

# DRIEHAUS ACTIVE INCOME FUND

Fund Summary — November 2010



DRIEHAUS CAPITAL MANAGEMENT LLC

# DRIEHAUS ACTIVE INCOME FUND

25 East Erie Street, Chicago, Illinois 60611 (877) 779-0079 [www.driehaus.com](http://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\*

**Assets Under Management as of 10/31/2010:**  
\$2.0 Billion

**Portfolio Manager:**  
K.C. Nelson, 12 years experience

**Assistant Portfolio Managers:**  
Mirsada Durakovic, 11 years experience  
Elizabeth Cassidy, 11 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. No investment strategy, including an absolute return strategy, can ensure a profit or protect against loss. Additionally, investing in an absolute return strategy may lead to underperforming results during an upward moving market.

**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 — November 2010

### Market Recap

The Driehaus Active Income Fund (the “Fund”) returned -0.27% for the month of November and underperformed its benchmark, the Citigroup 3-Month Treasury Bill Index (the “Benchmark”), which returned 0.01% for the same period. The Fund outperformed the Barclays Capital U.S. Aggregate Bond Index (the “Index”), which returned -0.57% for the same period. The Fund’s return year-to-date is 3.70%, during the same period the Benchmark’s return is 0.12% and the Index’s return is 7.71%.<sup>1</sup>

Markets wrestled with continued worries over the fate of Europe during the month of November. As a result, most assets dropped in value slightly as equities inched lower and credit spreads widened. Even Treasuries, typically a safe haven during these bouts of fear, traded lower throughout the month.

All of the Fund’s trading strategies negligibly impacted returns in November, leading to a fairly uneventful month in the portfolio. In fact, the largest detractor from returns was our Event Driven strategy, which detracted only 25 basis points to the portfolio. These losses were largely the result of a sizable position the Fund maintains in the senior unsecured claims of a large American auto manufacturer that has recently emerged from bankruptcy. Equally unimpressive, our largest positive strategy was our Interest Rate Hedge, which contributed only 23 basis points to return during the month.

### Market Commentary

About a week ago, we had a call with a long-time shareholder who we regard as one of the sharpest folks we regularly speak with about the condition of the markets. Since he is a friend, we are sure he would not mind if we characterize his investing style as opportunistic, global in scope, risk-focused, and often times, bearish. During our call, he asked us an interesting question, “How do you think the markets would react to a 3.0% to 3.5% real gross domestic product (GDP) print for the 4th quarter of 2010?” Our response was, “We believe pretty positively.” Consensus estimates currently stand at around 2.25% to 2.5%, so that meaningful of a change would most likely cause stocks, commodities and higher yielding credits to rally while Treasuries and safer assets sell off. He went on to predict that his bottom-up analysis indicates that a 3%+ GDP print for the fourth quarter may not be the most likely outcome, but certainly is within the realm of possibilities given the strength in consumption we have seen over the past several weeks.

That got us thinking, could we be entering a new phase of the recovery? For the past 2 years, the corporate sector served as the pillar of stability for the economy as businesses tapped overseas markets for growth while cutting costs on their existing expense base. Now though, could the U.S. consumer once again become a driving force behind expanding GDP? Based on recent data, we think it’s quite possible.

### <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.

Performance data represents the rate that an investor would have earned (or lost), during the given month, on an investment in the Fund (assuming reinvestment of all dividends and distributions). Average annual total return reflects annualized change.

Since Fund performance is subject to change after the month-end, please call (877) 779-0079 or visit [www.driehaus.com](http://www.driehaus.com) for more current performance information.

Below, we have used Bloomberg to pull the key economic releases since November 1, 2010. To make it easier to read, we have colored the row if the data came in better than consensus (green), in line with consensus (black) or worse than consensus (red). Upon examination, we believe a few trends seem clear:

1. There's a lot more green than black and red on this table.
2. Economic activity, whether measured through the Institute for Supply Management (ISM) or regional indices, is registering stronger than expected and in expansionary mode.
3. Consumer spending as indicated by retail sales, vehicle sales and GDP, is increasing.
4. Employment, as measured by Automatic Data Processing (ADP), claims and non farm payrolls, is improving, but at a snail's pace.
5. The consumer confidence surveys are rising and better than expectations.
6. Housing remains a mess.

### KEY ECONOMIC INDICATORS

Date - Time	Event	Period (2010)	Survey	Actual	Prior Period	Revised
11/01/2010 10:00	ISM Manufacturing	OCT	54	56.9	54.4	--
11/03/2010 08:15	ADP Employment Change	OCT	20K	43K	-39K	29K
11/03/2010 10:00	ISM Non-Manf. Composite	OCT	53.5	54.3	53.2	--
11/03/2010 10:00	Factory Orders	SEP	1.60%	2.10%	-0.50%	0.00%
11/03/2010 17:00	Domestic Vehicle Sales	OCT	8.90M	9.27M	8.82M	--
11/03/2010 17:00	Total Vehicle Sales	OCT	11.80M	12.25M	11.73M	--
11/04/2010 08:30	Nonfarm Productivity	3Q P	1.00%	1.90%	-1.80%	--
11/04/2010 08:30	Initial Jobless Claims	30-Oct	442K	457K	434K	437K
11/05/2010 08:30	Change in Nonfarm Payrolls	OCT	60K	151K	-95K	-24K
11/05/2010 08:30	Change in Private Payrolls	OCT	80K	159K	64K	112K
11/05/2010 08:30	Change in Manufact. Payrolls	OCT	5K	-7K	-6K	-6K
11/05/2010 08:30	Unemployment Rate	OCT	9.60%	9.60%	9.60%	--
11/05/2010 08:30	Avg Weekly Hours All Employees	OCT	34.2	34.3	34.2	--
11/05/2010 12:30	Pending Home Sales MoM	SEP	3.00%	-1.80%	4.30%	4.40%
11/10/2010 08:30	Initial Jobless Claims	6-Nov	450K	435K	457K	459K
11/12/2010 09:55	U. of Michigan Confidence	NOV P	69	69.3	67.7	--
11/15/2010 08:30	Advance Retail Sales	OCT	0.70%	1.20%	0.60%	0.70%
11/15/2010 08:30	Retail Sales Less Autos	OCT	0.40%	0.40%	0.40%	0.50%
11/15/2010 08:30	Empire Manufacturing	NOV	14	-11.14	15.73	--
11/16/2010 08:30	Producer Price Index (YoY)	OCT	4.60%	4.30%	4.00%	--
11/16/2010 08:30	PPI Ex Food & Energy (YoY)	OCT	2.10%	1.50%	1.60%	--
11/17/2010 08:30	Consumer Price Index (YoY)	OCT	1.30%	1.20%	1.10%	--
11/17/2010 08:30	CPI Ex Food & Energy (YoY)	OCT	0.70%	0.60%	0.80%	--
11/17/2010 08:30	Housing Starts	OCT	598K	519K	610K	588K
11/18/2010 08:30	Initial Jobless Claims	13-Nov	441K	439K	435K	437K
11/18/2010 10:00	Leading Indicators	OCT	0.50%	0.50%	0.30%	0.50%
11/18/2010 10:00	Philadelphia Fed.	NOV	5	22.5	1	--
11/23/2010 08:30	GDP QoQ (Annualized)	3Q S	2.40%	2.50%	2.00%	--
11/23/2010 10:00	Existing Home Sales	OCT	4.48M	4.43M	4.53M	--
11/23/2010 10:00	Richmond Fed Manufact. Index	NOV	6	9	5	--

*continues on page 5*

Event	Period (2010)	Survey	Actual	Prior Period	Revised	Revised
11/24/2010 08:30	Durable Goods Orders	OCT	0.10%	-3.30%	3.30%	4.90%
11/24/2010 08:30	Durables Ex Transportation	OCT	0.60%	-2.70%	-0.80%	1.10%
11/24/2010 08:30	Initial Jobless Claims	20-Nov	435K	407K	439K	441K
11/24/2010 09:55	U. of Michigan Confidence	NOV F	69.5	71.6	69.3	--
11/29/2010 10:30	Dallas Fed Manf. Activity	NOV	4.5	16.2	2.6	--
11/30/2010 09:00	S&P/Case-Shiller US HPI YOY%	3Q	1.30%	-1.51%	3.60%	3.81%
11/30/2010 09:45	Chicago Purchasing Manager	NOV	59.9	62.5	60.6	--
11/30/2010 10:00	NAPM-Milwaukee	NOV	57.5	59	56	--
12/01/2010 08:15	ADP Employment Change	NOV	70K	93K	43K	82K
12/01/2010 08:30	Nonfarm Productivity	3Q F	2.30%	2.30%	1.90%	--
12/01/2010 10:00	ISM Manufacturing	NOV	56.5	56.6	56.9	--
12/01/2010 10:00	ISM Prices Paid	NOV	71	69.5	71	--
12/01/2010 17:00	Domestic Vehicle Sales	NOV	9.03M	9.27M	9.27M	--
12/01/2010 17:00	Total Vehicle Sales	NOV	12.10M	12.26M	12.25M	--
12/02/2010 08:30	Initial Jobless Claims	27-Nov	424K	436K	407K	410K
12/02/2010 10:00	Pending Home Sales MoM	OCT	-1.00%	10.40%	-1.80%	--
12/03/2010 08:30	Change in Nonfarm Payrolls	NOV	150K	39K	151K	172K
12/03/2010 08:30	Change in Private Payrolls	NOV	160K	50K	159K	160K
12/03/2010 08:30	Change in Manufact. Payrolls	NOV	5K	-13K	-7K	-11K
12/03/2010 08:30	Unemployment Rate	NOV	9.60%	9.80%	9.60%	--
12/03/2010 08:30	Avg Weekly Hours All Employees	NOV	34.3	34.3	34.3	--
12/03/2010 10:00	ISM Non-Manf. Composite	NOV	54.8	55	54.3	--
12/03/2010 10:00	Factory Orders	OCT	-1.20%	-0.90%	2.10%	3.00%
12/09/2010 08:30	Initial Jobless Claims	4-Dec	425K	421K	436K	438K

Source: Bloomberg

So collectively, we believe signs continue to emerge that the economy is in the early stages of a broad economic recovery. However, many point to the employment situation, the contraction in credit and the housing market as indicators that our economy will not sustain above trend growth anytime in the near future. We would argue that employment has lagged the economic turnaround for roughly 2 years now, but a continued increase in consumer spending will have a broad impact on aggregate demand. As a result, corporations will have to begin hiring as previously implemented cost-cutting measures and productivity gains slow markedly. The housing market, unfortunately, will lag any expansion in credit and employment. But make no mistake, as hiring picks up (which we believe happens in the next 6 months), housing will follow, it will just take some time (years not months).

For better or worse, that is about all we have to say this month. The recovery is gaining some steam as we had expected. We suspect many of the "double dippers" will be revising their 2011 GDP estimates upward in the coming weeks, which could add fuel to the rally in risk. U.S. Treasury yields have quickly moved higher during the past several weeks, with the 10 year yield jumping from approximately 2.5% to 3.25%. The speed of this move has caught many investors off guard. But based on the extent of government manipulation in the Treasury market and the massive flows into fixed income by both retail and institutional investors over the past several years, we would expect extremely elevated volatility in Treasury yields for some time to come.

Best of luck closing out the year and we look forward to speaking with you in the New Year.



**K.C. Nelson**

Portfolio Manager, Driehaus Credit Strategy

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## November 2010

### Performance Disclosure

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### MONTH-END PERFORMANCE AS OF 11/30/10

Fund/Index	November	YTD	1 Year	Average Annual Total Return			
				3 Year	5 Year	10 Year	Since Inception (11/8/05)
Driehaus Active Income Fund*	-0.27%	3.70%	5.81%	8.29%	6.19%	----	6.15%
Citigroup 3-Month T-Bill Index <sup>1</sup>	0.01%	0.12%	0.12%	0.79%	2.36%	----	2.39%
Barclays Capital U.S. Aggregate Bond Index <sup>2</sup>	-0.57%	7.71%	6.03%	6.39%	6.23%	----	6.32%

### CALENDAR QUARTER-END PERFORMANCE AS OF 9/30/10

Fund/Index	3rd QTR	YTD	1 Year	Average Annual Total Return			
				3 Year	5 Year	10 Year	Since Inception (11/8/05)
Driehaus Active Income Fund*	2.31%	2.50%	5.44%	8.01%	----	----	6.12%
Citigroup 3-Month T-Bill Index <sup>1</sup>	0.04%	0.09%	0.12%	1.01%	----	----	2.47%
Barclays Capital U.S. Aggregate Bond Index <sup>2</sup>	2.48%	7.95%	8.16%	7.42%	----	----	6.59%

\*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\*\* (expenses that you pay each year as a percentage of the value of your investment)

Driehaus Active Income Fund	
Management Fee	0.55%
<b>Other Expenses</b>	
Other Expenses Excluding Dividends and Interest on Short Sales	0.51%
Dividends and Interest on Short Sales	1.03%
<b>Total Annual Fund Operating Expenses</b>	<b>2.09%</b>

\*\*Represents the Annual Fund Operating Expenses for the year ended December 31, 2009 as disclosed in the current prospectus dated April 30, 2010. 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. As disclosed in the current prospectus, the information in the table has been restated to reflect a change in the shareholder services fee (from 0.15% to 0.25%) for the Fund, which is effective June 1, 2010.

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. No investment strategy, including an absolute return strategy, can ensure a profit or protect against loss. Additionally, investing in an absolute return strategy may lead to underperforming results during an upward moving market.

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<sup>1</sup> 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.

<sup>2</sup> The Barclays Capital U.S. Aggregate Bond Index, an unmanaged index, represents securities that are SEC-registered, taxable and dollar denominated. This index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

# DRIEHAUS ACTIVE INCOME FUND

## Portfolio Characteristics — November 30, 2010

PORTFOLIO SNAPSHOT (as of 11/30/10)		
		<i>Excluding Cash</i>
Assets Under Management (AUM)	\$2,130,928,701	
Long Market Value (LMV)	\$2,173,699,090	\$1,797,020,812
Short Market Value (SMV)	\$(973,713,537)	\$(973,713,537)
Net Market Value	\$1,199,985,553	\$823,307,275
Net Exposure	56.31%	38.64%
Gross Market Value (GMV)	\$3,147,412,626	\$2,770,734,348
GMV/AUM	1.48x	1.30x

RISK SUMMARY (as of 11/30/10)	
Modified Duration	0.51Y
Spread Duration	2.89Y
Stock Vega/+1%	0.01%
Average Coupon	4.63%
Average Yield	3.41%
Equity Beta	0.16%
Average % of Par-Longs	100.15%
Average % of Par-Shorts	102.17%

TRADING STRATEGY TYPE (as of 11/30/10)				
	GMV	% of GMV	% Contrib. to Total Return	% of GMV Change vs. Previous Month End
Capital Structure Arbitrage <sup>1</sup>	492,695,351	15.65%	0.08%	1.31%
Cash Equivalent	439,724,961	13.97%	0.00%	-3.24%
Convertible Arbitrage <sup>1</sup>	254,004,522	8.07%	-0.12%	0.52%
Directional Long <sup>1</sup>	962,560,184	30.58%	-0.06%	-0.84%
Directional Short <sup>1</sup>	173,149,374	5.50%	-0.07%	1.29%
Event Driven <sup>1</sup>	253,406,950	8.05%	-0.25%	4.01%
Interest Rate Hedge	531,981,848	16.90%	0.23%	-1.37%
Pairs Trading <sup>1</sup>	33,191,500	1.05%	-0.01%	-1.62%
Volatility Trading	6,697,936	0.21%	-0.05%	-0.05%
<b>Total</b>	<b>3,147,412,626</b>	<b>100.00%</b>	<b>-0.25%</b>	

MARKET CAPITALIZATION (as of 11/30/10)				
BILLION	LMV (\$)	% of LMV	SMV (\$)	% of SMV
\$0-500mm	112,083,406	5.16%	-	0.00%
\$500mm - 2bn	229,660,054	10.57%	(81,287,606)	8.35%
\$2bn - 10bn	294,431,957	13.55%	(172,724,098)	17.74%
\$10bn - 20bn	127,842,171	5.88%	(95,786,751)	9.84%
>\$20bn	346,998,350	15.96%	(84,357,034)	8.66%
<i>ABS/MBS (Excluded)<sup>2</sup></i>	93,652,142	4.31%	-	0.00%
<i>Private Companies (Excluded)<sup>3</sup></i>	529,306,048	24.35%	(7,576,200)	0.78%
<i>Treasuries (Excluded)<sup>4</sup></i>	63,046,684	2.90%	(531,981,848)	54.63%
<i>Cash (Excluded)</i>	376,678,278	17.33%		
<b>Total</b>	<b>2,173,699,090</b>	<b>100.00%</b>	<b>(973,713,537)</b>	<b>100.00%</b>

<sup>1</sup> A definition of this term can be found on page 2.

<sup>2</sup> Market capitalization information is unavailable for Asset Backed Securities (ABS)/ Mortgage Backed Securities (MBS).

<sup>3</sup> Market capitalization information is unavailable for Private Companies.

<sup>4</sup> Market capitalization information is unavailable for Treasuries.

Credit Ratings and market capitalization information for Credit Default Swaps (CDS) and Interest Rate Swaps are from underlying securities.

**STANDARD & POOR'S CREDIT RATING\* (as of 11/30/10)**

	LMV (\$)	% of LMV	SMV (\$)	% of SMV	GMV (\$)	% of GMV	% of GMV Change vs. Previous Month End
AAA <sup>1</sup>	459,834,941	21.15%	(531,981,848)	54.63%	991,816,789	31.51%	-4.66%
AA	4,526,155	0.21%	-	0.00%	4,526,155	0.14%	-0.01%
A <sup>2</sup>	162,190,205	7.46%	(37,034,466)	3.80%	199,224,670	6.33%	-0.24%
BBB	312,278,970	14.37%	(95,747,108)	9.83%	408,026,077	12.96%	-1.57%
BB	258,636,707	11.90%	(107,792,603)	11.07%	366,429,311	11.64%	1.46%
B	320,735,271	14.76%	(141,838,454)	14.57%	462,573,725	14.70%	2.01%
CCC	248,292,604	11.42%	(42,072,719)	4.32%	290,365,323	9.23%	0.75%
C	367,680	0.02%	-	0.00%	367,680	0.01%	0.01%
Not Rated	406,836,556	18.72%	(17,246,339)	1.77%	424,082,894	13.47%	2.24%
<b>Total</b>	<b>2,173,699,090</b>	<b>100.00%</b>	<b>(973,713,537)</b>	<b>100.00%</b>	<b>3,147,412,626</b>	<b>100.00%</b>	

**PRODUCT TYPE (as of 11/30/10)**

	LMV (\$)	% of LMV	SMV (\$)	% of SMV	GMV (\$)	% of GMV	% of GMV Change vs. Previous Month End
ABS	14,987,682	0.69%	-	0.00%	14,987,682	0.48%	0.21%
Agency MBS	70,872,071	3.26%	-	0.00%	70,872,071	2.25%	-0.21%
Bank Loan	29,885,462	1.37%	-	0.00%	29,885,462	0.95%	-0.02%
CDS	15,328,820	0.71%	(260,702,704)	26.77%	276,031,524	8.77%	-0.04%
Convertible Bonds	383,260,125	17.63%	-	0.00%	383,260,125	12.18%	0.82%
Convertible Preferred	241,571,276	11.11%	-	0.00%	241,571,276	7.68%	1.19%
Corp. Bonds	953,959,066	43.89%	(17,681,825)	1.82%	971,640,891	30.87%	1.68%
Equity	12,891,983	0.59%	(159,598,816)	16.39%	172,490,799	5.48%	1.05%
Equity Option	3,425,253	0.16%	(3,748,344)	0.38%	7,173,597	0.23%	-0.05%
Govt Bonds	63,046,684	2.90%	(513,041,223)	52.69%	576,087,907	18.30%	-1.46%
MBS	7,792,389	0.36%	-	0.00%	7,792,389	0.25%	-0.02%
Money Market	376,678,278	17.33%	-	0.00%	376,678,278	11.97%	-3.10%
Treasury Futures	-	0.00%	(18,940,625)	1.95%	18,940,625	0.60%	-0.05%
<b>Total</b>	<b>2,173,699,090</b>	<b>100.00%</b>	<b>(973,713,537)</b>	<b>100%</b>	<b>3,147,412,626</b>	<b>100.00%</b>	

\*Credit ratings listed are subject to change.

<sup>1</sup> All government bonds are rated AAA.

<sup>2</sup> All agency Mortgage Backed Securities (MBS) are rated A.

**Credit Ratings:**

AAA and AA:

A and BBB:

BB, B, CCC, CC, C:

Not Rated:

High credit-quality investment grade

Medium credit-quality investment grade

Low credit-quality (non-investment grade), or "junk bonds"

Bonds currently not rated

Source: Bloomberg, Moody's, Standard & Poor's

**Note:** A definition of key terms can be found on page 13



**SPREAD DISTRIBUTION\* (\$M) (as of 11/30/10)**

		0-100	100-200	200-300	300-400	400-500	500-600	600-700	700-800	800-900	900-1000	>1000	Total
Money Market	LMV	376,678,278	-	-	-	-	-	-	-	-	-	-	376,678,278
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	376,678,278	-	-	-	-	-	-	-	-	-	-	376,678,278
Govt Bonds	LMV	63,046,684	-	-	-	-	-	-	-	-	-	-	63,046,684
	SMV	(513,041,223)	-	-	-	-	-	-	-	-	-	-	(513,041,223)
	Total	(449,994,539)	-	-	-	-	-	-	-	-	-	-	(449,994,539)
Treasury Futures	LMV	-	-	-	-	-	-	-	-	-	-	-	-
	SMV	(18,940,625)	-	-	-	-	-	-	-	-	-	-	(18,940,625)
	Total	(18,940,625)	-	-	-	-	-	-	-	-	-	-	(18,940,625)
Corp. Credit	LMV	25,309,980	73,723,450	151,409,974	182,778,101	152,745,239	65,714,360	137,439,358	64,717,883	59,231,223	26,477,500	14,412,000	953,959,066
	SMV	-	-	-	-	-	-	-	(7,576,200)	(10,105,625)	-	-	(17,681,825)
	Total	25,309,980	73,723,450	151,409,974	182,778,101	152,745,239	65,714,360	137,439,358	57,141,683	49,125,598	26,477,500	14,412,000	936,277,241
Convertible Bond	LMV	-	39,983,645	29,846,038	135,055,876	16,230,156	-	38,306,475	62,628,285	-	46,836,750	14,372,900	383,260,125
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	39,983,645	29,846,038	135,055,876	16,230,156	-	38,306,475	62,628,285	-	46,836,750	14,372,900	383,260,125
Preferred	LMV	-	-	9,628,000	-	106,470,049	27,783,590	-	-	97,689,638	-	-	241,571,276
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	9,628,000	-	106,470,049	27,783,590	-	-	97,689,638	-	-	241,571,276
Equity	LMV	2,211,954	-	-	-	10,680,029	-	-	-	-	-	-	12,891,983
	SMV	(1,961,820)	(4,296,445)	-	(88,953,847)	-	-	(11,587,088)	(10,282,307)	-	(35,409,556)	(7,107,753)	(159,598,816)
	Total	250,134	(4,296,445)	-	(88,953,847)	10,680,029	-	(11,587,088)	(10,282,307)	-	(35,409,556)	(7,107,753)	(146,706,833)
Equity Option	LMV	1,843,986	95,840	-	-	1,020,780	277,436	14,995	-	-	-	172,216	3,425,253
	SMV	(749,876)	(1,084,530)	-	-	(50,076)	(83,876)	(1,019,660)	(136,314)	-	-	(624,012)	(3,748,344)
	Total	1,094,110	(988,690)	-	-	970,704	193,560	(1,004,665)	(136,314)	-	-	(451,796)	(323,091)
Bank Loan	LMV	-	-	-	-	-	7,478,831	15,089,621	1,860,570	-	-	5,456,440	29,885,462
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	7,478,831	15,089,621	1,860,570	-	-	5,456,440	29,885,462
Agency MBS	LMV	70,872,071	-	-	-	-	-	-	-	-	-	-	70,872,071
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	70,872,071	-	-	-	-	-	-	-	-	-	-	70,872,071
ABS	LMV	-	-	235,379	7,402,231	-	-	-	-	-	-	7,350,072	14,987,682
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	235,379	7,402,231	-	-	-	-	-	-	7,350,072	14,987,682
MBS	LMV	-	-	-	-	-	-	-	-	-	-	7,792,389	7,792,389
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-	7,792,389	7,792,389
CDS	LMV	2,403,333	-	4,411,983	-	-	2,465,594	-	-	-	6,047,911	-	15,328,820
	SMV	(87,444,822)	(54,500,168)	(65,092,922)	(8,140,906)	-	(29,273,898)	-	-	-	(12,601,089)	(3,648,899)	(260,702,704)
	Total	(85,041,490)	(54,500,168)	(60,680,939)	(8,140,906)	-	(26,808,304)	-	-	-	(6,553,179)	(3,648,899)	(245,373,884)
Combined	LMV	542,366,285	113,802,935	195,531,373	325,236,208	287,146,253	103,719,811	190,850,448	129,206,738	156,920,860	79,362,161	49,556,018	2,173,699,090
	SMV	(622,138,366)	(59,881,143)	(65,092,922)	(97,094,753)	(50,076)	(29,357,774)	(12,606,748)	(17,994,821)	(10,105,625)	(48,010,645)	(11,380,663)	(973,713,537)
	Total	(79,772,081)	53,921,792	130,438,452	228,141,455	287,096,177	74,362,037	178,243,700	111,211,917	146,815,235	31,351,515	38,175,355	1,199,985,553
	%	-6.65%	4.49%	10.87%	19.01%	23.92%	6.20%	14.85%	9.27%	12.23%	2.61%	3.18%	100.00%

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

The chart above measures the excess yield (in basis points) that these securities provide over the yield offered by U.S. treasuries of comparable maturities according to market prices at the end of the month. We then define the security type, as well as the Fund's long and short exposure, and plot these exposures based on current market values to show a more accurate view of where the Fund's capital is allocated than can be depicted by simply defining exposures by credit rating or security type.

**INDUSTRY GROUP (as of 11/30/10)**
**GICS<sup>1</sup>**

	LMV (\$)	% of LMV	SMV (\$)	% of SMV	GMV (\$)	% of GMV
Automobiles & Components	153,264,302	7.05%	(71,521,232)	7.35%	224,785,534	7.35%
Banks	14,242,500	0.66%	-	0.00%	14,242,500	0.00%
Capital Goods	135,210,942	6.22%	(13,791,614)	1.42%	149,002,555	1.42%
Consumer Durables & Apparel	8,934,262	0.41%	(86,254,832)	8.86%	95,189,094	8.86%
Consumer Services	126,105,539	5.80%	(21,939,751)	2.25%	148,045,290	2.25%
Diversified Financials	199,477,236	9.18%	(299,112)	0.03%	199,776,348	0.03%
Energy	70,890,801	3.26%	(10,015,067)	1.03%	80,905,868	1.03%
Food & Staples Retailing	40,784,155	1.88%	(10,257,714)	1.05%	51,041,869	1.05%
Food Beverage & Tobacco	78,586,786	3.62%	(16,499,635)	1.69%	95,086,421	1.69%
Health Care Equipment & Services	25,781,250	1.19%	-	0.00%	25,781,250	0.00%
Household & Personal Products	43,449,565	2.00%	-	0.00%	43,449,565	0.00%
Insurance	34,702,856	1.60%	(21,091,428)	2.17%	55,794,284	2.17%
Materials	86,977,268	4.00%	(227,896)	0.02%	87,205,164	0.02%
Media	85,989,067	3.96%	(43,069,632)	4.42%	129,058,699	4.42%
Pharmaceuticals, Biotechnology	31,266,038	1.44%	-	0.00%	31,266,038	0.00%
Real Estate	32,659,375	1.50%	(47,453,394)	4.87%	80,112,769	4.87%
Retailing	87,469,425	4.02%	(33,007,751)	3.39%	120,477,176	3.39%
Semiconductors & Semiconductor Equip.	97,617,571	4.49%	(12,818,760)	1.32%	110,436,331	1.32%
Software & Services	11,021,340	0.51%	(705,030)	0.07%	11,726,370	0.07%
Technology Hardware & Equipment	71,631,875	3.30%	(31,536,383)	3.24%	103,168,258	3.24%
Telecomm. Services	133,119,039	6.12%	(10,105,625)	1.04%	143,224,664	1.04%
Transportation	39,473,846	1.82%	(1,976,267)	0.20%	41,450,113	0.20%
Utilities	4,303,636	0.20%	(1,019,660)	0.10%	5,323,296	0.10%
<b>Other<sup>2</sup></b>						
Agency Collateral CMO*	69,419,192	3.19%	-	0.00%	69,419,192	0.00%
Automobile ABS	7,402,231	0.34%	-	0.00%	7,402,231	0.00%
CDS FI Index**	2,403,333	0.11%	(8,140,906)	0.84%	10,544,239	0.84%
Commercial MBS	4,526,155	0.21%	-	0.00%	4,526,155	0.00%
FHLMC Collateral***	1,452,880	0.07%	-	0.00%	1,452,880	0.00%
Holding Companies-Divers	4,850,000	0.22%	-	0.00%	4,850,000	0.00%
Home Equity ABS	327,401	0.02%	-	0.00%	327,401	0.00%
Money Market	376,678,278	17.33%	-	0.00%	376,678,278	0.00%
Other ABS	7,258,050	0.33%	-	0.00%	7,258,050	0.00%
Sovereign	83,156,664	3.83%	(531,981,848)	54.63%	615,138,512	54.63%
WL Collateral CMO****	3,266,234	0.15%	-	0.00%	3,266,234	0.00%
<b>Total</b>	<b>2,173,699,090</b>	<b>100.00%</b>	<b>(973,713,537)</b>	<b>100.00%</b>	<b>3,147,412,626</b>	<b>100.00%</b>

Sources: Bloomberg, Global Industry Classification Standard

<sup>1</sup>The Global Industry Classification Standard (GICS), a collaboration between Standard & Poor's and Morgan Stanley Capital International, is a system of classification that identifies a company according to its business activity.

<sup>2</sup>The Other Industry Group data is not categorized within the GICS classification system.

\*Agency Collateral Collateralized Mortgage Obligation

\*\*Credit Default Swaps Fixed Income Index

\*\*\*Federal Home Loan Mortgage Corporation Collateral

\*\*\*\*Whole Loan Collateral Collateralized Mortgage Obligations

Industry group information for Credit Default Swaps and Interest Rate Swaps is from underlying securities.

**Note:** A definition of key terms can be found on page 13

**INDUSTRY SECTOR (as of 11/30/10)**

	LMV (\$)	% of LMV	SMV (\$)	% of SMV	GMV (\$)	% of GMV
<b>GICS<sup>1</sup></b>						
Consumer Discretionary	461,762,595	21.21%	(255,793,198)	26.37%	717,555,794	22.80%
Consumer Staples	162,820,506	7.48%	(26,757,349)	2.76%	189,577,854	6.02%
Energy	70,890,801	3.26%	(10,015,067)	1.03%	80,905,868	2.57%
Financials	281,081,967	12.91%	(68,843,934)	7.10%	349,925,901	11.12%
Health Care	57,047,288	2.62%	-	0.00%	57,047,288	1.81%
Industrials	174,684,788	8.02%	(15,767,881)	1.63%	190,452,669	6.05%
Information Technology	180,270,786	8.28%	(45,060,173)	4.65%	225,330,958	7.16%
Materials	86,977,268	3.99%	(227,896)	0.02%	87,205,164	2.77%
Telecommunication Services	133,119,039	6.11%	(10,105,625)	1.04%	143,224,664	4.55%
Utilities	4,303,636	0.20%	(1,019,660)	0.11%	5,323,296	0.17%
<b>Other<sup>2</sup></b>						
ABS	14,987,682	0.69%	-	0.00%	14,987,682	0.48%
CDS FI Index	2,403,333	0.11%	(8,140,906)	0.84%	10,544,239	0.34%
Diversified	4,850,000	0.22%	-	0.00%	4,850,000	0.15%
Government	83,156,664	3.82%	(531,981,848)	54.85%	615,138,512	19.54%
Money Market	376,678,278	17.30%	-	0.00%	376,678,278	11.97%
Mortgage Securities	78,664,461	3.61%	-	0.00%	78,664,461	2.50%
<b>Total</b>	<b>2,173,699,090</b>	<b>100.00%</b>	<b>(973,713,537)</b>	<b>100.00%</b>	<b>3,147,412,626</b>	<b>100.00%</b>

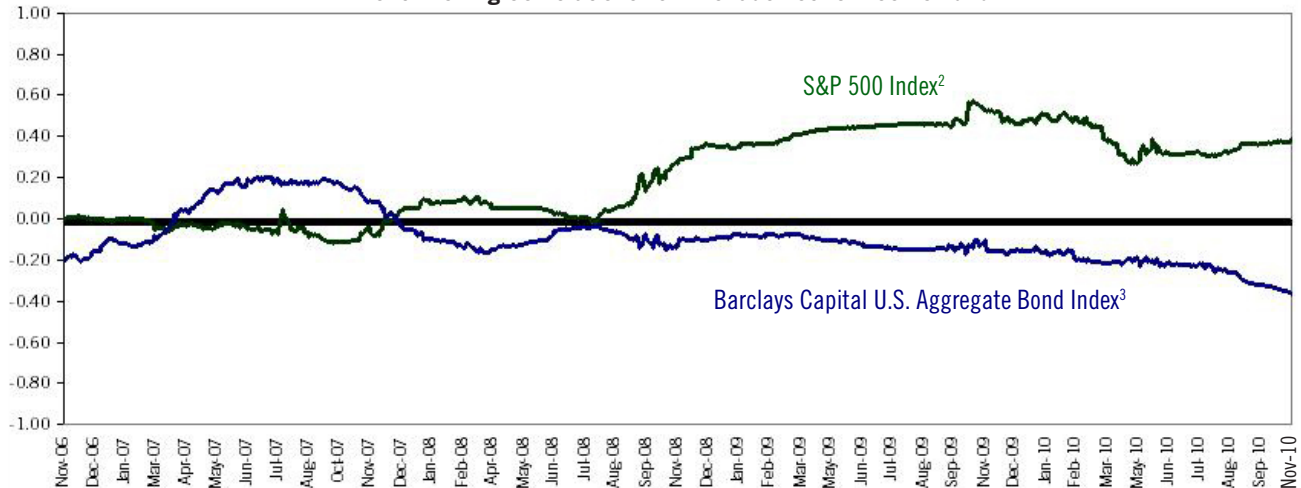
Sources: Bloomberg, Global Industry Classification Standard  
 Industry sector information for CDS and Interest Rate Swaps is from underlying securities.

<sup>1</sup>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.

<sup>2</sup>The Other Industry Group data is not categorized within the GICS classification system.

## CORRELATION<sup>1</sup> COMPARISON (as of 11/30/10)

### 12-Month Rolling Correlations vs. Driehaus Active Income Fund



Source: Standards & Poor's ("S&P") 500 Index total return data from Bloomberg. Barclays Capital U.S. Aggregate Bond Index data from Barclays Capital

The benchmarks for the Driehaus Active Income Fund are the Citigroup 3-Month T-Bill and the Barclays Capital U.S. Aggregate Bond Index. The S&P 500 Index is shown for illustrative purposes only.

<sup>1</sup> 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 coefficient 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 Barclays Capital U.S. Aggregate Bond Index are recognized proxies for the U.S. fixed income market.

<sup>2</sup> The 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.

<sup>3</sup> The Barclays Capital U.S. Aggregate Bond Index is a broad base index, maintained by Barclays Capital, used to represent investment grade bonds being traded in the United States.

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. No investment strategy, including an absolute return strategy, can ensure a profit or protect against loss. Additionally, investing in an absolute return strategy may lead to underperforming results during an upward moving market.

**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 or visit [www.driehaus.com](http://www.driehaus.com). Please read the prospectus carefully before investing.**

This snapshot is not intended to provide investment advice. Nothing herein should be construed as a solicitation or a recommendation to buy or sell securities or other investments. You should assess your own investment needs based on your individual financial circumstances and investment objectives. Driehaus does not guarantee the accuracy or completeness of this information. This data was prepared on November 9, 2010 and has not been updated since then. It may not reflect recent market activity. Driehaus assumes no obligation to update or supplement this information to reflect subsequent changes. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by Driehaus to be reliable, are not necessarily all inclusive and are not guaranteed as to accuracy. 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.

## DEFINITIONS OF KEY TERMS

### **AGENCY MORTGAGE-BACKED SECURITY**

A mortgage-backed security issued and guaranteed by a government agency such as the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or Government National Mortgage Association.

### **ASSET-BACKED SECURITY (ABS)**

A security whose value and income payments are derived from and collateralized (or “backed”) by a specified pool of underlying assets.

### **AVERAGE % OF PAR-LONGS**

The average dollar price of a bond the Fund is long as a percentage of par.

### **AVERAGE % OF PAR-SHORTS**

The average dollar price of a bond the Fund is short as a percentage of par.

### **AVERAGE COUPON**

The weighted-average gross interest rates of the pool of mortgages that underlie a mortgage-backed security (MBS) at the time the securities were issued.

### **AVERAGE YIELD**

The average yield on an investment or a portfolio that results from adding all interest, dividends or other income generated from the investment, divided by the average of the investments for the year.

### **CREDIT DEFAULT SWAP (CDS)**

A contract in which the buyer of the CDS makes a series of payments to the seller and, in exchange, receives a payoff if a credit instrument (typically a bond or loan) goes into default. In its simplest form, a credit default swap is a bilateral contract between the buyer and seller of protection.

### **EQUITY BETA**

A measure describing the relation of a portfolio's returns with that of the financial market as a whole. A portfolio with a beta of 0 means that its price is not at all correlated with the market. A positive beta means that the portfolio generally follows the market. A negative beta shows that the portfolio inversely follows the market; the portfolio generally decreases in value if the market goes up and vice versa.

### **MODIFIED DURATION**

A formula that expresses the measurable change in the value of a security in response to a change in interest rates.

### **MORTGAGE-BACKED SECURITY (MBS)**

An asset-backed security or debt obligation that represents a claim on the cash flows from mortgage loans, most commonly on residential property.

### **NET EXPOSURE**

Calculated by subtracting the percentage of the Fund's capital invested in short sales from the percentage of its capital used for long positions. It measures the Fund's exposure to the market value of the positions.

### **SPREAD DURATION**

The sensitivity of the price of a bond to a 100 basis point change to its option-adjusted spread. As the rate of the Treasury security in the option-adjusted spread increases, the rate of the option-adjusted spread also increases.

### **STOCK VEGA**

The change in the price of an option that results from a 1% change in volatility. Vega changes when there are large price movements in the underlying asset and Vega falls as the option gets closer to maturity. Vega can change even if there is no change in the price of the underlying asset (e.g., if there is a change in expected volatility).

### **SWAP**

A derivative in which two counterparties exchange certain benefits of one party's financial instrument for those of the other party's financial instrument.