

# 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

\$310.5 million

## FIRM ASSETS UNDER MANAGEMENT

\$8.6 billion

## INVESTMENT UNIVERSE

Developed and emerging markets small cap equity

## INVESTMENT STYLE

Growth equity

## PORTFOLIO MANAGERS



Daniel Burr, CFA  
Portfolio Manager  
17 years of industry experience



David Mouser  
Portfolio Manager  
20 years of industry experience



Ryan Carpenter  
Assistant Portfolio Manager  
13 years of industry experience

*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 17, 2018 and are subject to change at any time due to changes in market or economic conditions. The material has not been updated since July 17, 2018 and may not reflect recent market activity.*

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## Market Overview

International equity markets had slightly negative returns in the 2nd quarter with most of the decline occurring in the last half of June as concerns over tariffs took center stage.

US officials released a list of Chinese import products with an approximate annual value of \$34 billion subject to tariffs of 25% starting in early July. In response, the Chinese Ministry of Finance responded in kind with tariffs of the same rate and amount on US products. Predictably both countries have earmarked further targeted imports for potential tariffs as a retaliatory tactic.

## Performance Review

For the second quarter, the Driehaus International Small Cap Growth Fund returned -1.69%, net of fees, and the MSCI ACWI ex-US Small Cap Growth Index returned -1.67%.<sup>1</sup>

We remain underweight emerging markets. Uncertainties over global trade, a stronger US dollar, higher interests rates, as well as a number of upcoming political events present challenges.

Exposure to Japan was further reduced during the quarter. Valuations of quality growth companies have been increased substantially, many of the exporters are subject to potential tariffs, and currency remains an important driver in terms of competing with Emerging Asia for exports, which is not a recipe for predictable growth.

We continue to be comfortable with our energy overweight given robust global

demand for crude oil combined with downside risk to global supply given Iran, Angola, Venezuela, Libya, Nigeria all have unique issues inhibiting their ability to increase production.

Exposure to healthcare was increased, primarily in equipment and services. We continue to find consistent growers that are capable of self-generating organic growth with appealing free cash flow yields.

## Outlook and Positioning

This risk of protectionist escalation is very difficult to handicap. On the optimistic side, the prospect of diminishment in corporate confidence prior to mid-term elections could deter the US administration from further escalating trade disputes. In that scenario, strong global growth, a potential for reduction in trade tensions, and Chinese policy easing could serve as a positive catalyst. The downside would be further tariffs undermining the record high operating and free cash margins that have driven most of this cycle.

Otherwise, global indicators are largely positive heading into the second half of the year and it appears activity could be re-accelerating. Global retail sales, capital goods orders, China and Eurozone PMIs, and export orders from emerging markets all have been robust over the past few months.

Reassuringly, fundamentals have been largely positive in both developed and emerging markets, earnings revisions are positive across most geographies, and we continue to find unique, differentiated growth stories.

### <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 6/30/18

	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>-1.69%</b>	<b>2.20%</b>	<b>18.20%</b>	<b>10.49%</b>	<b>11.56%</b>	<b>6.71%</b>	<b>15.73%</b>
MSCI AC World ex USA Small Cap Growth Index (ND) <sup>2</sup>	-1.67%	-0.84%	13.67%	8.57%	9.73%	5.40%	10.14%

ANNUAL FUND OPERATING EXPENSES (Effective July 2, 2018)<sup>3</sup>

Management fee:	1.00%	Other expenses:	0.23%	Total annual fund operating expenses:	1.23%
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## SECTOR PERFORMANCE ATTRIBUTION 2nd Quarter — 3/31/18 to 6/30/18

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	19.12	5.02	0.93	17.73	-2.01	-0.35	0.03	1.04	1.34
Consumer Staples	4.65	-12.21	-0.57	8.70	0.30	0.04	-0.07	-0.42	-0.65
Energy	5.44	11.23	0.49	2.24	9.41	0.18	0.30	-0.03	0.37
Financials	2.92	-7.99	-0.23	5.85	-4.97	-0.29	0.08	0.01	-0.01
Health Care	6.87	5.40	0.37	11.80	-0.82	-0.09	-0.02	0.51	0.46
Industrials	31.71	-4.52	-1.64	20.33	-3.95	-0.82	-0.27	0.02	-0.43
Information Technology	8.90	3.70	0.24	17.42	-0.84	-0.13	-0.10	0.35	0.26
Materials	5.09	-3.83	-0.22	9.17	-0.41	-0.04	-0.03	-0.16	-0.24
Real Estate	4.35	-3.72	-0.18	4.26	-3.04	-0.13	0.00	-0.03	-0.04
Telecomm. Services	3.14	-14.07	-0.45	0.99	-2.64	-0.03	-0.03	-0.30	-0.39
Utilities	0.00	0.00	0.00	1.50	0.39	0.00	-0.02	0.00	-0.03
Cash	7.81	-0.27	-0.03	0.00	0.00	0.00	-0.48	0.00	-0.28
Unassigned*	0.00	-0.40	-0.40	0.00	68.89	0.00	-0.40	0.00	-0.40
<b>Total</b>	<b>100.00</b>	<b>-1.69</b>	<b>-1.69</b>	<b>100.00</b>	<b>-1.67</b>	<b>-1.67</b>	<b>-1.00</b>	<b>0.98</b>	<b>-0.03</b>

Data as of 6/30/18 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.

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**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. **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 — 3/31/18 to 6/30/18

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	0.23	-82.86	-0.05	0.00	0.00	0.00	-0.05
Australia	2.66	6.08	0.14	4.81	4.56	0.21	-0.09
Austria	0.75	-4.11	-0.06	0.78	-13.58	-0.11	0.05
Belgium	0.00	0.00	0.00	1.02	-6.25	-0.06	0.05
Bermuda	0.00	0.00	0.00	0.24	-3.38	-0.01	-0.01
Brazil	2.64	-33.30	-1.06	1.06	-27.53	-0.34	-0.69
British Virgin Islands	0.00	0.00	0.00	0.01	16.55	0.00	0.00
Canada	13.43	7.25	0.83	6.55	6.97	0.43	0.60
Cayman Islands	0.00	0.00	0.00	0.08	2.05	0.00	0.00
Chile	0.00	0.00	0.00	0.28	-11.82	-0.03	0.03
China	2.31	13.12	0.20	2.89	-0.35	0.08	0.12
Colombia	0.00	0.00	0.00	0.05	-6.17	0.00	0.00
Cyprus	0.00	0.00	0.00	0.02	6.84	0.00	0.00
Denmark	1.11	2.56	-0.01	1.78	17.64	0.28	-0.30
Egypt	0.00	0.00	0.00	0.11	-9.97	-0.01	0.01
Finland	0.83	2.47	0.01	0.82	-8.08	-0.07	0.08
France	2.01	12.37	0.22	2.96	-4.73	-0.15	0.35
Germany	8.92	7.24	0.53	4.74	-4.02	-0.18	0.84
Greece	0.00	0.00	0.00	0.18	-3.82	-0.01	0.00
Hong Kong	2.52	-3.42	-0.09	2.49	-5.86	-0.10	0.04
Hungary	0.00	0.00	0.00	0.02	-15.96	0.00	0.00
India	0.00	0.00	0.00	3.02	-7.86	-0.24	0.19
Indonesia	0.14	-18.00	-0.07	0.51	-14.23	-0.08	0.00
Ireland	0.00	0.00	0.00	1.07	5.26	0.05	-0.08
Isle Of Man	4.40	-1.48	-0.08	1.76	6.54	0.10	-0.13
Israel	0.80	15.10	0.11	1.14	2.37	0.02	0.09
Italy	4.27	-2.96	-0.18	2.58	0.92	0.01	-0.14
Japan	14.95	-2.93	-0.42	22.59	-2.83	-0.65	0.14
Jersey	0.00	0.00	0.00	0.02	4.82	0.00	0.00
Jordan	0.00	0.00	0.00	0.05	18.52	0.01	-0.01

*(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.

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## COUNTRY PERFORMANCE ATTRIBUTION 2nd Quarter — 3/31/18 to 6/30/18 (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	
Kazakhstan	0.00	0.00	0.00	0.11	-7.51	-0.01	0.01
Luxembourg	2.27	-0.88	-0.05	0.52	3.02	0.01	-0.02
Macau	0.00	0.00	0.00	0.01	19.07	0.00	0.00
Malaysia	0.00	0.00	0.00	0.70	-9.51	-0.07	0.06
Malta	0.00	0.00	0.00	0.03	1.64	0.00	0.00
Mexico	0.00	0.00	0.00	0.57	-5.69	-0.03	0.02
Monaco	0.00	0.00	0.00	0.07	-2.73	0.00	0.00
Netherlands	2.30	-3.92	-0.13	1.75	-2.43	-0.05	-0.06
New Zealand	0.12	-0.91	0.00	0.68	-6.13	-0.04	0.03
Norway	1.65	31.36	0.40	0.73	2.07	0.01	0.41
Pakistan	0.00	0.00	0.00	0.16	-11.43	-0.02	0.02
Peru	0.00	0.00	0.00	0.03	-33.19	-0.01	0.01
Philippines	0.72	-4.41	-0.03	0.17	-23.52	-0.05	0.03
Poland	0.17	-7.81	-0.03	0.20	-17.08	-0.03	0.01
Portugal	1.16	-16.42	-0.19	0.17	-6.58	-0.01	-0.16
Qatar	0.00	0.00	0.00	0.11	-1.96	0.00	0.00
Russia	0.00	0.00	0.00	0.14	-14.13	-0.02	0.02
Singapore	0.00	0.00	0.00	1.22	-12.69	-0.16	0.14
South Africa	1.88	-14.02	-0.34	1.16	-19.77	-0.23	-0.08
South Korea	2.03	7.71	0.11	3.84	-11.12	-0.43	0.54
Spain	2.35	-16.60	-0.43	1.66	-4.05	-0.06	-0.36
Sweden	2.29	13.38	0.26	4.11	4.05	0.15	0.09
Switzerland	2.18	-2.03	-0.08	3.29	2.39	0.07	-0.14
Taiwan	0.51	-20.57	-0.29	3.72	-1.81	-0.07	-0.29
Thailand	0.00	0.00	0.00	0.76	-20.87	-0.17	0.16
Turkey	0.00	0.00	0.00	0.23	-23.73	-0.06	0.06
United Arab Emirates	0.00	0.00	0.00	0.25	-9.82	-0.01	0.01
United Kingdom	10.03	-2.47	-0.26	9.60	5.30	0.47	-0.71
United States	0.55	-24.55	-0.23	0.35	-3.15	-0.01	-0.23
Cash	7.81	-0.27	-0.03	0.00	0.00	0.00	-0.28
Unassigned*	0.00	-0.40	-0.40	0.00	0.00	0.00	-0.40
<b>Total</b>	<b>100.00</b>	<b>-1.69</b>	<b>-1.69</b>	<b>100.00</b>	<b>-1.67</b>	<b>-1.67</b>	<b>-0.03</b>

\*Unassigned refers to securities not recognized by Factset.

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SECTOR WEIGHTS (%)				COUNTRY WEIGHTS (%)					
	Fund	Benchmark	Active Weights (%)		Fund	Benchmark		Fund	Benchmark
Consumer Discretionary	18.2	17.4	0.8	Australia	2.6	5.1	Luxembourg	2.2	0.7
Consumer Staples	5.1	8.4	-3.3	Brazil	2.3	0.9	Netherlands	2.7	2.0
Energy	6.4	2.5	3.8	Canada	14.3	7.1	Norway	1.9	0.8
Financials	2.1	6.2	-4.0	China	2.2	2.0	Philippines	0.6	0.2
Health Care	9.3	11.4	-2.1	Denmark	2.0	2.1	Poland	0.5	0.2
Industrials	28.7	19.7	9.0	Finland	0.8	0.8	Portugal	1.0	0.1
Information Technology	10.9	17.8	-6.8	France	2.2	3.1	South Africa	1.8	0.9
Materials	5.2	9.4	-4.2	Germany	9.4	4.5	South Korea	3.0	3.6
Real Estate	3.9	4.4	-0.5	Hong Kong	2.8	1.9	Spain	1.9	1.7
Telecomm. Services	2.7	1.2	1.5	Isle Of Man	4.7	2.0	Sweden	2.6	4.2
Utilities	0.0	0.0	0.0	Israel	0.8	1.2	Switzerland	2.5	3.4
Cash	7.4	0.0	7.4	Italy	3.9	2.3	United Kingdom	10.1	9.9
				Japan	13.9	22.6	Cash	7.4	0.0

TOP 5 HOLDINGS<sup>1</sup> (as of 5/31/18)

Company	Sector	Country	% of Fund
Ichihok Industries,Ltd.	Consumer Discretionary	Japan	2.1
Parkland Fuel Corporation	Energy	Canada	1.9
CAE Inc.	Industrials	Canada	1.9
PUMA SE	Consumer Discretionary	Germany	1.9
Croda International Plc	Materials	United Kingdom	1.8

## PORTFOLIO CHARACTERISTICS

	Fund	Benchmark	5-year period	Fund	Benchmark
Number of Holdings	99	2,340	Annualized Alpha	2.62	n/a
Weighted Avg. Market Cap (M)	\$3,968	\$2,689	Sharpe Ratio	0.99	0.83
Median Market Cap (M)	\$2,831	\$952	Information Ratio	0.38	n/a
Est. 3-5 Year EPS Growth	16.6%	16.7%	Beta	0.91	1.00
Active Share (3-year avg.) <sup>2</sup>	91.85	n/a	Standard Deviation	11.25	11.31
<b>Market Cap Breakout (%)</b>			Tracking Error	4.75	0.00
< \$5 billion	66.5	86.2	R-squared	0.83	1.00
> \$5 billion	33.5	13.8			

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance  
Data as of 6/30/18. Benchmark: MSCI AC World ex USA Small Cap Growth Index (ND)

Driehaus Securities LLC, Distributor

<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. 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 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.