

# DRIEHAUS ACTIVE INCOME FUND

Fund Summary — March 2011



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”) seeks 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 3/31/2011:**  
\$3.0 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 — March 2011

### Market Recap

The Driehaus Active Income Fund (the “Fund”) returned -0.30% for the month of March and underperformed its benchmark, the Citigroup 3-Month Treasury Bill Index (the “Benchmark”), which returned 0.01% for the same period. The Fund also underperformed the Barclays Capital U.S. Aggregate Bond Index (the “Index”), which returned 0.06% for the same period. The Fund’s return year-to-date is 2.13%, during the same period the Benchmark’s return is 0.04% and the Index’s return is 0.43%.<sup>1</sup>

The Fund lost 30 basis points in March as markets fluctuated throughout the month. De-risking measures taken in February and March prevented the Fund from experiencing a dramatic drawdown mid month as turmoil in Japan sparked a sharp drop in equities. However, these same hedges and de-risking measures prevented the Fund from participating in the strong rally in risky assets in the back half of the month. The final result was a fairly lackluster month of performance. Our event driven bucket detracted 15 basis points to returns during the month. The poorest performing position within the event driven bucket was a sizable position (3.5% of assets under management) we held in the revolver and unsecured bonds of a U.S. auto manufacturer. Like for much of the first quarter, the equity and debt of auto manufacturers has not participated in the market rally as rising oil prices weigh on the sector. Outside of the event driven bucket, no other strategy aided or detracted from returns by more than 10 basis points in March.

Changes to portfolio construction were also quite limited throughout March as our stance towards the markets was largely unchanged from the prior month. We increased our portfolio’s exposure to Directional Long trades by 1% during the month, while decreasing our exposure to Capital Structure Arbitrage trades by approximately 1%. No other strategies’ weightings were affected by more than one percent during the month.

### Market Outlook

As indicated in last month’s letter, we came into March somewhat concerned about valuations across the U.S. credit markets. Unfortunately nothing that occurred during the month did anything to quell our concerns. Commodity prices continued their ascent, tensions remained high in the Middle East, and credit default swap (CDS) spreads on several European nations climbed as investors questioned those countries’ credit-worthiness. In addition, the natural disaster that struck Japan introduced new environmental and economic risks into the equation.

Despite these risks, investors gobbled up risk in the back half of the month as the S&P 500 and EAFE Indices climbed 5.5% and 6.5% respectively from their March lows in equities. Unfortunately, we did not anticipate this sharp snap-back and failed to unwind our volatility hedge around the lows for the month. At the time, we believed that markets would stabilize if the nuclear meltdown in Japan was averted and sink if it was not. Instead, markets quickly responded as if the event had never occurred. Credit spreads, in particular, hardly budged despite what seemed to us a rather significant risk facing the markets. At its peak, the spread to Treasuries of the JP Morgan High Yield 100 Index widened from 492 basis points at the beginning of the month to 534 basis points by March 16.

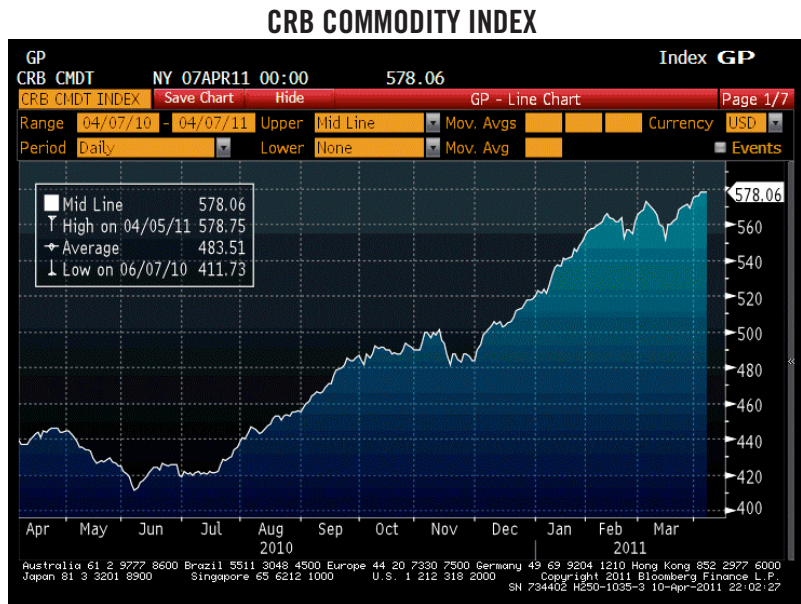
### <sup>1</sup>Performance Disclosure

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.

Nonetheless, now that the nuclear crisis appears to be contained (we think), the greatest risk to the market remains the Quantitative Easing (QE)-aided rise in commodity prices. Despite reports of commodity prices stabilizing, we find nothing indicating price stability in the CRB Commodity Index chart below.



*Despite reports of commodity prices stabilizing, we find nothing indicating price stability.*

Source: Bloomberg

Particularly alarming is the fact that oil prices show no sign of moderating in the near future. In response, some economists have started to lower U.S. real GDP forecasts from 3.5% to 3.0% for 2011, but the markets do not seem to be paying much attention. To complicate matters for the U.S. consumer, wage gains have been virtually non-existent thus far in the recovery, as pointed out by March's Nonfarm Payroll report. If commodities continue to rise as indicated in the chart above, we foresee a wicked combination impacting the lower and middle income consumer, for whom food and energy costs represent a meaningful portion of the monthly budget. The Fed argues that the recent rise in food and energy prices won't have a meaningful effect of economic growth, as these costs are largely transitory in nature. We find this prediction almost as comical as their 2007 claim that the sub-prime crisis would have a minimal impact on the housing market.

By examining the same store retail sales data below from March, one can observe the health of the U.S. consumer across various income classes. As in previous months, year-over-year sales growth at the higher-end department and retail stores was fairly strong in March. However, sales growth at lower end department and retail stores has contracted materially. This indicates that lower-income consumers are impacted more by the rise in commodities prices, specifically oil, than higher income consumers.

**RETAIL SALES DATA – SAME STORE SALES**

<HELP> for explanation. Index IFS

Columns with \* indicate data/calculations are for the latest month reported

94) Output to Excel 95) Definitions 96) Analyze Peers (RV) Industry Fundamental Stats

Measure Same Store Sales% Region North America Stores Department

Mar 11 Number of Stores Up 4 Same Store Sales Index (%) -0.22  
 Number of Stores Down 6

Peer Company	Mar 11*	Feb 11	Jan 11	Dec 10	Nov 10	1Y High	1Y Low
Average	0.74	4.87	3.69	5.04	5.62	9.30	-2.58
11) Saks Inc	11.10	15.30	4.40	11.80	5.30	15.30	1.00
12) Neiman Marcus Group Inc/ Specialty Retail Stores	8.80	12.70	9.80	4.70	5.50	12.70	1.90
13) Nordstrom Inc	7.00	12.60	7.50	5.10	6.40	13.70	0.60
14) Nordstrom (Full & Dire)	5.10	7.30	4.80	8.40	5.10	14.10	3.40
15) Rack Stores	5.50	9.60	4.80	8.30	6.80	15.50	4.50
16) Macy's Inc	-0.10	1.60	0.30	7.00	2.20	7.00	-4.20
17) JC Penney Co Inc	0.90	5.80	2.60	3.90	6.10	7.30	0.90
18) Dillard's Inc	-0.30	6.40	-1.20	3.70	9.20	9.20	-3.30
19) Stage Stores Inc	-1.00	-1.00	6.00	7.00	8.00	8.00	-5.00
20) Bon-Ton Stores Inc/The	-5.30	-7.20	5.10	1.90	2.40	5.10	-8.30
21) Kohl's Corp	-6.10	-0.50	0.30	0.10	2.90	5.90	-6.10
22) Kohl's Corp	-6.50	5.00	1.40	3.90	6.10	6.10	-7.70

1) Retail (IFS RETAIL) 2) Airlines (IFS AIRL) 3) Automotive (IFS AUTO)

Green/red indicate high/low

Australia 61 2 9277 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2011 Bloomberg Finance L.P. SN 734402 H250-1035-3 10-Apr-2011 22:09:25

*By examining the same store retail sales data from March, one can observe the health of the U.S. consumer across various income classes. If commodities continue to rise, we foresee a wicked combination facing the lower and middle income consumer.*

Source: Bloomberg

Taken as a whole, the market seems to be in a precarious position. As at times in mid-2009, investors now seem to be more scared of missing a rally than participating in a sell-off. However, there just does not seem to be a great deal of compelling investment opportunities out there given current valuations and risks. To this point, a friend of ours who works for one of the top prime brokerage businesses in the world (and therefore can see the holdings of his hedge fund, institutional and mutual fund clients) told us a week ago that he has never seen such a crowded trade environment before in his career. In his words, "Everyone is in the same few trades – long gold, short U.S. Dollar, long stocks and long commodities." These trades have all worked this year (and we actually recommended many of these in our September 2010 commentary), but 7 months after Fed Chairman Ben Bernanke's Jackson Hole speech we are starting to worry that many of these trades have run their course. Given these worries, we have maintained our cautious approach to risk that we initiated in February. Consequently, the portfolio has approximately the same levels of net exposure, duration, strategy weightings, and cash as compared to the prior month.

Fortunately, April will bring us a litany of earnings calls during which we hope to learn whether or not we should be fretting over U.S. corporations hitting "peak" profit margins during the first and second quarters of 2011. Until next month, we wish you the best and thank you for your continued support of our funds.

A handwritten signature in black ink, appearing to read "K.C. Nelson", with a long, sweeping horizontal line extending to the right.

**K.C. Nelson**

*Portfolio Manager, Driehaus Credit Strategy*

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March 2011

## Performance Disclosure

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## MONTH-END PERFORMANCE AS OF 3/31/11

Fund/Index	March	QTD	YTD	1 Year	Average Annual Total Return			
					3 Year	5 Year	10 Year	Since Inception (11/8/05)
Driehaus Active Income Fund*	-0.30%	2.13%	2.13%	4.90%	9.12%	6.59%	----	6.46%
Citigroup 3-Month T-Bill Index <sup>1</sup>	0.01%	0.04%	0.04%	0.15%	0.47%	2.10%	----	2.25%
Barclays Capital U.S. Aggregate Bond Index <sup>2</sup>	0.06%	0.43%	0.43%	5.13%	5.30%	6.03%	----	5.80%

\*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 — March 31, 2011

PORTFOLIO SNAPSHOT (as of 3/31/11)			RISK SUMMARY (as of 3/31/11)	
		<i>Excluding Cash</i>		
Assets Under Management (AUM)	\$3,031,899,049		Modified Duration	1.02Y
Long Market Value (LMV)	\$3,052,387,142	\$2,139,768,749	Spread Duration	2.33Y
Short Market Value (SMV)	\$(939,628,281)	\$(939,628,281)	Stock Vega/+1%	0.01%
Net Market Value	\$2,112,758,861	\$1,200,140,467	Average Coupon	4.12%
Net Exposure	69.68%	39.58%	Average Yield	3.83%
Gross Market Value (GMV)	\$3,992,015,424	\$3,079,397,030	Equity Beta	0.11%
GMV/AUM	1.32x	1.02x	Average % of Par-Longs	96.73%
			Average % of Par-Shorts	110.73%

TRADING STRATEGY TYPE (as of 3/31/11)				
	GMV	% of GMV	% Contrib. to Total Return	% of GMV Change vs. Previous Month End
Capital Structure Arbitrage <sup>1</sup>	544,340,540	13.64%	0.00%	-0.94%
Cash Equivalent	912,618,394	22.86%	0.00%	0.35%
Convertible Arbitrage <sup>1</sup>	333,310,965	8.35%	0.00%	0.23%
Directional Long <sup>1</sup>	1,226,695,128	30.73%	0.00%	1.09%
Directional Short <sup>1</sup>	196,927,234	4.93%	-0.03%	-0.40%
Event Driven <sup>1</sup>	298,877,049	7.49%	-0.15%	-0.29%
Interest Rate Hedge	420,291,586	10.53%	0.02%	0.09%
Pairs Trading <sup>1</sup>	55,659,028	1.39%	-0.08%	0.01%
Volatility Trading	3,295,500	0.08%	-0.05%	-0.15%
<b>Total</b>	<b>3,992,015,424</b>	<b>100.00%</b>	<b>-0.30%</b>	

MARKET CAPITALIZATION (as of 3/31/11)				
BILLION	LMV (\$)	% of LMV	SMV (\$)	% of SMV
\$0-500mm	241,503,540	7.91%	-	0.00%
\$500mm - 2bn	226,550,772	7.42%	(83,444,210)	8.88%
\$2bn - 10bn	404,207,286	13.24%	(194,984,609)	20.75%
\$10bn - 20bn	147,539,404	4.83%	(130,750,309)	13.92%
>\$20bn	378,083,711	12.39%	(79,727,571)	8.49%
<i>ABS/MBS (Excluded)<sup>2</sup></i>	95,493,088	3.13%	-	0.00%
<i>Private Companies (Excluded)<sup>3</sup></i>	626,384,092	20.52%	(30,429,997)	3.24%
<i>Treasuries (Excluded)<sup>4</sup></i>	20,006,856	0.66%	(420,291,586)	44.73%
<i>Cash (Excluded)</i>	912,618,394	29.90%		0.00%
<b>Total</b>	<b>3,052,387,142</b>	<b>100.00%</b>	<b>(939,628,281)</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 3/31/11)**

	LMV (\$)	% of LMV	SMV (\$)	% of SMV	GMV (\$)	% of GMV	% of GMV Change vs. Previous Month End
AAA <sup>1</sup>	932,625,250	30.55%	(423,587,086)	45.08%	1,356,212,336	33.97%	0.25%
AA	37,415,015	1.23%	-	0.00%	37,415,015	0.94%	-0.08%
A <sup>2</sup>	173,526,922	5.68%	(34,765,556)	3.70%	208,292,478	5.22%	0.45%
BBB	370,497,476	12.14%	(132,228,919)	14.07%	502,726,394	12.59%	-0.76%
BB	244,063,725	8.00%	(196,760,995)	20.94%	440,824,720	11.04%	-0.96%
B	350,639,832	11.49%	(86,927,752)	9.25%	437,567,584	10.96%	-0.41%
CCC	525,136,668	17.20%	(13,612,642)	1.45%	538,749,310	13.50%	0.53%
CC	8,043,000	0.26%	(28,969,734)	3.08%	37,012,734	0.93%	0.93%
C	294,024	0.01%	-	0.00%	294,024	0.01%	0.00%
Not Rated	410,145,230	13.44%	(22,775,597)	2.42%	432,920,828	10.84%	0.06%
<b>Total</b>	<b>3,052,387,142</b>	<b>100.00%</b>	<b>(939,628,281)</b>	<b>100.00%</b>	<b>3,992,015,424</b>	<b>100.00%</b>	

**PRODUCT TYPE (as of 3/31/11)**

	LMV (\$)	% of LMV	SMV (\$)	% of SMV	GMV (\$)	% of GMV	% of GMV Change vs. Previous Month End
ABS	27,059,012	0.89%	-	0.00%	27,059,012	0.68%	0.08%
Agency MBS	63,628,362	2.08%	-	0.00%	63,628,362	1.59%	-0.18%
Bank Loan	107,479,854	3.52%	-	0.00%	107,479,854	2.69%	0.41%
CDS	9,330,861	0.31%	(318,133,162)	33.86%	327,464,023	8.20%	-0.92%
Convertible Bonds	394,187,928	12.91%	-	0.00%	394,187,928	9.87%	-0.36%
Convertible Preferred	324,859,710	10.64%	-	0.00%	324,859,710	8.14%	-0.06%
Corp. Bonds	1,142,640,290	37.43%	(5,253,800)	0.56%	1,147,894,090	28.75%	0.26%
Equity	65,777,018	2.15%	(188,752,108)	20.09%	254,529,126	6.38%	0.45%
Equity Option	-	0.00%	(7,197,626)	0.77%	7,197,626	0.18%	-0.12%
Govt Bonds	-	0.00%	-	0.00%	-	0.00%	-1.67%
IR Swap	-	0.00%	-	0.00%	-	0.00%	0.00%
MBS	4,805,714	0.16%	-	0.00%	4,805,714	0.12%	-0.01%
Money Market	912,618,394	29.90%	-	0.00%	912,618,394	22.86%	0.35%
Treasury Futures	-	0.00%	(420,291,586)	44.73%	420,291,586	10.53%	1.76%
<b>Total</b>	<b>3,052,387,142</b>	<b>100.00%</b>	<b>(939,628,281)</b>	<b>100.00%</b>	<b>3,992,015,424</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 14



**SPREAD DISTRIBUTION\* (\$M) (as of 3/31/11)**

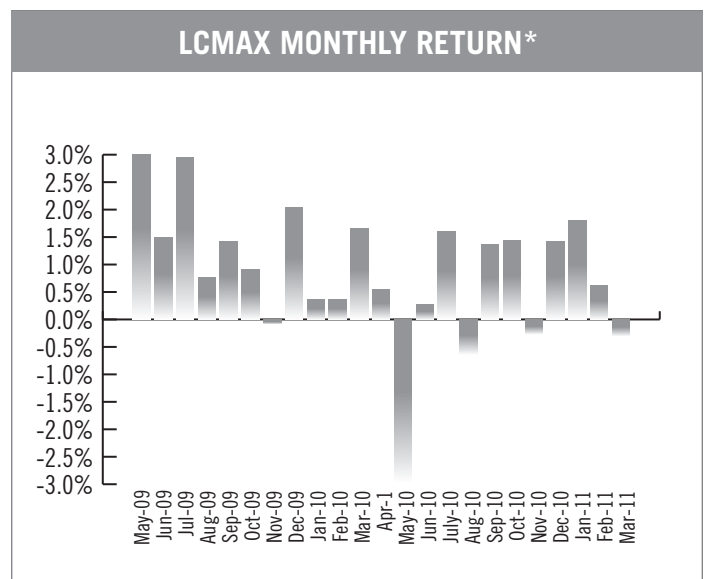
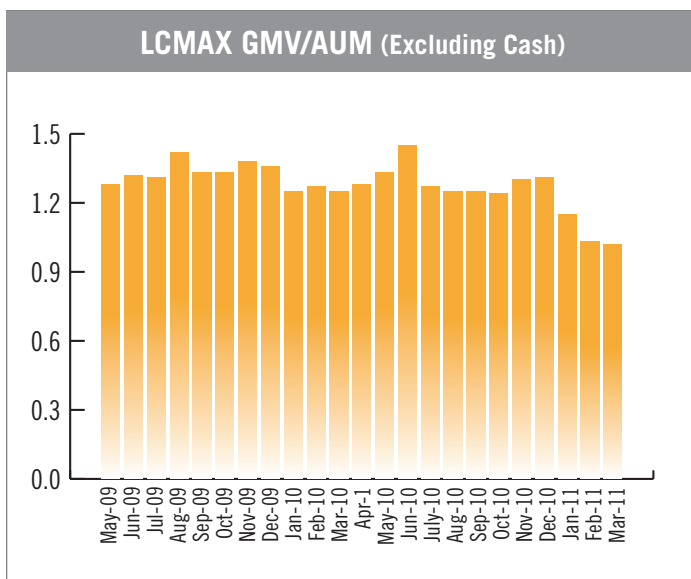
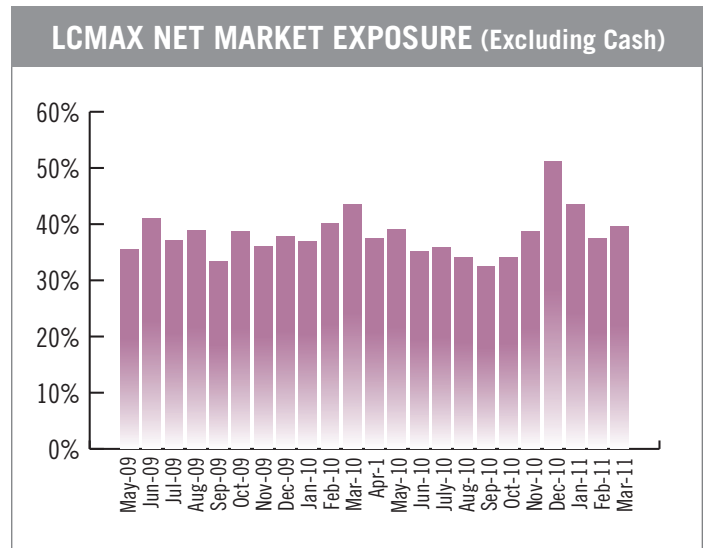
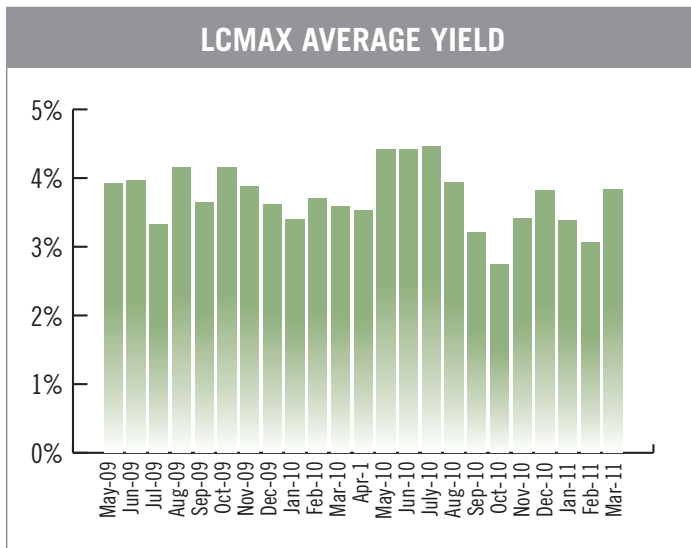
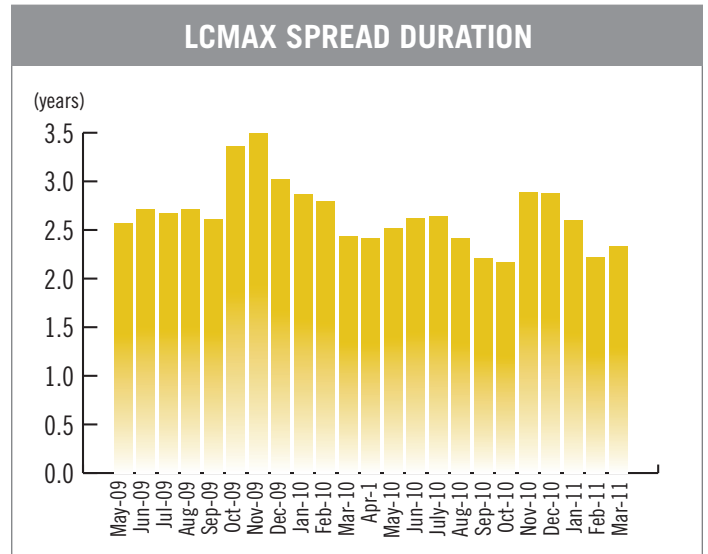
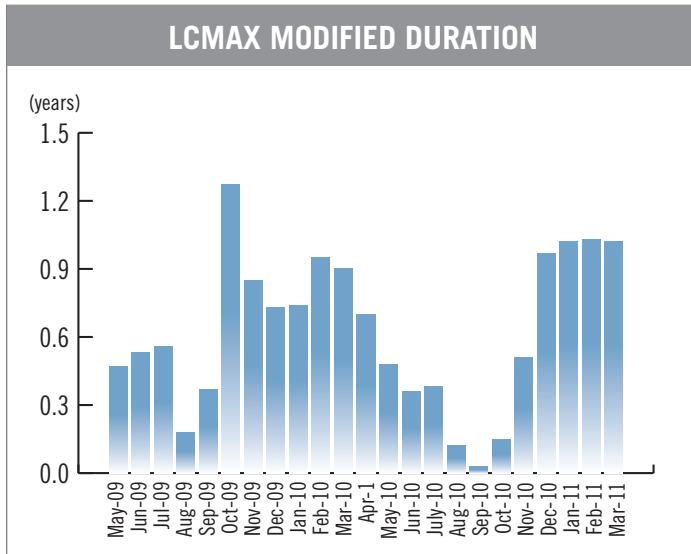
		0-100	100-200	200-300	300-400	400-500	500-600	600-700	700-800	800-900	900-1000	>1000	Total
Money Market	LMV	912,618,394	-	-	-	-	-	-	-	-	-	-	912,618,394
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	912,618,394	-	-	-	-	-	-	-	-	-	-	912,618,394
Govt Bonds	LMV	-	-	-	-	-	-	-	-	-	-	-	-
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-	-	-
Treasury Futures	LMV	-	-	-	-	-	-	-	-	-	-	-	-
	SMV	(420,291,586)	-	-	-	-	-	-	-	-	-	-	(420,291,586)
	Total	(420,291,586)	-	-	-	-	-	-	-	-	-	-	(420,291,586)
Corp. Credit	LMV	57,865,484	29,012,520	285,971,302	216,233,805	121,284,018	210,278,591	135,342,175	24,045,500	15,138,953	28,636,444	18,831,500	1,142,640,290
	SMV	-	-	-	-	-	(5,253,800)	-	-	-	-	-	(5,253,800)
	Total	57,865,484	29,012,520	285,971,302	216,233,805	121,284,018	205,024,791	135,342,175	24,045,500	15,138,953	28,636,444	18,831,500	1,137,386,490
Convertible Bond	LMV	16,327,500	55,514,280	34,983,250	61,394,500	69,146,875	-	44,379,956	19,548,088	56,657,813	-	36,235,667	394,187,928
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	16,327,500	55,514,280	34,983,250	61,394,500	69,146,875	-	44,379,956	19,548,088	56,657,813	-	36,235,667	394,187,928
Preferred	LMV	-	15,432,500	-	133,857,865	94,724,778	46,975,320	-	33,869,248	-	-	-	324,859,710
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	15,432,500	-	133,857,865	94,724,778	46,975,320	-	33,869,248	-	-	-	324,859,710
Equity	LMV	8,061,300	-	34,017,934	-	23,697,784	-	-	-	-	-	-	65,777,018
	SMV	(3,395,630)	(16,048,354)	(15,797,712)	(33,811,075)	(57,905,177)	-	(1,290,585)	(14,834,370)	(43,065,639)	-	(2,603,566)	(188,752,108)
	Total	4,665,670	(16,048,354)	18,220,222	(33,811,075)	(34,207,393)	-	(1,290,585)	(14,834,370)	(43,065,639)	-	(2,603,566)	(122,975,090)
Equity Option	LMV	-	-	-	-	-	-	-	-	-	-	-	-
	SMV	(3,879,825)	-	(1,468,848)	-	(1,699,853)	-	-	-	-	(149,100)	-	(7,197,626)
	Total	(3,879,825)	-	(1,468,848)	-	(1,699,853)	-	-	-	-	(149,100)	-	(7,197,626)
Bank Loan	LMV	-	-	22,043,867	26,288,500	-	-	51,397,530	5,206,207	2,543,750	-	-	107,479,854
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	22,043,867	26,288,500	-	-	51,397,530	5,206,207	2,543,750	-	-	107,479,854
Agency MBS	LMV	62,322,452	1,305,910	-	-	-	-	-	-	-	-	-	63,628,362
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	62,322,452	1,305,910	-	-	-	-	-	-	-	-	-	63,628,362
ABS	LMV	20,994,253	119,865	101,928	-	-	-	-	-	-	-	5,842,966	27,059,012
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	20,994,253	119,865	101,928	-	-	-	-	-	-	-	5,842,966	27,059,012
MBS	LMV	-	-	-	-	-	-	-	-	-	-	4,805,714	4,805,714
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-	4,805,714	4,805,714
CDS	LMV	2,418,582	-	4,431,209	-	503,163	1,977,907	-	-	-	-	-	9,330,861
	SMV	(113,312,363)	(105,845,981)	(32,139,585)	(10,801,053)	(18,099,488)	-	(33,642,215)	-	-	(4,292,478)	-	(318,133,162)
	Total	(110,893,781)	(105,845,981)	(27,708,376)	(10,801,053)	(17,596,325)	1,977,907	(33,642,215)	-	-	(4,292,478)	-	(308,802,301)
Combined	LMV	1,080,607,965	101,385,075	381,549,489	437,774,670	309,356,617	259,231,818	231,119,661	82,669,042	74,340,515	28,636,444	65,715,846	3,052,387,142
	SMV	(540,879,404)	(121,894,335)	(49,406,145)	(44,612,128)	(77,704,517)	(5,253,800)	(34,932,800)	(14,834,370)	(43,065,639)	(4,441,578)	(2,603,566)	(939,628,281)
	Total	539,728,561	(20,509,260)	332,143,344	393,162,542	231,652,100	253,978,018	196,186,861	67,834,672	31,274,876	24,194,866	63,112,280	2,112,758,861
	%	25.55%	-0.97%	15.72%	18.61%	10.96%	12.02%	9.29%	3.21%	1.48%	1.15%	2.99%	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.

Source: Bloomberg

Note: A definition of key terms can be found on page 14



Sources: Driehaus Capital Management LLC, Bloomberg

\*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.

Note: A definition of key terms can be found on page 14

**INDUSTRY GROUP (as of 3/31/11)**
**GICS<sup>1</sup>**

	LMV (\$)	% of LMV	SMV (\$)	% of SMV	GMV (\$)	% of GMV
Automobiles & Components	222,626,558	7.29%	(68,663,276)	7.31%	291,289,834	7.30%
Banks	14,782,500	0.48%	-	0.00%	14,782,500	0.37%
Capital Goods	161,046,226	5.28%	(18,370,557)	1.96%	179,416,783	4.49%
Commercial & Professional Services	-	0.00%	(24,549,682)	2.61%	24,549,682	0.61%
Consumer Durables & Apparel	12,465,828	0.41%	(86,665,091)	9.22%	99,130,919	2.48%
Consumer Services	150,642,265	4.94%	(32,173,309)	3.42%	182,815,574	4.58%
Diversified Financials	227,590,716	7.46%	(584,325)	0.06%	228,175,041	5.72%
Energy	87,591,968	2.87%	(10,131,636)	1.08%	97,723,604	2.45%
Food & Staples Retailing	55,147,813	1.81%	(10,168,052)	1.08%	65,315,865	1.64%
Food Beverage & Tobacco	93,995,806	3.08%	(16,548,486)	1.76%	110,544,292	2.77%
Health Care Equipment & Services	67,004,625	2.20%	-	0.00%	67,004,625	1.68%
Household & Personal Products	43,186,063	1.41%	-	0.00%	43,186,063	1.08%
Insurance	34,981,250	1.15%	(20,352,058)	2.17%	55,333,308	1.39%
Materials	107,631,216	3.53%	-	0.00%	107,631,216	2.70%
Media	106,986,659	3.51%	(45,263,063)	4.82%	152,249,722	3.81%
Pharmaceuticals, Biotechnology	56,508,148	1.85%	-	0.00%	56,508,148	1.42%
Real Estate	56,482,879	1.85%	(63,944,472)	6.81%	120,427,351	3.02%
Retailing	92,255,568	3.02%	(32,956,093)	3.51%	125,211,661	3.14%
Semiconductors & Semiconductor Equip.	76,289,981	2.50%	(16,771,862)	1.78%	93,061,843	2.33%
Software & Services	29,905,006	0.98%	(4,672,480)	0.50%	34,577,487	0.87%
Technology Hardware & Equipment	89,578,763	2.93%	(38,027,254)	4.05%	127,606,017	3.20%
Telecomm. Services	215,681,247	7.07%	(16,211,239)	1.73%	231,892,485	5.81%
Transportation	15,334,741	0.50%	(1,629,416)	0.17%	16,964,157	0.42%
Utilities	4,134,400	0.14%	-	0.00%	4,134,400	0.10%
<b>Other<sup>2</sup></b>						
Agency Collateral CMO*	62,322,452	2.04%	-	0.00%	62,322,452	1.56%
Automobile ABS	20,994,253	0.69%	-	0.00%	20,994,253	0.53%
CDS FI Index**	2,418,582	0.08%	(8,358,842)	0.89%	10,777,424	0.27%
Commercial MBS	4,511,690	0.15%	-	0.00%	4,511,690	0.11%
Equity Index	-	0.00%	(3,295,500)	0.35%	3,295,500	0.08%
FHLMC Collateral	1,305,910	0.04%	-	0.00%	1,305,910	0.03%
Home Equity ABS	318,956	0.01%	-	0.00%	318,956	0.01%
Money Market	912,618,394	29.90%	-	0.00%	912,618,394	22.86%
Other ABS	5,745,803	0.19%	-	0.00%	5,745,803	0.14%
Sovereign	20,006,856	0.66%	(420,291,586)	44.73%	440,298,442	11.03%
WL Collateral CMO****	294,024	0.01%	-	0.00%	294,024	0.01%
<b>Total</b>	<b>3,052,387,142</b>	<b>100.00%</b>	<b>(939,628,281)</b>	<b>100.00%</b>	<b>3,992,015,424</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

**Note:** A definition of key terms can be found on page 14

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

**INDUSTRY SECTOR (as of 3/31/11)**

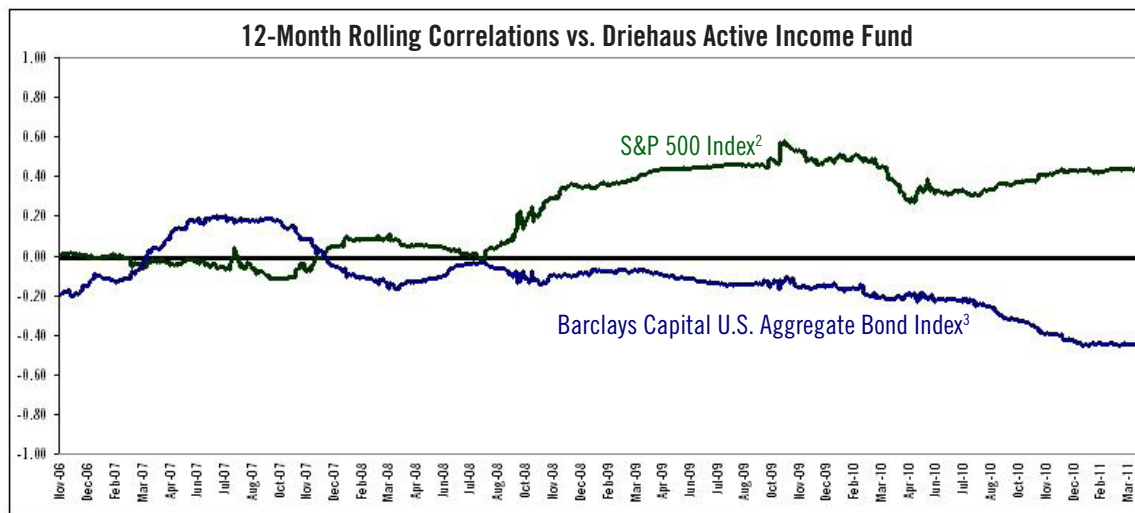
	LMV (\$)	% of LMV	SMV (\$)	% of SMV	GMV (\$)	% of GMV
<b>GICS<sup>1</sup></b>						
Consumer Discretionary	584,976,877	19.16%	(265,720,833)	28.28%	850,697,710	21.31%
Consumer Staples	192,329,681	6.30%	(26,716,539)	2.84%	219,046,220	5.49%
Energy	87,591,968	2.87%	(10,131,636)	1.08%	97,723,604	2.45%
Financials	333,837,345	10.94%	(84,880,855)	9.03%	418,718,200	10.49%
Health Care	123,512,773	4.05%	-	0.00%	123,512,773	3.09%
Industrials	176,380,967	5.78%	(44,549,656)	4.74%	220,930,623	5.53%
Information Technology	195,773,750	6.41%	(59,471,597)	6.33%	255,245,347	6.39%
Materials	107,631,216	3.53%	-	0.00%	107,631,216	2.70%
Telecommunication Services	215,681,247	7.07%	(16,211,239)	1.73%	231,892,485	5.81%
Utilities	4,134,400	0.14%	-	0.00%	4,134,400	0.10%
<b>Other<sup>2</sup></b>						
Asset Backed Securities	27,059,012	0.89%	-	0.00%	27,059,012	0.68%
CDS FI Index	2,418,582	0.08%	(8,358,842)	0.89%	10,777,424	0.27%
Equity Index	-	0.00%	(3,295,500)	0.35%	3,295,500	0.08%
Government	20,006,856	0.66%	(420,291,586)	44.73%	440,298,442	11.03%
Money Market	912,618,394	29.90%	-	0.00%	912,618,394	22.86%
Mortgage Securities	68,434,076	2.24%	-	0.00%	68,434,076	1.71%
<b>Total</b>	<b>3,052,387,142</b>	<b>100.00%</b>	<b>(939,628,281)</b>	<b>100.00%</b>	<b>3,992,015,424</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 3/31/11)



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 April 8, 2011 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.