# DRIEHAUS ACTIVE INCOME FUND

## Fund Summary — October 2009

DRIEHAUS CAPITAL MANAGEMENT LLC

# DRIEHAUS ACTIVE INCOME FUND

25 East Erie Street, Chicago, Illinois 60611 (877) 779-0079 www.driehaus.com

## FUND OVERVIEW

The **Driehaus Active Income Fund** (the "Fund") is an absolute return fixed income fund seeking to provide current income and capital appreciation by investing primarily in U.S. fixed income and floating rate securities, of both investment and non-investment grade credit quality, and by engaging in a variety of short-term trading strategies (involving both fixed income and equity securities). The Fund is actively managed by taking both long and short positions and the Fund may invest in derivatives as well as foreign securities.

## FUND INFORMATION

The Fund invests primarily in U.S. fixed income and floating rate securities, of both investment and non-investment grade credit quality, as well as equities and derivative instruments. The Fund intends to pursue its fundamental opportunistic "bottom-up" trading approach using the following investment strategies:

**Inception Date:** November 8, 2005*

**Portfolio Manager:**
K.C. Nelson, 11 years experience

**Assistant Portfolio Manager:**
Mirsada Durakovic, 10 years experience

**Ticker:** LCMAX

**Minimum Investment:** $25,000

**IRA Minimum Investment:** $2,000

**Liquidity:** Daily

**Assets:** Generally liquid bonds, derivatives and equities

**Capital Structure Arbitrage,** where the Fund attempts to exploit a pricing inefficiency between two securities of the same company. Often times, the Fund may buy a debt instrument that it believes is undervalued, while simultaneously shorting a subordinated debt instrument of the same issuer that is believed to be overvalued.

**Convertible Arbitrage,** where the Fund attempts 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.

**Directional Trading,** where the Fund takes long or short positions in equity or corporate debt instruments in anticipation of profiting from movements in the prices of these assets.

**Event Driven,** where the Fund invests in positions intending 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,** where the Fund seeks 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. In these trades, the Fund anticipates the relationship between these securities will diverge or converge to an expected level where it may profit from the long and short positions.

*The Driehaus Active Income Fund commenced operations on June 1, 2009 following the receipt of the assets and liabilities of the Lotsoff Capital Management Active Income Fund (the "Predecessor Fund") through a reorganization into the Driehaus Active Income Fund.

The Driehaus Active Income Fund (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. 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 contains this and other important information about the Fund. To obtain a copy of the prospectus, please call us at (877) 779-0079. Please read the prospectus carefully before investing.**

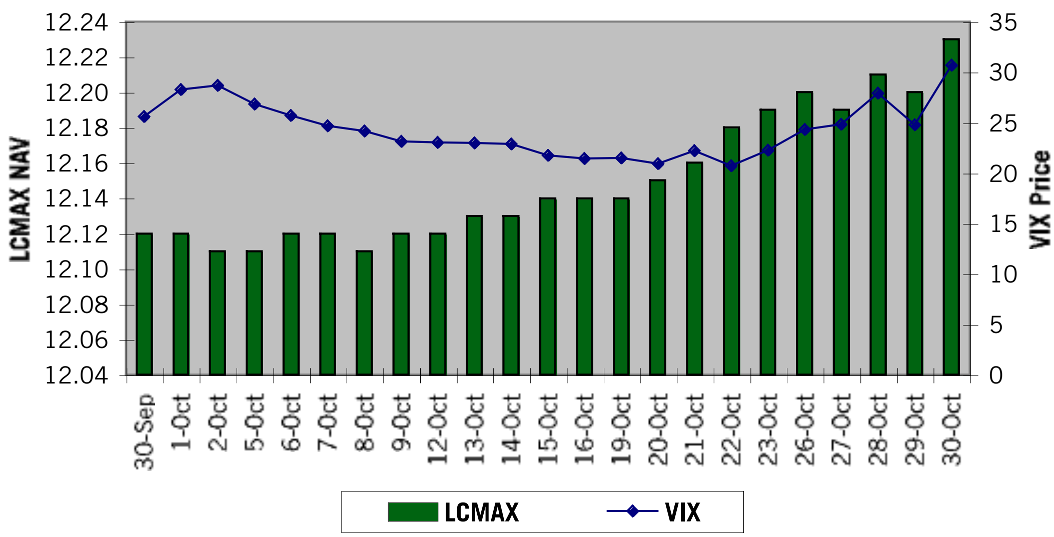
# DRIEHAUS ACTIVE INCOME FUND

## Fund Summary — October 2009

### MARKET RECAP

The Driehaus Active Income Fund (the "Fund") returned 0.91% in October as markets took a pause from the steep rally that began in March of this year. Despite the 2% decline in the S&P 500 Index and the 5 point increase in the VIX (Chicago Board of Options Exchange Volatility Index) to 30.7 during the month, credit spreads still managed another month of tightening. Investment grade spreads tightened 17 basis points during October to close at 218 basis points over treasuries. High yield spreads narrowed by 33 basis points to close at 760 basis points over treasuries.

The Fund performed well during the month, mainly due to the positive environment for credit spreads and the uptick in market volatility. As the Driehaus Credit Team ("we") conveyed in last month's letter, we decreased the portfolio's risk exposure in September and added a long volatility exposure to partially protect the portfolio from a risk aversion environment in the fourth quarter of this year. These actions proved to be timely in October as market volatility increased in the back half of the month. One reason we took these actions was to add diversification to the Fund, as we believed correlations between asset classes would rise in the coming months. So as stocks fell, treasuries sold off, and the Barclays Capital U.S. Aggregate Bond Index stagnated, we were pleased to post meaningful gains in the portfolio. As seen below, virtually all of the monthly gains in October were made as the VIX started to rise into month end.




### MARKET COMMENTARY

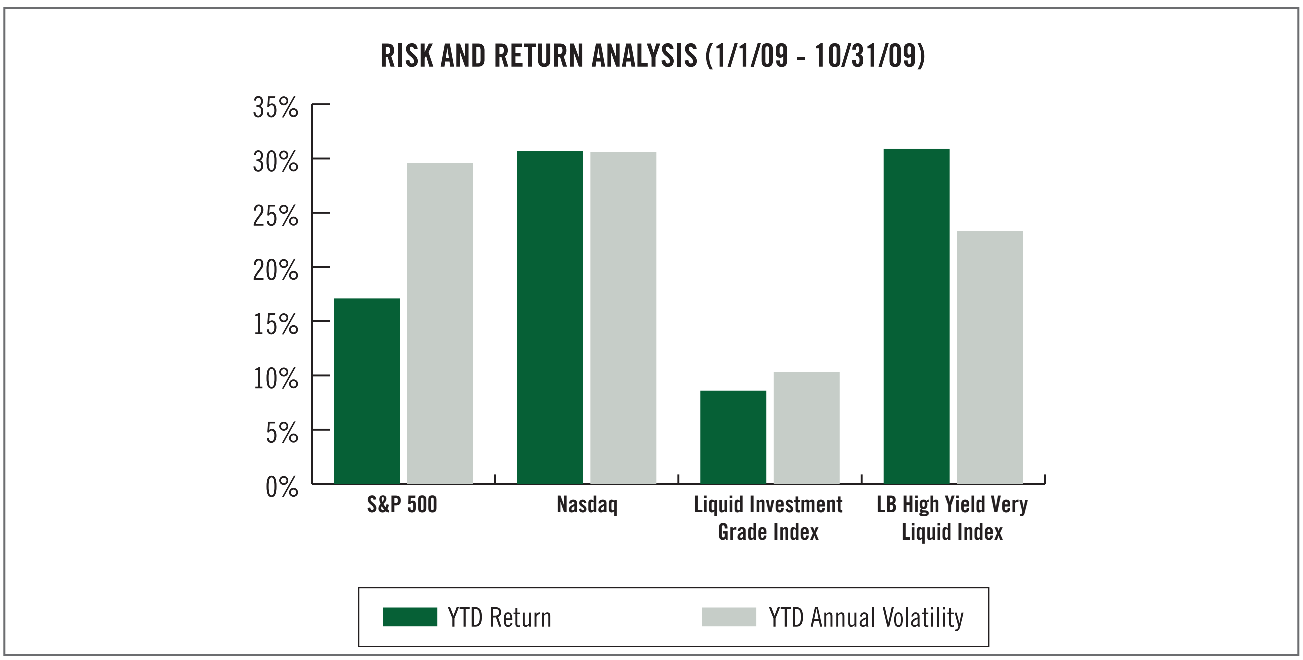
Given the Fund's positioning, we would expect to underperform other riskier assets given a strong rally accompanied with a drop in volatility into year end. However, given our own market views, we are comfortable with this approach going into November.

As shown later in the Fund Summary, the performance in October was driven by gains in our capital structure arbitrage and directional long strategies, which returned 0.46% and 0.42% respectively. Our volatility hedge contributed 8 basis points to returns in October. The largest detractors from performance were our directional short and pairs trading strategies, which were each responsible for a 5 basis points loss to the Fund.

The outlook for the Fund improved modestly in October as asset volatility picked up and spreads began to widen in some credit products. As we have discussed in past commentaries, an environment with wider credit spreads and above average volatility is a favorable one for our investment approach. We are hoping this minor sell-off will set the stage for an attractive opportunity set in 2010.

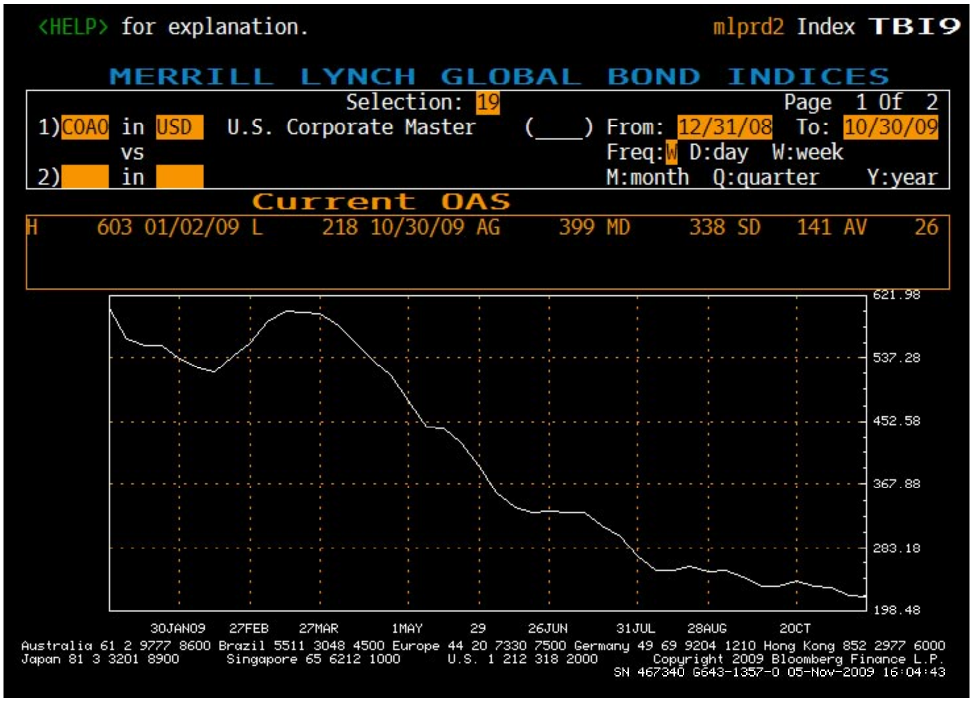
Contrary to the popular view that institutional investors are aggressively chasing returns to catch up to their benchmarks, we believe many are wary of current asset valuations, are content with year-to-date returns and hold a bias towards locking in performance for the year. Coupled with the fear of an anticipated gradual global stimulus removal, and what the impact of a "delevered" world will be on returns, we believe this will bring the continued moderation of the aggressive risk-taking behavior we saw in the second and third quarters. However, we would be surprised if the recent sell-off will amount to more than a minor move due to the large amount of investor dollars on the sidelines. As a result, we believe 2009's investment results are largely established and investors will start positioning for next year.

Based on our conversations with a number of institutional investors, we believe interest rate exposure is their primary risk in 2010. After the poor equity market performance of 2008, many large institutions shifted equity allocations and other risk assets into fixed income products. At the time, the fixed income market offered equity-like returns with far less downside exposure. With spreads at historically wide levels, these investors were well compensated for buying at the depths of the crisis. This strategy proved to be a prudent one as shown in the graph below. While equities have posted impressive gains this year with the S&P 500 Index up 17.0% and the Nasdaq Composite up 30.7% (as of October 31, 2009), the volatility of those returns has been quite different from credit alternatives. As shown below, annualized volatility on the S&P 500 Index and Nasdaq Composite year-to-date was 29.6% and 30.4%, respectively, compared to volatility of 10.3% and 23.3% for LQD (an exchanged traded fund that corresponds generally to the price and yield performance, before fees and expenses, of the Liquid Investment Grade Index) and JNK (an exchange traded fund that corresponds generally to the price and yield performance, before fees and expenses, of the Lehman Brothers High Yield Very Liquid Index), respectively.




Source: Bloomberg

Looking forward, we believe many institutional investors underestimate the degree to which rising interest rates will likely impact core fixed income portfolios. While it is true that rates have risen this year at a decent pace while most fixed income portfolios have performed well, we believe next year may yield far different results for several reasons. First, the magnitude of spread tightening that occurred in 2009 was an anomaly, so the large gains from spread duration will not be repeated in 2010. As seen below, credit spreads in Merrill Lynch's Master Index have tightened roughly 400 basis points this year. So mathematically, it's impossible to repeat that magnitude of credit improvement from these levels. Since many core fixed income investment managers were over-allocated to credit investments this year, this spread tightening effect has been exaggerated in many portfolios.




Source: Bloomberg

Second, we believe the duration embedded in a typical high grade fixed income portfolio has risen as the year has progressed. Many portfolio managers over-weighted credit plays by buying near dated (often the first maturity) bonds in a company's capital structure. This strategy would have decreased a portfolio interest rate exposure due to the shorter maturities of the bonds. As time progresses, portfolio managers will have to gravitate towards longer maturities to grab yield. In addition to being longer-dated securities, these bonds will trade at a considerably higher dollar price due to this year's credit rally. By definition, as bond prices rise and spreads contract, duration rises. Both of these forces will drive duration higher.


Source: Bloomberg

We believe the best way for investors to protect against a rising rate environment is to hedge their interest rate exposure. We almost always maintain a modified duration of approximately zero, which means the Fund is fairly insulated against rate moves. Second, to the extent you seek exposure to the credit markets, you should search for managers that can profit from company specific investments, as opposed to a "macro" trade on the credit markets. At these levels, investment grade credit spreads are trading at roughly their historical norm. Profits from these levels due to a broad "buy anything" approach in credit will be hard to come by. Our portfolio is almost entirely comprised of bottom-up, company specific investments. For better or worse, our returns are largely attributable to our ability to pick company specific investment opportunities.

As markets slowly normalize, investors should not neglect rate exposure as a significant risk to portfolios. Based on our knowledge of fixed income weightings and the state of the credit markets, we believe flat to negative returns are a high probability event for long-only core fixed income portfolios over the next year and one that should not be ignored.

Sincerely,

**K.C. Nelson**
*Portfolio Manager, Driehaus Credit Strategy*

## FIRM ANNOUNCEMENT

We are pleased to announce the addition of Elizabeth Cassidy to our team. Elizabeth joins us from Merrill Lynch, where she was a Vice President and spent five years on their distressed debt proprietary trading desk. While at Merrill, Elizabeth was responsible for taking both long and short positions in bonds, bank loans and derivatives of distressed issuers across a variety of industries. Prior to Merrill Lynch, Elizabeth worked in the investment banking division of CS First Boston. She earned her BA at Middlebury College and her MBA at Duke University. We expect her deep credit expertise will be invaluable in evaluating high yield and distressed investments for years to come.

# DRIEHAUS ACTIVE INCOME FUND

## October 2009

**Performance Disclosure**
The performance data shown below 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) 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 (877) 779-0079 or visit www. driehaus.com for more current performance information.

**MONTH-END PERFORMANCE AS OF 10/31/09**

| | | | | Average Annual Total Return | | | | |
|---|---|---|---|---|---|---|---|---|
| Fund/Index | October | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception (11/8/05) | Cumulative Total Return Since Inception |
| **Driehaus Active Income Fund*** | **0.91%** | **19.78%** | **21.94%** | **6.96%** | ---- | ---- | **6.39%** | **27.96%** |
| Citigroup 3-Month T-Bill Index[1] | 0.01% | 0.15% | 0.28% | 2.49% | ---- | ---- | 3.02% | 12.55% |
| Lipper General Bond Funds Universe Percentile Ranking | 21 | 20 | 27 | 12 | ---- | ---- | ---- | ---- |

Lipper General Bond Funds Universe includes funds that do not have any quality or maturity restrictions. These funds intend to keep the bulk of their assets in corporate and government debt issues. The Lipper General Bond Funds Universe consists of 69 funds. Lipper rankings are based on net total return performance performance (including the effects of sales charges, loads, and redemption fees).

**CALENDAR QUARTER-END PERFORMANCE AS OF 9/30/09**

| | | | | Average Annual Total Return | | | | |
|---|---|---|---|---|---|---|---|---|
| Fund/Index | 3rd QTR | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception (11/8/05) | Cumulative Total Return Since Inception |
| **Driehaus Active Income Fund*** | **5.21%** | **18.71%** | **19.66%** | **6.78%** | ---- | ---- | **6.29%** | **26.81%** |
| Citigroup 3-Month T-Bill Index[1] | 0.04% | 0.14% | 0.39% | 2.63% | ---- | ---- | 3.08% | 12.54% |
| Lipper General Bond Funds Universe Percentile Ranking | 33 | 10 | 5 | 6 | ---- | ---- | ---- | ---- |

*The Driehaus Active Income Fund commenced operations on June 1, 2009 following the receipt of the assets and liabilities of the Lotsoff Capital Management Active Income Fund (the "Predecessor Fund") through a reorganization into the Driehaus Active Income Fund (the "Fund"). Lotsoff Capital Management was the investment adviser from inception through April 2, 2009. Driehaus Capital Management LLC (the "Adviser") became the interim investment adviser to the Predecessor Fund on April 3, 2009.

**ANNUAL FUND OPERATING EXPENSES**

| Driehaus Active Income Fund | |
|---|---|
| Management Fee | 0.55% |
| **Other Expenses**** | |
| Other Expenses Excluding Dividends and Interest on Short Sales | 0.54% |
| Dividends and Interest on Short Sales | 0.51% |
| **Total Annual Fund Operating Expenses** | **1.60%** |
| Less Expense Reimbursement*** | (0.09)% |
| Net Annual Fund Operating Expenses | 1.51% |

** "Other Expenses", which include a shareholder services fee, are estimated for the current fiscal year because the Fund did not commence operations until June 1, 2009. The information in the table reflects the expenses of the Predecessor Fund for the fiscal year ended September 30, 2008, adjusted for the shareholder services fee.

*** The Adviser has entered into a written agreement to cap the Fund's ordinary operating expenses, excluding Dividends and Interest on Short Sales, at 1.00% of average daily net assets until May 31, 2010. For this same one year period, the Adviser is entitled to reimbursement for previously waived fees and reimbursed expenses to the extent that the Fund's ordinary operating expenses, excluding Dividends and Interest on Short Sales, remain below the operating expense cap.

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**Please consider the investment objectives, risks, fees and expenses of the Fund carefully prior to investing. The prospectus contains this and other important information about the Fund. To obtain a copy of the prospectus, please call us at (877) 779-0079. Please read the prospectus carefully before investing.**

[1] 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.

**Driehaus Securities LLC, Distributor**

# DRIEHAUS ACTIVE INCOME FUND

## Portfolio Characteristics — October 31, 2009

| PORTFOLIO SNAPSHOT (as of 10/31/09) | |
|---|---|
| Assets Under Management | $1,152,386,124 |
| Long Market Value (LMV) | $1,211,582,691 |
| Short Market Value (SMV) | $(543,794,503) |
| Net Market Value | $667,788,188 |
| Gross Market Value (GMV) | $1,755,377,194 |

| RISK SUMMARY (as of 10/31/09) | |
|---|---|
| Modified Duration/100 bps[4] | -1.27% |
| Spread Duration/100 bps[5] | -3.36% |
| Stock Vega/ 1% | 0.03% |
| Average Coupon | 3.76% |
| Average Yield | 4.16% |
| Equity Beta | -0.02% |
| Average % of Par-Longs | 100.63% |
| Average % of Par-Shorts | 103.37% |

**STANDARD & POOR'S CREDIT RATING (as of 10/31/09)**

| | LMV ($) | % of port. | SMV ($) | % of port. |
|---|---|---|---|---|
| AAA[1] | 313,986,407 | 25.92% | (288,450,477) | 53.04% |
| AA | 26,242,105 | 2.17% | - | 0.00% |
| A | 198,480,885 | 16.38% | (13,552,940) | 2.49% |
| BBB[2] | 306,587,047 | 25.30% | (112,474,076) | 20.68% |
| BB | 100,864,453 | 8.33% | (43,200,636) | 7.94% |
| B | 15,007,473 | 1.24% | (63,211,959) | 11.62% |
| CCC[3] | 66,773,037 | 5.51% | (7,391,575) | 1.36% |
| CC | 11,062,547 | 0.91% | - | 0.00% |
| Not Rated | 172,578,736 | 14.24% | (15,512,841) | 2.85% |
| **Total** | **1,211,582,691** | **100.00%** | **(543,794,503)** | **100.00%** |

**Standard & Poor's Ratings:**

| | |
|---|---|
| AAA and AA: | High credit-quality investment grade |
| A and BBB: | Medium credit-quality investment grade |
| BB, B, CCC, CC, C: | Low credit-quality (non-investment grade), or "junk bonds" |
| Not Rated: | Bonds currently not rated |

**MARKET CAPITALIZATION (as of 10/31/09)**

| BILLION | LMV ($) | % of port. | SMV ($) | % of port. |
|---|---|---|---|---|
| $0-500mm | 32,892,908 | 2.83% | (21,007,833) | 3.86% |
| $500mm - 2bn | 127,394,838 | 10.97% | (50,806,958) | 9.34% |
| $2bn -10bn | 300,736,710 | 25.90% | (125,776,891) | 23.13% |
| $10bn - 20bn | 102,767,459 | 8.85% | (15,809,057) | 2.91% |
| >$20bn | 597,178,572 | 51.44% | (330,393,764) | 60.76% |
| **Total** | **1,160,970,486** | **100.00%** | **(543,794,503)** | **100.00%** |
| *ABS/MBS (Excluded)[6]* | *50,612,204* | | | |

[1]All government bonds are rated AAA.

[2]All agency Mortgage Backed Securities (MBS) are rated BBB.

[3]All non-agency MBS and Asset Backed Securities (ABS) are rated CCC.

[4]Modified duration does not include Credit Default Swaps (CDS), Interest Rate Swaps (IR Swaps), agency and non-agency MBS.

[5]Spread duration does not include CDS, IR Swaps, agency and non-agency MBS.

[6]Market capitalization information is unavailable for ABS/MBS securities.

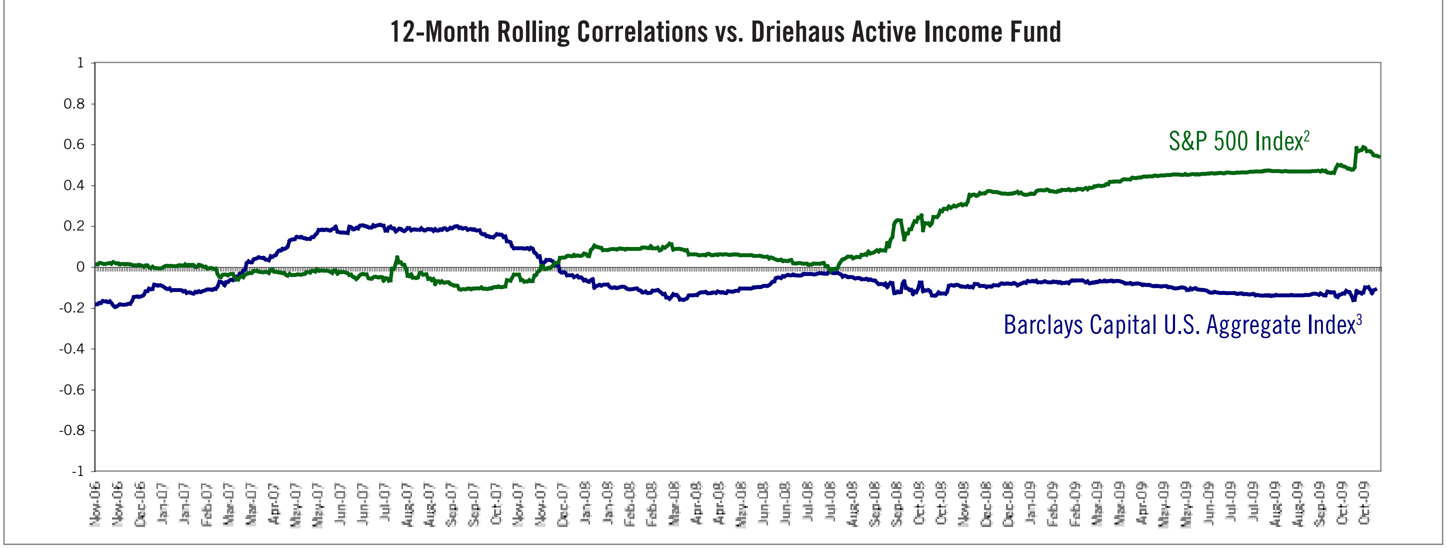
Credit Ratings and market capitalization information for CDS and IR Swaps is from underlying securities.

Source: Bloomberg

## TRADING STRATEGY TYPE (as of 10/31/09)

| | Net Asset Value | % of GMV | % of Return |
|---|---|---|---|
| Capital Structure Arbitrage | 336,136,536 | 19.15% | 0.46% |
| Cash Equivalent | 288,261,967 | 16.42% | 0.02% |
| Convertible Arbitrage | 152,238,703 | 8.67% | -0.01% |
| Directional Long | 520,143,998 | 29.63% | 0.42% |
| Directional Short | 113,786,279 | 6.48% | -0.05% |
| Event Driven | 51,610 | 0.00% | 0.00% |
| Interest Rate Hedge | 285,242,727 | 16.25% | 0.04% |
| Pairs Trading | 50,785,123 | 2.89% | -0.05% |
| Volatility Hedge | 8,730,250 | 0.50% | 0.08% |
| **Total** | **1,755,377,194** | **100.00%** | **0.91%** |

## CORRELATION[1] COMPARISON




Source: S&P 500 Index total return data from Bloomberg. Barclays Capital U.S. Aggregate Bond Index data from Barclays Capital

The benchmark for the Driehaus Active Income Fund is the Citigroup 3-Month T-Bill. The indices shown are for illustrative purposes only.

[1] Correlation is a statistical measure of how return sets move in relation to each other. Correlation is computed into what is known as the correlation coefficient, which ranges between -1 and +1. Perfect positive correlation (a correlation co-efficient of +1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. Alternatively, perfect negative correlation means that if one security moves in either direction the security that is perfectly negatively correlated will move by an equal amount in the opposite direction. If the correlation is 0, the movements of the securities are said to have no correlation; they are completely random. The S&P 500 Index and the Lehman Brothers Aggregate Bond Index are recognized proxies for the U.S. fixed income market.

[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 Barclays Capital U.S. Aggregate Index is a broad base index, maintained by Barclays Capital, used to represent investment grade bonds being traded in the United States.

| SPREAD DISTRIBUTION* ($M) (as of 10/31/09) | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 0-100 | 100-200 | 200-300 | 300-400 | 400-500 | 500-600 | 600-700 | 700-800 | 800-900 | 900-1000 | >1000 | Total |
| Govt | LMV | 64,800,195 | 1,000,702 | - | - | - | - | - | - | - | - | - | 65,800,897 |
| | SMV | (283,900,660) | - | - | - | - | - | - | - | - | - | - | (283,900,660) |
| | Total | (219,100,466) | 1,000,702 | - | - | - | - | - | - | - | - | - | (218,099,764) |
| Agency MBS | LMV | 36,962,261 | - | - | - | - | - | - | - | - | - | - | 36,962,261 |
| | SMV | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | 36,962,261 | - | - | - | - | - | - | - | - | - | - | 36,962,261 |
| Corp. Credit | LMV | 50,238,430 | 137,055,843 | 104,874,412 | 74,183,544 | 78,275,692 | 56,022,425 | 16,560,960 | 515,000 | - | - | 12,311,898 | 530,038,203 |
| | SMV | - | - | (9,707,075) | - | - | - | (8,645,000) | - | - | - | - | (18,352,075) |
| | Total | 50,238,430 | 137,055,843 | 95,167,337 | 74,183,544 | 78,275,692 | 56,022,425 | 7,915,960 | 515,000 | - | - | 12,311,898 | 511,686,129 |
| Convertible Bond | LMV | - | 10,582,000 | - | - | 23,737,598 | 62,059,788 | 26,939,500 | 11,017,175 | 39,112,581 | - | 42,541,763 | 215,990,404 |
| | SMV | - | - | - | - | - | - | - | - | (5,551,875) | - | - | (5,551,875) |
| | Total | - | 10,582,000 | - | - | 23,737,598 | 62,059,788 | 26,939,500 | 11,017,175 | 33,560,706 | - | 42,541,763 | 210,438,529 |
| Preferred | LMV | - | 22,877,031 | - | 26,838,750 | 10,240,300 | - | - | - | - | - | 42,635,322 | 102,591,403 |
| | SMV | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | - | 22,877,031 | - | 26,838,750 | 10,240,300 | - | - | - | - | - | 42,635,322 | 102,591,403 |
| Equity | LMV | - | - | - | - | - | - | - | - | 3,339,620 | - | - | 3,339,620 |
| | SMV | (553,987) | - | - | - | (7,372,176) | (11,664,072) | (13,128,456) | - | (8,059,363) | - | (29,170,664) | (69,948,718) |
| | Total | (553,987) | - | - | - | (7,372,176) | (11,664,072) | (13,128,456) | - | (4,719,743) | - | (29,170,664) | (66,609,098) |
| Equity Option | LMV | 7,514,320 | - | - | - | - | - | - | - | - | - | 4,914,865 | 12,429,185 |
| | SMV | (3,207,750) | - | - | - | - | - | - | - | (87,975) | - | - | (3,295,725) |
| | Total | 4,306,570 | - | - | - | - | - | - | - | (87,975) | - | 4,914,865 | 9,133,460 |
| ABS | LMV | 96,389 | 170,296 | - | 611,095 | - | - | - | - | - | - | 11,809,272 | 12,687,053 |
| | SMV | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | 96,389 | 170,296 | - | 611,095 | - | - | - | - | - | - | 11,809,272 | 12,687,053 |
| MBS | LMV | 46,025 | - | - | - | - | - | - | - | - | - | 916,866 | 962,890 |
| | SMV | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | 46,025 | - | - | - | - | - | - | - | - | - | 916,866 | 962,890 |
| CDS | LMV | - | 2,370,177 | - | - | - | 4,106,248 | - | - | - | - | 1,843,280 | 8,319,705 |
| | SMV | (31,025,022) | (54,932,326) | (15,126,517) | - | (20,162,320) | - | (7,391,575) | (27,665,625) | - | - | (5,100,000) | (161,403,384) |
| | Total | (31,025,022) | (52,562,149) | (15,126,517) | - | (20,162,320) | 4,106,248 | (7,391,575) | (27,665,625) | - | - | (3,256,720) | (153,083,679) |
| IR Swap | LMV | - | - | - | - | - | - | - | - | - | - | - | - |
| | SMV | (1,342,067) | - | - | - | - | - | - | - | - | - | - | (1,342,067) |
| | Total | (1,342,067) | - | - | - | - | - | - | - | - | - | - | (1,342,067) |
| Money Market | LMV | 222,461,070 | - | - | - | - | - | - | - | - | - | - | 222,461,070 |
| | SMV | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | 222,461,070 | - | - | - | - | - | - | - | - | - | - | 222,461,070 |
| Combined | LMV | 382,118,689 | 174,056,049 | 104,874,412 | 101,633,389 | 112,253,589 | 122,188,460 | 43,500,460 | 11,532,175 | 42,452,201 | - | 116,973,266 | 1,211,582,691 |
| | SMV | (320,029,485) | (54,932,326) | (24,833,591) | - | (27,534,496) | (11,664,072) | (29,165,031) | (27,665,625) | (13,699,213) | - | (34,270,664) | (543,794,503) |
| | Total | 62,089,204 | 119,123,723 | 80,040,821 | 101,633,389 | 84,719,093 | 110,524,388 | 14,335,429 | (16,133,450) | 28,752,989 | - | 82,702,601 | 667,788,188 |
| | % | **9.30%** | **17.84%** | **11.99%** | **15.22%** | **12.69%** | **16.55%** | **2.15%** | **-2.42%** | **4.31%** | **0.00%** | **12.38%** | **100.00%** |

Source: Bloomberg

*Spread differential between the underlying securities and Treasury bonds in basis points

## INDUSTRY GROUP (as of 10/31/09)

### GICS[1]

| | LMV ($) | % of port. | SMV ($) | % of port. |
|---|---|---|---|---|
| Automobiles & Components | 4,621,572 | 0% | - | 0% |
| Banks | 2,237,500 | 0% | - | 0% |
| Capital Goods | 57,622,962 | 5% | (2,130,183) | 0% |
| Commercial & Professional Services | 2,107,000 | 0% | - | 0% |
| Consumer Durables & Apparel | 4,106,248 | 0% | (92,995,796) | 17% |
| Consumer Services | 46,322,850 | 4% | (23,877,758) | 4% |
| Diversified Financials | 228,637,098 | 19% | - | 0% |
| Energy | 50,622,713 | 4% | - | 0% |
| Food & Staples Retailing | 9,745,038 | 1% | (10,243,730) | 2% |
| Food Beverage & Tobacco | 78,396,260 | 6% | (18,325,046) | 3% |
| Household & Personal Products | 6,092,340 | 1% | - | 0% |
| Insurance | 36,606,664 | 3% | - | 0% |
| Materials | 70,085,073 | 6% | (24,307,983) | 4% |
| Pharmaceuticals, Biotechnology | 51,760,885 | 4% | (8,137,061) | 1% |
| Real Estate | 21,574,620 | 2% | (29,718,532) | 5% |
| Retailing | 42,495,946 | 4% | (25,050,214) | 5% |
| Semiconductors & Semiconductor Equip. | 32,736,800 | 3% | (8,059,363) | 1% |
| Technology Hardware & Equipment | 19,515,999 | 2% | - | 0% |
| Telecomm. Services | 54,197,317 | 4% | - | 0% |
| Transportation | 21,020,008 | 2% | (716,172) | 0% |
| Utilities | 4,109,011 | 0% | (4,390,616) | 1% |

## INDUSTRY GROUP (as of 10/31/09)

### Other[2]

| | LMV ($) | % of port. | SMV ($) | % of port. |
|---|---|---|---|---|
| Agency Collateral CMO | 35,295,226 | 3% | - | 0% |
| CDS FI Index* | 2,370,177 | 0% | (7,391,575) | 1% |
| Equity Index | 5,522,500 | 0% | (3,207,750) | 1% |
| FHLMC Collateral** | 1,667,035 | 0% | - | 0% |
| Home Equity ABS | 714,313 | 0% | - | 0% |
| IR Swaps | - | 0% | (1,342,067) | 0% |
| Money Market | 222,461,070 | 18% | - | 0% |
| Other ABS | 11,972,740 | 1% | - | 0% |
| Sovereign | 86,002,837 | 7% | (283,900,660) | 52% |
| WL Collateral CMO*** | 962,890 | 0% | - | 0% |
| **Total** | **1,211,582,691** | **100%** | **(543,794,503)** | **100%** |

[1] The Global Industry Classification Standard (GICS), a collaboration between Standard & Poor's and Morgan Stanley Capital International, is 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.

Sources: Bloomberg, Global Industry Classification Standard

*Credit Default Swaps Fixed Income Index
**Federal Home Loan Mortgage Corporation Collateral
***Whole Loan Collateral Collateralized Mortgage Obligations
Industry group information for CDS and IR Swaps is from underlying securities.

## INDUSTRY SECTOR (as of 10/31/09)

| | LMV ($) | % of port. | SMV ($) | % of port. |
|---|---|---|---|---|
| **GICS[1]** | | | | |
| Consumer Discretionary | 99,105,681 | 8.18% | (141,923,767) | 26.10% |
| Consumer Staples | 94,233,637 | 7.78% | (28,568,776) | 5.25% |
| Energy | 50,672,723 | 4.18% | - | 0.00% |
| Financials | 289,055,882 | 23.86% | (29,718,532) | 5.47% |
| Health Care | 51,760,885 | 4.27% | (8,137,061) | 1.50% |
| Industrials | 79,140,895 | 6.53% | (2,846,354) | 0.52% |
| Information Technology | 52,252,799 | 4.31% | (8,059,363) | 1.48% |
| Materials | 70,085,073 | 5.78% | (24,307,983) | 4.47% |
| Telecommunication Services | 54,197,317 | 4.47% | - | 0.00% |
| Utilities | 4,109,011 | 0.34% | (4,390,616) | 0.81% |
| **Other[2]** | | | | |
| Asset Backed Securities | 12,687,053 | 1.05% | - | 0.00% |
| CDS FI Index | 2,370,177 | 0.20% | (7,391,575) | 1.36% |
| Equity Index | 5,522,500 | 0.46% | (3,207,750) | 0.59% |
| Government | 86,002,837 | 7.10% | (283,900,660) | 52.21% |
| IR Swaps | - | 0.00% | (1,342,067) | 0.25% |
| Money Market | 222,461,070 | 18.36% | - | 0.00% |
| Mortgage Securities | 37,925,151 | 3.13% | - | 0.00% |
| **Total** | **1,211,582,691** | **100%** | **(543,794,503)** | **100%** |

## PRODUCT TYPE (as of 10/31/09)

| | LMV ($) | % of port. | SMV ($) | % of port. |
|---|---|---|---|---|
| ABS | 12,687,053 | 1.05% | - | 0.00% |
| Agency MBS | 36,962,261 | 3.05% | - | 0.00% |
| CDS | 8,319,705 | 0.69% | (161,403,384) | 29.68% |
| Convertible Bonds | 215,990,404 | 17.83% | (5,551,875) | 1.02% |
| Convertible Preferred | 102,591,403 | 8.47% | - | 0.00% |
| Corp Bonds | 530,038,203 | 43.75% | (18,352,075) | 3.37% |
| Equity | 3,339,620 | 0.28% | (69,948,718) | 12.86% |
| Equity Option | 12,429,185 | 1.03% | (3,295,725) | 0.61% |
| Govt Bonds | 65,800,897 | 5.43% | (283,900,660) | 52.21% |
| IR Swap | - | 0.00% | (1,342,067) | 0.25% |
| MBS | 962,890 | 0.08% | - | 0.00% |
| Money Market | 222,461,070 | 18.36% | - | 0.00% |
| **Total** | **1,211,582,691** | **100%** | **(543,794,503)** | **100%** |

Sources: Bloomberg, Global Industry Classification Standard

Industry sector information for CDS and IR Swaps is from underlying securities.

[1] The Global Industry Classification Standard (GICS), a collaboration between Standard & Poor's and Morgan Stanley Capital International, is 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.

The Driehaus Active Income Fund (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. 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.

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