure ($) | % of Short Exposure | Gross Exposure ($) | % of Gross Exposure |
|---|---|---|---|---|---|---|
| Automobiles & Components | 104,983 | 0.1% | 0 | 0.0% | 104,983 | 0.1% |
| Capital Goods | 7,389,200 | 4.8% | (2,531,460) | 11.9% | 9,920,660 | 5.7% |
| Commercial & Professional Services | 8,673,138 | 5.7% | 0 | 0.0% | 8,673,138 | 5.0% |
| Consumer Durables & Apparel | 7,280,727 | 4.8% | (1,813,320) | 8.5% | 9,094,047 | 5.2% |
| Consumer Services | 10,508,208 | 6.9% | 0 | 0.0% | 10,508,208 | 6.0% |
| Energy | 3,833,258 | 2.5% | 0 | 0.0% | 3,833,258 | 2.2% |
| Food & Staples Retailing | 2,013,000 | 1.3% | 0 | 0.0% | 2,013,000 | 1.2% |
| Food Beverage & Tobacco | 22,318,312 | 14.6% | (2,754,247) | 12.9% | 25,072,559 | 14.4% |
| Health Care Equipment & Services | 25,836,991 | 16.9% | (4,237,183) | 19.9% | 30,074,174 | 17.3% |
| Media | 9,203,112 | 6.0% | (9,973,273) | 46.8% | 19,176,385 | 11.0% |
| Pharmaceuticals, Biotechnology | 30,042,073 | 19.7% | 0 | 0.0% | 30,042,073 | 17.3% |
| Real Estate | 282,201 | 0.2% | 0 | 0.0% | 282,201 | 0.2% |
| Retailing | 7,981,028 | 5.2% | 0 | 0.0% | 7,981,028 | 4.6% |
| Semiconductors & Semiconductor | 203,458 | 0.1% | 0 | 0.0% | 203,458 | 0.1% |
| Telecommunication Services | 17,134,490 | 11.2% | 0 | 0.0% | 17,134,490 | 9.8% |
| **GICS Group Total** | **152,804,177** | **100.0%** | **(21,309,483)** | **100.0%** | **174,113,661** | **100.0%** |

| Other[2] | | | | | | |
|---|---|---|---|---|---|---|
| CAD Currency | 2 | 0.00% | 0 | 0.00% | 2 | 0.00% |
| EUR Currency | 4,483 | 0.01% | 0 | 0.00% | 4,483 | 0.00% |
| FTSE 100 Index | 0 | 0.00% | (7,481,962) | 29.95% | 7,481,962 | 7.72% |
| Interest Rate Swap | 0 | 0.00% | (224,803) | 0.90% | 224,803 | 0.23% |
| Real Estate(REIT) | 7,875,926 | 10.95% | 0 | 0.00% | 7,875,926 | 8.13% |
| Russell 2000 Index | 0 | 0.00% | (13,136,625) | 52.59% | 13,136,625 | 13.56% |
| S&P 500 E-Mini | 0 | 0.00% | (4,137,051) | 16.56% | 4,137,051 | 4.27% |
| USD Currency | 64,036,139 | 89.04% | 0 | 0.00% | 64,036,139 | 66.09% |
| **Other Total** | **71,916,550** | **100.0%** | **(24,980,441)** | **100.0%** | **96,896,991** | **100.0%** |

## DERIVATIVES CHARACTERISTICS

| | |
|---|---|
| Derivatives Premium (% of AUM) (Excluding Fixed-Income Derivatives) | 0.08% |
| Equity Delta (% of AUM) per 1% underlying move | 0.39% |
| Equity Gamma (% of AUM) per 1% underlying move | 0.01% |
| Vega (% of AUM) per 1 point vol move | 0.03% |
| Theta (% of AUM) per 1 day change | 0.90% |
| Currency Delta (% of AUM) per 1% underlying move | 0.09% |

## CONTRIBUTORS (BY TRADE TYPE)

| TOP 5 | | BOTTOM 5 | |
|---|---|---|---|
| Market Dislocation | 0.62% | Corporate Action | -1.71% |
| Market Dislocation | 0.44% | Corporate Action | -0.52% |
| Corporate Action | 0.23% | Corporate Action | -0.49% |
| Corporate Action | 0.22% | Product Cycle | -0.31% |
| Corporate Action | 0.15% | Corporate Action | -0.22% |
| **Total** | **1.65%** | **Total** | **-3.24%** |

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 12*

**Notes**

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 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.**

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**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.

**Sharpe Ratio** 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.

**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.