



DRIEHAUS EMERGING MARKETS SMALL CAP GROWTH FUND

April 2014 Summary

Ticker: DRESX

Fund Objective:

Provide risk-adjusted returns and down-market capture ratios superior to the MSCI EM Small Cap Index over full market cycles

Overview:

- An earnings growth momentum approach to EM small cap equities
- The fund seeks a lower risk profile through hedging
- Same portfolio management team since the fund's inception
- A long-bias fund with a net exposure generally 60-90%, ex-cash

Investment universe:

Emerging markets small cap equity and derivatives

Fund AUM: \$268 million

Inception date: December 1, 2008*

Ticker: DRESX

Portfolio managers:

Chad Cleaver, CFA
Lead Portfolio Manager
11 years experience

Howard Schwab
Co-Portfolio Manager
13 years of experience

**The Fund's predecessor limited partnership has an inception date of 12/1/2008.*



What Does the Fox Say?

The adage of the hedgehog and the fox dates as far back as 680 B.C. to the Greek poet Archilochus. It was popularized in modern times by philosopher Isaiah Berlin in his 1953 essay "The Hedgehog and the Fox." The basic idea is that people fall into one of two groups. Hedgehogs tend to view the world through one overarching idea, while foxes draw on a variety of experiences in forming their worldview, which is flexible and fluid.

Archilochus and Berlin have more recently inspired political scientists, psychologists, economists, and market practitioners. Philip E. Tetlock's "Expert Political Judgment" and Nate Silver's "The Signal and the Noise" are contemporary works that expand on the concept of the hedgehog and the fox. Silver suggests that while hedgehogs, with their bold views, tend to make better television personalities, foxes actually have a better track record of making predictions as their adaptable approach better appreciates nuanced, complex situations.

Hedgehogs know one thing very well. They are "all-in" on one big idea, and new information is viewed within the prism of that idea. Hedgehogs tend to be confident in their views, perhaps too confident, and have little patience for those who disagree. As Silver says, they "are type A personalities who believe in Big Ideas—in governing principles about the world that behave as though they were physical laws and undergird virtually every interaction in society."

In contrast, foxes know many small things that then feed into a more dynamic view of the world. They tend to be nimble and flexible, unsure of their own predictive ability, and skeptical of the very notion of even making predictions. In Silver's words, foxes "are scrappy creatures who believe in a plethora of little ideas and in taking a multitude of approaches toward a problem."

Hedgehogs' predictions often fail as a result of their tendency to ignore new information if it conflicts with their view. In contrast, foxes value observation over theory, and appreciate that the world is complex and unpredictable. These concepts resonate well with us as portfolio managers, particularly in emerging markets, where currencies, interest rates, and geopolitical developments can change quickly.

Our clients frequently hear us use the words "nimble and flexible" when we describe our approach. We believe that moving swiftly in response to new information helps us manage risk and also capitalize on behavioral biases held by investors.

We humbly submit that the use of technical analysis in our investment process—a concept that hedgehogs undoubtedly dislike!—helps us to anticipate trend changes and react to new information in a timely manner.

During the past nine months, the phrase “fragile five” has been adopted by analysts and the media, referring to Indonesia, Brazil, India, South Africa, and Turkey, five vastly different economies with different fundamental drivers and political systems. The hedgehog has held firm to the belief that these economies will be harmed by Federal Reserve tapering, face chronic fiscal and current account deficits, and are destined to drag down emerging markets as an asset class.

At face value, these are not unreasonable points. However, macroeconomic variables, economic policies, and risk appetite all change fluidly within a dynamic world, illustrating the need to think like a fox.

The case of India serves as an example. At the end of 2012, India’s economy faced tough times that only worsened throughout much of 2013. Both the fiscal and current account deficits were greater than 5% of GDP. Real GDP growth had dwindled to 4.8% in 2012, the lowest level since 2002 and a far cry from the 9.4% it generated only two years prior. Stubbornly high inflation prevented the Reserve Bank of India from injecting monetary stimulus, and high fiscal deficits and ineffectual central government policy created a stalling macro backdrop.

Matters only got worse for India following the so-called “taper tantrum”. During this period, investors punished any economy facing deficits based on the fundamental logic that those deficits would become more costly to finance in the future.

Using data from Bank of America Merrill Lynch’s Fund Manager Survey, EM investors were net 38% overweight India in May 2013. Every subsequent monthly survey between June 2013 and March 2014 showed net underweight positions to India. With the MSCI India Index plunging to its lowest levels relative to the MSCI Emerging Markets Index since 2006 in USD terms in late August 2013, investors faced the prospect of continued losses in India.

Instead, India has been the best performing emerging market from September 2013 through April 2014. Hedgehogs, attached to their worldview of a Fed tapering-induced meltdown, would have ignored the appointment of a new Indian central bank governor, Dr. Raghuram Rajan, who not only brought increased credibility but also spearheaded initiatives to stabilize the currency.

These included measures designed to encourage non-resident Indians to deposit money into Indian banks. This, along with ongoing restrictions on gold imports, served to stabilize and gradually strengthen the Indian rupee after a 27% depreciation versus the U.S. dollar from May through August of 2013.

In the run-up to the 2014 election, investors have become increasingly optimistic on the prospects for better political cohesion, which is much needed if India is to kick-start an investment cycle and upgrade the country’s infrastructure. Not surprisingly, following a 40% rally from the September 2013 bottom in U.S. dollar terms, India is now the largest consensus overweight in the April 2014 Bank of America Merrill Lynch Fund Manager Survey.

We believe that a flexible view of the world, combined with an understanding of the behavioral tendencies of investors, help us to navigate changing macro landscapes such as what we saw in India. The integration of macro with bottom-up fundamental analysis is critical in our investment process, and better enables us to leverage technical analysis.

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)**

Portfolio Positioning and Performance

The Driehaus Emerging Markets Small Cap Growth Fund advanced 0.60% for March, compared to the MSCI Emerging Markets Small Cap Index gain of 0.39% and the MSCI Emerging Markets Index return of 0.33%.¹

The style rotation that began in March continued throughout April, with momentum and growth style factors underperforming relative to value. After 22 consecutive weeks of outflows in EM equities—which set a new record—emerging market equities began to see inflows, with some likely a function of short-covering. Inflows into passive vehicles resulted in many mega-cap state-affiliated companies showing strong performance despite very little, if any, fundamental change.

Despite a challenging month for our style, the fund performed slightly better than the benchmark during April, as a result of defensive positioning adopted during the month, including a maximum level of hedging throughout much of April.

Outlook

We maintain our cautious stance moving into May, as we continue to see a potential contradiction between China's desire to implement reforms and the imperative to generate economic growth. While not predicting a hard landing, we do see near-term risks as magnified given the ongoing slowdown in the property market, alongside a particularly high level of debt maturities in the coming months which has the potential to strain liquidity, and ultimately the equity market.

Separately, we have turned our focus to the energy sector from a hedging standpoint, adopting a cautious stance toward the price of oil and energy stocks that have appreciated substantially in the last six months. Despite increasing oil production in the U.S., high levels of inventories, and weak demand from China, oil prices remain steady above \$100 per barrel, supported heavily by non-commercial speculative demand, in our view. Despite an increasingly negative backdrop, volatility levels in oil and energy stocks remain near multi-year lows (Figures 1 and 2).

Figure 1: Implied Volatility of 3-Month At-The-Money Options on United States Oil Fund (Ticker: USO)



Source: Bloomberg

¹Performance Disclosure

The performance data shown represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Principal value and investment returns will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. The Fund will charge a redemption fee of 2.00% on shares held less than 60 days. Performance data represents the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). Average annual total return reflects annualized change, while cumulative total return reflects aggregate change.

Since Fund performance is subject to change after the month-end, please call (800) 560-6111 or visit www.driehaus.com for more current performance information.

Sources: Driehaus Capital Management LLC, Factset, Reuters and MSCI Indices

Figure 2: Implied Volatility of 3-Month At-The-Money Options on Energy Select Sector Fund (Ticker: XLE)



Source: Bloomberg

In fact, across nearly every asset class, volatility has collapsed during the past month, in many cases to near-historical lows. Despite a Fed that is tapering its quantitative easing by \$10 billion per month, a world that is fraught with geopolitical tension, a slowdown in China, and a mixed start to earnings season, the options market is signaling no signs of stress. Simply put, we have a different view, and are positioning accordingly.

Chad Cleaver

*Lead Portfolio Manager,
Driehaus Emerging Markets Small Cap Growth Strategy*

DRIEHAUS EMERGING MARKETS SMALL CAP GROWTH FUND PERFORMANCE RECAP

MONTH-END PERFORMANCE AS OF 4/30/14

Fund/Index	MTD	YTD	1 Year	Average Annual Total Return			
				3 Year	5 Year	10 Year	Since Inception ¹
DrieHaus Emerging Markets Small Cap Growth Fund ²	0.60%	7.37%	7.20%	7.44%	19.28%	n/a	21.05%
MSCI Emerging Markets Small Cap Index ³	0.40%	4.01%	-0.92%	-2.46%	15.38%	n/a	21.80%
MSCI Emerging Markets Index ⁴	0.37%	0.01%	-1.49%	-3.41%	11.43%	n/a	15.50%

CALENDAR QUARTER-END PERFORMANCE AS OF 3/31/14

Fund/Index	QTR	YTD	1 Year	Average Annual Total Return			
				3 Year	5 Year	10 Year	Since Inception ¹
DrieHaus Emerging Markets Small Cap Growth Fund ²	6.73%	6.73%	10.72%	8.92%	22.50%	n/a	21.27%
MSCI Emerging Markets Small Cap Index ³	3.59%	3.59%	0.71%	-1.15%	20.04%	n/a	22.08%
MSCI Emerging Markets Index ⁴	-0.37%	-0.37%	-1.07%	-2.54%	14.83%	n/a	15.68%

Annual Fund Operating Expenses⁵

Management Fee	1.50%
Other Expenses	0.35%
Total Annual Fund Operating Expenses	1.85%

The performance data shown above represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Principal value and investment returns will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. The Fund will charge a redemption fee of 2.00% on shares held less than 60 days. Performance data represents the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). Average annual total return reflects annualized change, while cumulative total return reflects aggregate change. Since Fund performance is subject to change after the month-end, please call (800) 560-6111 or visit www.driehaus.com for more current performance information.

¹Inception Date: 12/1/2008. "Since Inception" is calculated to include performance from the Fund's predecessor limited partnership. ²The average annual total returns of the DrieHaus Emerging Markets Small Cap Growth Fund include the performance of the Fund's predecessor limited partnership, which is calculated from December 1, 2008 before the Fund commenced operations and succeeded to the assets of its predecessor on August 22, 2011. The predecessor limited partnership was not registered under the Investment Company Act of 1940, as amended ("1940 Act") and thus was not subject to certain investment and operational restrictions that are imposed by the 1940 Act. If the predecessor had been registered under the 1940 Act, its performance may have been adversely affected. The Fund's predecessor performance has been restated to reflect estimated expenses of the Fund. After-tax performance returns are not included for the predecessor limited partnership. The predecessor was not a regulated investment company and therefore did not distribute current or accumulated earnings. ³The Morgan Stanley Capital International Emerging Markets Small Cap Index (MSCI Emerging Markets Small Cap Index) is a market capitalization-weighted index designed to measure equity market performance of small cap stocks in 22 global emerging markets. ⁴The Morgan Stanley Capital International Emerging Markets Index (MSCI Emerging Markets Index) is a market capitalization-weighted index designed to measure equity market performance in 25 global emerging markets. ⁵Represents the 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.

The Fund invests in foreign securities, including small and mid cap stocks, which may be subject to greater volatility than other investments. During certain periods, the Fund has benefited from unusually strong market conditions. At times, a significant portion of a Fund's return may be attributable to investments in initial public offerings (IPOs) or concentrations in certain strong performing sectors, such as technology. Returns from IPOs or sector concentrations may not be repeated or consistently achieved in the future. In addition, participating in IPOs and other investments during favorable market conditions may enhance the performance of a Fund with a smaller asset base, and the Fund may not experience similar performance results as its assets grow. **Investments in overseas markets can pose more risks than U.S. investments, and the Fund's share prices are expected to be more volatile than that of a U.S.-only fund.** In addition, the Fund's returns will fluctuate with changes in stock market conditions, currency values, interest rates, foreign government regulations, and economic and political conditions in countries in which the Fund invests. These risks are generally greater when investing in emerging markets. These and other risk considerations are discussed in the Fund's prospectus.

Please consider the investment objectives, risks, fees and expenses of the Fund carefully prior to investing. The prospectus and summary prospectus contains this and other important information about the Fund. To obtain a copy of the prospectus and/or summary prospectus, please call us at (800) 560-6111 or visit www.driehaus.com. Please read the prospectus carefully before investing.

Sources: Morgan Stanley Capital International Inc., eVestment Alliance, LLC, SS&C Inc.

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DRIEHAUS EMERGING MARKETS SMALL CAP GROWTH FUND

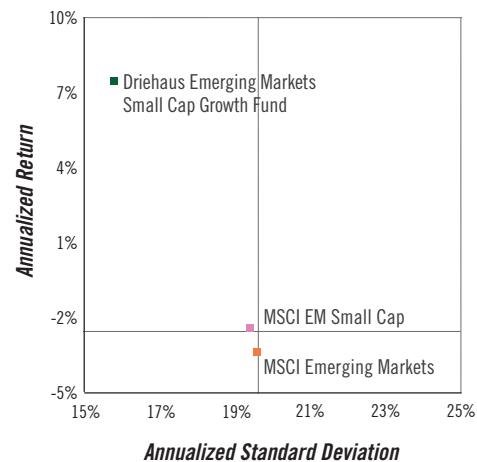
PORTFOLIO CHARACTERISTICS

PORTFOLIO SNAPSHOT		
		ex-cash
AUM	\$294,583,989	
Cash/AUM	11.69%	
Long Exposure	\$291,666,512	\$257,236,499
Short Exposure	(\$114,675,796)	(\$114,675,796)
Net Exposure	\$176,990,716	\$142,560,703
Net Exposure/AUM	60.08%	48.39%
Gross Exposure	\$406,342,308	\$371,912,295
Gross Exposure/AUM	1.38x	1.26x

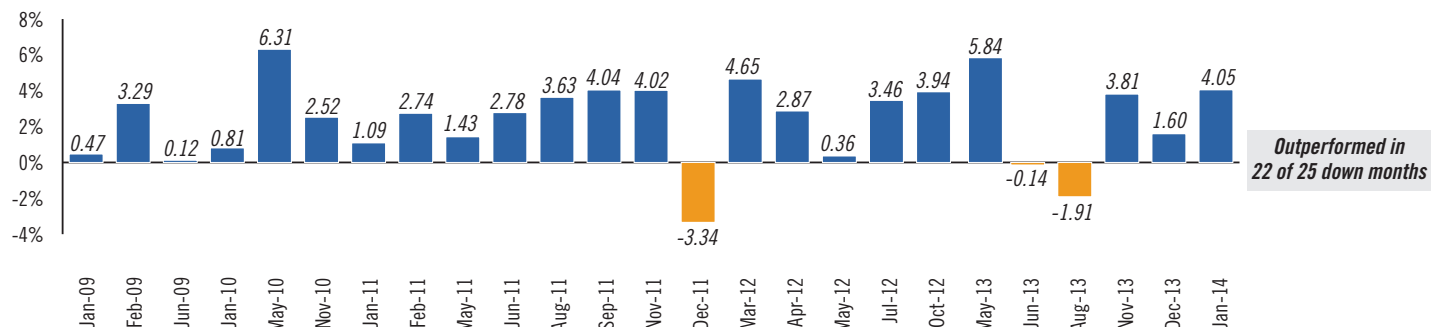
PORTFOLIO CHARACTERISTICS		
	Fund	Benchmark
Number of Holdings	111	1,798
Active Share (3-year avg.) ¹	96.18	n/a
Est. 3-5 Year EPS Growth	23.0%	17.2%
Weighted Avg. Market Cap (\$M)	\$2,197	\$1,000
Median Market Cap (\$M)	\$1,779	\$492
Mkt. Cap Breakout	< \$5 billion	94.5%
	> \$5 billion	5.5%

RISK & RETURN CHARACTERISTICS (Trailing 3-years)

	Fund	vs. MSCI EM Small Cap	Fund	vs. MSCI Emerging Markets
Annualized Return	7.44	-2.46	7.44	-3.41
Standard Deviation	15.78	19.59	15.78	19.39
Upside Capture	78.00	100.00	77.49	100.00
Downside Capture	53.29	100.00	48.97	100.00
Beta	0.72	1.00	0.68	1.00
Alpha	9.22	n/a	9.97	n/a
Sharpe Ratio	0.47	-0.13	0.47	-0.18
R-Square	0.80	1.00	0.69	1.00
Tracking Error	8.99	0.00	10.77	0.00
Information Ratio	1.10	n/a	1.01	n/a
# Negative Monthly Returns	9	17	9	20
# Positive Monthly Returns	27	19	27	16



FUND'S EXCESS RETURNS² (%pts) vs. MSCI EM Small Cap Index — Months with Negative Index Returns (Since Inception on 12/1/08)



Source: FactSet Research Systems LLC and Driehaus Capital Management. Data calculated with monthly returns.

Data as of 4/30/2014.

¹Data is calculated monthly.

²Net of fee performance. MSCI Emerging Markets Small Cap Index. Data as of April 30, 2014. Performance for the Driehaus Emerging Markets Small Cap Growth Fund (DRESX) is used. The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (800) 560-6111 or visiting our website at www.driehaus.com. Fund returns shown include the reinvestment of all dividends and capital gains. Contractual fee waivers are currently in effect. Without such fee waivers, performance numbers would be reduced. The total annual fund operating expense for DRESX is 1.85% as disclosed in the 4/30/14 prospectus. Please see notes at end of presentation for more information on indices used.

A definition of key terms can be found on page 8.

COUNTRY EXPOSURES¹

	Equity Weights	Long Hedges ²	Short Hedges ²	Net Exposure	Benchmark Weight	Net Exposure Over-/Underweight
Brazil	8.02%	--	--	8.02%	5.30%	2.72%
Cambodia	0.93%	--	--	0.93%	--	0.93%
Chile	--	--	--	--	1.23%	-1.23%
China/Hong Kong	10.84%	--	--	10.84%	18.32%	-7.48%
Colombia	--	--	--	--	0.03%	-0.03%
Czech Republic	--	--	--	--	0.05%	-0.05%
Egypt	--	--	--	--	1.07%	-1.07%
Greece	0.46%	--	--	0.46%	0.87%	-0.42%
Hungary	--	--	--	--	0.12%	-0.12%
India	6.36%	--	--	6.36%	5.77%	0.59%
Indonesia	3.19%	--	--	3.19%	3.81%	-0.62%
Kenya	1.18%	--	--	1.18%	--	1.18%
Malaysia	3.20%	--	--	3.20%	4.89%	-1.69%
Mexico	2.30%	--	-4.98%	-2.68%	2.09%	-4.77%
Nigeria	1.08%	--	--	1.08%	--	1.08%
Pakistan	2.36%	--	--	2.36%	--	2.36%
Panama	--	--	--	--	0.13%	-0.13%
Peru	--	--	--	--	0.12%	-0.12%
Philippines	6.01%	--	--	6.01%	1.27%	4.73%
Poland	--	--	--	--	1.78%	-1.78%
Qatar	1.91%	--	--	1.91%	--	1.91%
Russia	--	--	--	--	0.77%	-0.77%
Saudi Arabia	6.58%	--	--	6.58%	--	6.58%
South Africa	3.26%	--	--	3.26%	7.50%	-4.24%
South Korea	6.14%	--	--	6.14%	17.59%	-11.45%
Sri Lanka	1.78%	--	--	1.78%	--	1.78%
Taiwan	5.60%	--	--	5.60%	20.31%	-14.71%
Thailand	3.16%	--	--	3.16%	4.30%	-1.15%
Turkey	2.19%	--	--	2.19%	2.01%	0.18%
Other Countries ²	10.79%	--	--	10.79%	0.66%	10.13%
EM Index Equity Hedges	--	--	-9.29%	-9.29%	--	-9.29%
U.S. Index Equity Hedges	--	--	-7.03%	-7.03%	--	-7.03%
Other - Sector Hedges	--	--	-17.62%	-17.62%	--	-17.62%
Total Exposure (ex-cash)	87.33%	--	-38.93%	48.39%	100.00%	-51.60%

SECTOR EXPOSURES¹

	Equity Weights	Long Hedges ³	Short Hedges ³	Net Exposure	Benchmark Weight	Net Exposure Over-/Underweight
Consumer Discretionary	18.79%	--	--	18.79%	16.74%	2.05%
Consumer Staples	6.22%	--	--	6.22%	6.90%	-0.69%
Energy	9.22%	--	-15.52%	-6.30%	2.39%	-8.69%
Financials	21.46%	--	-2.10%	21.46%	19.11%	2.35%
Health Care	6.16%	--	--	6.16%	5.89%	0.27%
Industrials	9.72%	--	--	9.72%	15.61%	-5.90%
Information Technology	8.31%	--	--	8.31%	17.46%	-9.15%
Materials	4.88%	--	--	4.88%	11.89%	-7.01%
Telecom. Services	1.18%	--	--	1.18%	1.30%	-0.12%
Utilities	1.40%	--	--	1.40%	2.71%	-1.31%
Other - Market Hedges	--	--	-21.31%	-21.31%	0.00%	-21.31%
Total Exposure (ex-cash)	87.32%	--	-38.93%	48.39%	100.00%	-51.61%

PORTFOLIO WEIGHTS (Net Exposure)

Frontier Market: 15.81%

Emerging Market: 73.40%

Other Countries: 10.79%

¹Data is on a trade date basis and has not been reconciled. Exposures reflect hedged positions. ²Other represents companies with significant emerging markets related exposures that are not domiciled within an emerging market. ³Delta-adjusted and underlying exposures include ETFs that may be domiciled in the U.S. but provide specific sector, country or market related exposure.

TOP 5 HOLDINGS* (as of 3/31/14)

Company	Country	Description	% of Fund
CT Environmental Group Ltd.	Hong Kong	Provider of one-stop centralized and customized wastewater treatment	3.3
NagaCorp Ltd.	Cayman Islands	Engaged in the operation of a hotel and entertainment complex	2.0
Bank Aljazira	Saudi Arabia	Engaged in the provision of Sharia compliant banking products	1.8
Jarir Marketing Co.	Saudi Arabia	Engaged in the wholesale and retail trade of school and office supplies	1.7
Kaveri Seed Co. Ltd.	India	Integrated provider of farm solutions	1.6

*Holdings subject to change.

Notes

The Fund invests in foreign securities, including small and mid cap stocks, which may be subject to greater volatility than other investments. During certain periods, the Fund has benefited from unusually strong market conditions. At times, a significant portion of a Fund's return may be attributable to investments in initial public offerings (IPOs) or concentrations in certain strong performing sectors, such as technology. Returns from IPOs or sector concentrations may not be repeated or consistently achieved in the future. In addition, participating in IPOs and other investments during favorable market conditions may enhance the performance of a Fund with a smaller asset base, and the Fund may not experience similar performance results as its assets grow. **Investments in overseas markets can pose more risks than U.S. investments, and the Fund's share prices are expected to be more volatile than that of a U.S.-only fund.** In addition, the Fund's returns will fluctuate with changes in stock market conditions, currency values, interest rates, foreign government regulations, and economic and political conditions in countries in which the Fund invests. These risks are generally greater when investing in emerging markets. These and other risk considerations are discussed in the Fund's prospectus. **Please consider the investment objectives, risks, fees and expenses of the Fund carefully prior to investing. The prospectus and summary prospectus contains this and other important information about the Fund. To obtain a copy of the prospectus and/or summary prospectus, please call us at (800) 560-6111 or visit www.driehaus.com. Please read the prospectus carefully before investing.**

TERMS: **Beta** is a measure of a portfolio's volatility. A beta of 1.00 implies perfect historical correlation of movement with the market. A higher beta manager will rise and fall more rapidly than the market, whereas a lower beta manager will rise and fall slower. **Alpha** is the measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. **Sharpe ratio** is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation. **Standard deviation** is a measure of the average deviations of a return series from its mean; often used as a measure of portfolio volatility. A large standard deviation implies that there have been large swings or volatility in the manager's return series. **Sharpe ratio** is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation. **Downside/Upward capture** is a measure of performance in up markets (upside) and down markets (downside) relative to the Index. **Active share** represents the share of portfolio holdings that differ from the benchmark index holdings. **Average drawdown** is the arithmetic average of declines in value during a given period of time. **Downside risk** is a measure of the average deviations of a negative return series. A large downside risk implies that there have been large swings or volatility in the manager's return series. **Tracking error** measures of the amount of active risk that is being taken by a manager. Tracking error accounts for the deviation away from the benchmark and does not indicate in which direction it occurred, either positive or negative. **Information ratio** is a measure of the value added per unit of active risk by a manager over the index. A positive ratio indicates "efficient" use of risk by the manager. **R-Squared** is a statistical measure that represents the percentage of a fund's movements that can be explained by movements in a benchmark index.