

# Driehaus International Small Cap Growth Fund

## KEY FEATURES

- Developed and emerging markets small cap exposure
- Benchmark aware, not benchmark constrained
- Opportunistic investment approach
- High active share

## INCEPTION DATE

September 17, 2007

*The fund's predecessor limited partnership has an inception date of August 1, 2002.*

## FUND ASSETS UNDER MANAGEMENT

\$281.7 million

## FIRM ASSETS UNDER MANAGEMENT

\$8.8 billion

## INVESTMENT UNIVERSE

Developed and emerging markets small cap equity

## INVESTMENT STYLE

Growth equity

*This update is not intended to provide investment advice. Nothing herein should be construed as a solicitation, recommendation or an offer to buy, sell or hold any securities, other investments or to adopt any investment strategy or strategies. You should assess your own investment needs based on your individual financial circumstances and investment objectives.*

*This material is not intended to be relied upon as a forecast or research. The opinions expressed are those of Driehaus Capital Management LLC ("Driehaus") as of July 19, 2017 and are subject to change at any time due to changes in market or economic conditions. The material has not been updated since July 19, 2017 and may not reflect recent market activity.*

*The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by Driehaus to be reliable and are not necessarily all inclusive. Driehaus does not guarantee the accuracy or completeness of this information. 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.*



## Market Overview

Entering 2017, we were hopeful that performance would not be as significant of a factor driver as it had been in 2016, given that valuation dispersions across various metrics had reverted back to more normal levels.

Separately, we were optimistic that reasonable valuations, accelerating Purchasing Managers' Index growth, and substantial operating leverage would create a positive backdrop for European equities.

Both of these came to fruition in the second quarter. Years of investor skepticism on Europe turned into cautious optimism, helped by an economic upswing, still accommodative European Central Bank, and pro-market election outcomes.

Separately, first quarter earnings reports were largely positive in both developed and emerging markets, and reassuringly, these fundamentals seemed to take priority over factor exposures.

## Performance Review

For the first quarter, the Driehaus International Small Cap Growth Fund returned 12.75%, net of fees, and the MSCI ACWI ex-US Small Cap Growth Index returned 6.95%.<sup>1</sup> Contributions to performance came from the industrials and information technology sectors, as well as France and Germany. Detractions from performance came from financials and real estate, as well as Argentina and Spain.

On a sector basis, industrials and consumer discretionary are the fund's largest overweights. The industrials overweight is a reflection of our view on European GDP Growth and operating leverage, in addition to finding service companies driving organic growth by addressing a specific niche.

Technology exposure was trimmed substantially during the quarter as valuations increased substantially across some industry groups.

Japan and Developed Asia remain as the largest regional underweights, which is more of a result of a preference for European equities than an active allocation away from that area.

## Outlook and Positioning

In France, Emmanuel Macron's party won a majority in parliament, presenting the president with opportunities to pass the labor and tax reforms necessary to spur growth. After the rally in European equities, prices are not as cheap as they were previously, on a relative basis. However, we still see further upside as the earnings growth story continues. Lending growth has reached post crisis highs, and employment trends continue to improve. There also remains tremendous slack for trends to continue to improve. Structural reforms could further unlock Europe's growth potential and improve corporate margins.

### <sup>1</sup>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. 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](http://www.driehaus.com) for more current performance information. Sources: Driehaus Capital Management LLC, Factset, Reuters and MSCI Indices*

## PERFORMANCE as of 6/30/17

	Annualized Total Return						
	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Inception 8/1/02 <sup>1</sup>
<b>Driehaus International Small Cap Growth Fund</b>	<b>12.75%</b>	<b>22.29%</b>	<b>17.36%</b>	<b>5.42%</b>	<b>12.15%</b>	<b>5.35%</b>	<b>15.56%</b>
MSCI AC World ex USA Small Cap Growth Index (ND) <sup>2</sup>	6.95%	16.58%	17.17%	3.78%	9.77%	2.56%	9.91%
MSCI AC World ex USA Small Cap Growth Index (GD) <sup>2</sup>	7.07%	16.79%	17.48%	4.04%	10.04%	2.81%	10.20%

ANNUAL FUND OPERATING EXPENSES<sup>3</sup>

Management fee:	1.50%	Other expenses:	0.22%	Total annual fund operating expenses:	1.72%
-----------------	-------	-----------------	-------	---------------------------------------	-------

## SECTOR PERFORMANCE ATTRIBUTION 2nd Quarter — 3/31/17 to 6/30/17

GICS Sector	Driehaus International Small Cap Growth Fund (Port) (%)			MSCI AC World ex USA Small Cap Growth Index <sup>2</sup> (Bench) (%)			Attribution Analysis (%)		
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	Allocation Effect	Selection + Interaction	Total Effect
Consumer Discretionary	23.18	9.21	2.41	17.76	6.28	1.13	-0.08	0.82	0.73
Consumer Staples	7.83	12.09	0.99	9.03	9.91	0.89	-0.03	0.29	0.18
Energy	2.91	-7.26	-0.25	2.66	-7.86	-0.22	-0.06	0.04	0.00
Financials	3.33	8.92	0.27	5.76	12.27	0.69	-0.07	-0.11	-0.21
Health Care	8.86	21.49	1.77	11.73	9.31	1.10	-0.05	0.97	0.93
Industrials	27.07	18.08	4.82	21.53	9.76	2.09	0.09	1.98	2.19
Information Technology	13.67	15.72	2.25	15.46	8.85	1.32	0.01	0.82	0.95
Materials	5.37	12.26	0.53	8.50	4.44	0.37	0.14	0.20	0.49
Real Estate	2.71	4.48	0.11	5.21	8.04	0.42	0.01	-0.07	-0.08
Telecomm. Services	1.14	21.17	0.23	1.20	10.72	0.13	0.00	0.09	0.12
Utilities	0.00	0.00	0.00	1.18	2.01	0.02	0.05	0.00	0.08
Cash	3.92	-0.45	0.00	0.00	0.00	0.00	-0.08	0.00	-0.18
Unassigned*	0.00	-0.43	-0.45	0.00	0.00	0.00	-0.44	0.00	-0.44
<b>Total</b>	<b>100.00</b>	<b>12.68</b>	<b>12.68</b>	<b>100.00</b>	<b>7.94</b>	<b>7.94</b>	<b>-0.51</b>	<b>5.04</b>	<b>4.75</b>

Data as of 6/30/17 Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance, Morgan Stanley Capital International and Standard & Poor's Global Industry Classification Standard.

\*Unassigned refers to securities not recognized by Factset.

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), 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 (800) 560-6111 or visit [www.driehaus.com](http://www.driehaus.com) for more current performance information. <sup>1</sup>The average annual total returns of the Driehaus International Small Cap Growth Fund include the performance of the Fund's predecessor limited partnership, which is calculated from August 1, 2002 before the Fund commenced operations and succeeded to the assets of its predecessor on September 17, 2007. 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, the 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 regulated investment companies and therefore did not distribute current or accumulated earnings.

<sup>2</sup>The Morgan Stanley Capital International (MSCI) AC World ex USA Small Cap Growth Index is a market capitalization-weighted index designed to measure equity performance in global developed markets and emerging markets, excluding the US and is composed of stocks which are categorized as small capitalization stocks. Data is in US Dollars. The net dividend (ND) index is calculated with net dividend reinvestment. The gross dividend (GD) index is calculated with gross dividend reinvestment. The benchmark has changed from the MSCI AC World ex USA Small Cap Growth Index (GD) to the MSCI AC World ex USA Small Cap Growth Index (ND) because the net index is more commonly used industry wide and is more representative of the fund. <sup>3</sup>Represents the Annual Fund Operating Expenses as disclosed in the current prospectus dated April 30, 2017. 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. Per FactSet Research Systems Inc., the attribution report provides an in-depth analysis of relative performance. With this report one can research whether or not a portfolio outperformed a benchmark, and how each group contributed to performance. The performance data shown above is estimated and represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The information presented is intended for informational purposes only. Definitions of the attribution analysis can be found in the notes on page 3.

**COUNTRY PERFORMANCE ATTRIBUTION** 2nd Quarter — 3/31/17 to 6/30/17

MSCI Country	Driehaus International Small Cap Growth Fund (Port) (%)			MSCI AC World ex USA Small Cap Growth Index <sup>1</sup> (Bench) (%)			Total Effect
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	
Argentina	0.42	-19.89	-0.15	0.00	0.00	0.00	-0.17
Australia	1.41	11.02	0.16	4.45	1.40	0.05	0.38
Austria	3.85	14.89	0.56	0.56	14.26	0.08	0.23
Belgium	1.09	5.72	0.05	1.15	5.27	0.06	0.00
Bermuda	0.00	0.00	0.00	0.10	-4.65	0.00	0.01
Brazil	0.00	0.00	0.00	0.97	0.01	0.01	0.07
British Virgin Islands	0.00	0.00	0.00	0.01	11.58	0.00	0.00
Canada	10.05	8.38	0.85	6.69	0.44	0.01	0.58
Cayman Islands	0.00	0.00	0.00	0.03	-18.84	0.00	0.01
Chile	0.00	0.00	0.00	0.23	-3.50	-0.01	0.03
China	1.55	-3.54	-0.06	2.70	-1.75	-0.05	0.09
Colombia	0.00	0.00	0.00	0.03	-5.08	0.00	0.01
Czech Republic	0.00	0.00	0.00	0.01	30.88	0.00	0.00
Denmark	1.91	13.92	0.29	1.35	17.66	0.22	0.01
Egypt	0.00	0.00	0.00	0.08	-1.60	0.00	0.01
Finland	2.91	17.86	0.51	0.65	1.85	0.01	0.32
France	5.22	34.71	1.62	3.32	17.34	0.55	0.91
Germany	9.49	20.26	1.82	5.08	13.83	0.65	0.79
Greece	0.00	0.00	0.00	0.16	33.35	0.05	-0.03
Hong Kong	1.37	12.08	0.21	3.31	-0.59	-0.02	0.38
Hungary	0.00	0.00	0.00	0.03	11.87	0.00	0.00
India	0.00	0.00	0.00	2.96	5.48	0.17	0.07
Indonesia	0.57	-3.01	-0.03	0.53	-6.17	-0.03	0.00
Ireland	0.10	-2.83	-0.02	1.08	8.86	0.10	-0.03
Isle Of Man	3.88	14.99	0.62	1.15	15.07	0.14	0.24
Israel	0.00	0.00	0.00	1.04	4.74	0.05	0.03
Italy	3.04	19.19	0.65	2.98	10.53	0.37	0.27

*(Continues on page 4)*

Sources: FactSet Research Systems Inc. and Driehaus Capital Management. Per FactSet Research Systems Inc., the Attribution Report provides an in-depth analysis of relative performance. With this report one can research whether a portfolio outperformed a benchmark, and how each group contributed to performance. The performance data shown above is estimated and represents past performance and does not guarantee future results. **Current performance may be lower or higher than the performance data quoted. The information presented is intended for informational purposes only.** <sup>1</sup>A definition of this index can be found on page 2.

**ATTRIBUTION ANALYSIS CATEGORIES ARE DEFINED AS:** **Allocation Effect** - Measures the impact of the decision to allocate assets differently than those in the benchmark. **Security Selection Effect** - Measures the effect of choosing securities, which may or may not outperform those of the benchmark. **Interaction Effect** - Jointly measures the effect of allocation and selection decisions. **Currency Effect** - The currency effect is the portion of the total effect the portfolio manager can potentially influence by using currency hedging. **Total Effect** - The Total Effect for each MSCI/GICS Sector is equal to the sum of the individual Attribution Effects for that MSCI/GICS Sector.

**COUNTRY PERFORMANCE ATTRIBUTION** 2nd Quarter — 3/31/17 to 6/30/17 *(Continued)*

MSCI Country	Driehaus International Small Cap Growth Fund (Port) (%)			MSCI AC World ex USA Small Cap Growth Index <sup>1</sup> (Bench) (%)			Total Effect
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	
Japan	19.78	11.02	2.31	21.43	10.07	2.10	0.27
Jersey	0.52	-3.05	-0.02	0.00	0.00	0.00	-0.06
Kazakhstan	0.00	0.00	0.00	0.04	11.26	0.01	0.00
Luxembourg	1.25	18.16	0.22	0.55	11.72	0.06	0.11
Macau	0.00	0.00	0.00	0.02	1.73	0.00	0.00
Malaysia	0.00	0.00	0.00	0.75	10.55	0.08	-0.02
Malta	0.00	0.00	0.00	0.04	3.20	0.00	0.00
Mexico	0.58	11.25	0.07	0.65	7.72	0.05	0.03
Netherlands	1.06	15.38	0.24	1.58	12.88	0.20	0.07
New Zealand	0.00	0.00	0.00	0.79	17.03	0.13	-0.06
Norway	0.79	19.07	0.15	0.78	3.68	0.03	0.12
Pakistan	0.00	0.00	0.00	0.08	-10.53	-0.03	0.03
Panama	0.59	-23.18	0.02	0.00	0.00	0.00	-0.05
Peru	0.00	0.00	0.00	0.01	2.49	0.00	0.00
Philippines	0.38	4.98	0.02	0.24	-2.26	0.00	0.02
Poland	0.00	0.00	0.00	0.28	19.89	0.05	-0.03
Portugal	0.00	0.00	0.00	0.13	24.09	0.03	-0.02
Qatar	0.00	0.00	0.00	0.11	-15.63	-0.02	0.03
Russia	0.99	2.97	0.03	0.17	-0.44	0.00	-0.03
Singapore	0.00	0.00	0.00	1.22	5.17	0.06	0.04
South Africa	0.55	12.65	0.07	1.15	0.61	0.01	0.11
South Korea	1.95	-1.29	0.01	3.60	6.23	0.23	-0.09
Spain	0.00	0.00	0.00	2.30	12.55	0.29	-0.11
Sweden	2.46	22.83	0.50	4.52	10.61	0.47	0.19
Switzerland	4.66	13.97	0.84	2.97	14.09	0.41	0.24
Taiwan	0.83	-18.83	-0.13	3.68	4.02	0.14	-0.06
Thailand	0.00	0.00	0.00	0.78	1.10	0.01	0.06
Turkey	0.53	16.52	0.19	0.24	18.07	0.04	0.16
United Arab Emirates	0.00	0.00	0.00	0.19	-7.55	-0.01	0.03
United Kingdom	11.64	11.65	1.46	10.65	10.99	1.19	0.16
United States	0.64	6.05	0.06	0.39	6.60	0.03	0.01
Cash	3.92	-0.45	0.00	0.00	0.00	0.00	-0.19
Unassigned	0.00	-0.43	-0.45	0.00	0.00	0.00	-0.44
<b>Total</b>	<b>100.00</b>	<b>12.68</b>	<b>12.68</b>	<b>100.00</b>	<b>7.94</b>	<b>7.94</b>	<b>4.75</b>

SECTOR WEIGHTS				COUNTRY WEIGHTS					
	Fund	Benchmark	Active Weights		Fund	Benchmark		Fund	Benchmark
Consumer Discretionary	21.6%	18.1%	3.5	Argentina	0.6%	0.0%	Jersey	0.5%	0.0%
Consumer Staples	7.5%	8.9%	-1.4	Australia	2.4%	4.5%	Luxembourg	1.6%	0.6%
Energy	4.4%	2.3%	2.1	Austria	3.8%	0.6%	Mexico	0.7%	0.7%
Financials	3.6%	6.0%	-2.5	Belgium	1.2%	1.1%	Netherlands	0.8%	1.6%
Health Care	9.7%	11.3%	-1.7	Canada	11.1%	6.7%	Norway	0.8%	0.7%
Industrials	26.8%	21.6%	5.2	China	1.5%	2.6%	Philippines	0.5%	0.2%
Information Technology	10.2%	16.0%	-5.8	Denmark	1.6%	1.5%	Russia	1.0%	0.1%
Materials	8.3%	8.3%	0.0	Finland	3.2%	0.6%	South Africa	0.6%	1.1%
Real Estate	3.0%	5.3%	-2.2	France	5.6%	3.4%	South Korea	2.1%	3.5%
Telecomm. Services	1.2%	1.1%	0.1	Germany	10.8%	5.5%	Sweden	2.7%	4.6%
Utilities	0.0%	1.2%	-1.2	Hong Kong	1.3%	3.1%	Switzerland	3.1%	3.1%
Cash	3.7%	0.0%	3.7	Indonesia	0.5%	0.5%	Turkey	1.4%	0.2%
				Isle Of Man	3.6%	1.5%	United Kingdom	11.0%	10.6%
				Italy	2.1%	2.3%	United States	0.5%	0.3%
				Japan	19.6%	21.4%	Cash	3.7%	0.0%

  

TOP 5 HOLDINGS <sup>1</sup> (as of 5/31/17)			
Company	Sector	Country	% of Fund
PUMA SE	Consumer Discretionary	Germany	2.0%
JD Sports Fashion Plc	Consumer Discretionary	United Kingdom	1.7%
ams AG	Information Technology	Switzerland	1.7%
Air France-KLM SA	Industrials	France	1.7%
Vesuvius Plc	Industrials	United Kingdom	1.6%

## PORTFOLIO CHARACTERISTICS

	Fund	Benchmark	5-year period	Fund	Benchmark
Number of Holdings	110	2,430	Annualized Alpha	3.42	n/a
Weighted Avg. Market Cap (M)	\$3,845	\$2,396	Sharpe Ratio	1.08	0.85
Median Market Cap (M)	\$2,876	\$909	Information Ratio	0.47	n/a
Est. 3-5 Year EPS Growth	17.9	16.5	Beta	0.88	1.00
Active Share (3-year avg.) <sup>2</sup>	91.76	n/a	Standard Deviation	11.08	11.38
<b>Market Cap Breakout</b>			Tracking Error	5.03	0.00
< \$5 billion	72.8%	90.9%	R-squared	0.81	1.00
> \$5 billion	27.2%	9.1%			

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance  
Data as of 6/30/17. Benchmark: MSCI AC World ex USA Small Cap Growth Index (ND)

<sup>1</sup>Holdings subject to change. <sup>2</sup>Data is calculated monthly.

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

**TERMS:** **Active share** represents the share of portfolio holdings that differ from the benchmark index holdings. **Average drawdown** is the arithmetic average of declines in value during a given period of time. **Downside risk** is a measure of the average deviations of a negative return series. A large downside risk implies that there have been large swings or volatility in the manager's return series. **Beta** is a measure of a portfolio's volatility. A beta of 1.00 implies perfect historical correlation of movement with the market. A higher beta manager will rise and fall more rapidly than the market, whereas a lower beta manager will rise and fall slower. **Standard deviation** is a measure of the average deviations of a return series from its mean; often used as a measure of portfolio volatility. A large standard deviation implies that there have been large swings or volatility in the manager's return series. **Tracking error** measures of the amount of active risk that is being taken by a manager. Tracking error accounts for the deviation away from the benchmark and does not indicate in which direction it occurred, either positive or negative. Source: eVestment Alliance. **Alpha** is the measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. **Sharpe ratio** is calculated by finding the portfolio's excess return and then dividing by the portfolio's standard deviation. **Information Ratio (IR)** measures a portfolio manager's ability to generate excess returns relative to a benchmark, but also attempts to identify the consistency of the investor. This ratio will identify if a manager has beaten the benchmark by a lot in a few months or a little every month. The higher the IR the more consistent a manager is and consistency is an ideal trait. **R-squared** is a statistical measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. For fixed-income securities, the benchmark is the T-bill. For equities, the benchmark is the S&P 500.