

# DRIEHAUS ACTIVE INCOME FUND

Fund Summary — April 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 4/30/2011:**  
\$3.2 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 — April 2011

### Market Recap

The Driehaus Active Income Fund (the “Fund”) returned 0.36% for the month of April and outperformed its benchmark, the Citigroup 3-Month Treasury Bill Index (the “Benchmark”), which returned 0.01% for the same period. The Fund underperformed the Barclays Capital U.S. Aggregate Bond Index (the “Index”), which returned 1.27% for the same period. The Fund’s return year-to-date is 2.50%, during the same period the Benchmark’s return is 0.05% and the Index’s return is 1.71%.<sup>1</sup>

The largest contributor to the Fund (67 basis points) was the directional long segment as a number of our subordinated securities in the energy and financial sectors gained as the equity markets rallied throughout the month. We continued to add to this strategy as record levels of liquidity and an accommodative Fed policy continued to support such risk assets. The capital structure arbitrage segment contributed 12 basis points to returns as a preferred versus credit default swap in an oil and natural gas transporter and a consumer staple name both aided returns. The interest rate hedge was the largest detractor from the Fund (-28 basis points) as 10 year and 30 year rates came in 16 basis points and 9 basis points, respectively. As rates declined throughout the month we decreased duration in the portfolio from 1 year to 0.8 years. The event driven segment detracted 8 basis points from this month’s return as our exposure to an auto manufacturer continued to weigh on the strategy. Throughout the month we increased our exposure to this strategy as we added to names that would benefit from regulatory requirements as part of the Collins Amendment. The volatility and short segments detracted 4 basis points and 5 basis points from returns as markets remained resilient in the face of geopolitical turmoil and the sovereign debt crisis in Europe.

### Market Outlook

We came into April eagerly awaiting what CEOs and CFOs had to say about first quarter earnings and their outlook for the remainder of 2011. Thus far, I would say we have a mixed review of the commentary. Some of our portfolio companies spoke optimistically on the outlook for global growth and adjusted their estimates upward accordingly. For instance, auto equipment supplier TRW Automotive Holdings Corp. experienced double digit year-over-year sales growth in the U.S., Asia and parts of Europe. As a result, the company raised full year revenue and earnings estimates and expects a healthy operating environment for the remainder of the year.

On the other end of the spectrum in our portfolio is Gymboree, a children’s clothing retailer who expects lackluster top line growth and margin pressure for the remainder of 2011. In fact, during the first quarter conference call, their CFO stated, “Cotton prices have steadily increased over the past several months. In addition to cotton prices, labor costs have also been under inflationary pressure, particularly in China.”

These examples are indicative of the variance we heard in management expectations across the portfolio during the month. So while it’s been difficult to synthesize what we are hearing from our portfolio companies into a single investment thesis, one key takeaway is that the commentary, when taken as whole, has shifted in tone from unequivocally positive to rather mixed. Consequently, we may be at an inflection point for the markets as the momentum that’s propelled corporate profits for the last 2 years begins to deteriorate.

Likewise on the macro front, we saw a month of mixed data. The manufacturing sensitive indices generally were strong and better than expected in April. But on the service side, the ISM Non-Manufacturing report for April dropped from a level of 57.3 the prior month and sits at 52.8, which is just above the demarcation line of 50 between expansion and contraction. Advance retail sales and auto sales were both fairly healthy during the month, but the GDP report came in softer than expected. Most concerning though, is that initial jobless claims have been larger than expected for each of the past four weeks. In each instance, claims were greater than the 400k level that proved an important psychological level for the market during the first quarter. In the chart below, you can see that we have plotted

### <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.

the recovery in jobs (represented by initial jobless claims) against the S&P 500 Index for the past two years. To make it easier on the eyes, we have inverted the y-axis on the left (representing jobless claims). Though initial jobless claims is a volatile data set, the trend is definitely a negative one over the past several weeks. To be more specific, the 4 week moving average now sits at 431k, compared to 395k one month ago. Over the next several weeks, it will be interesting to see if the rise in claims foreshadows a pull back in the market, just as it did in February and August of 2010.

## RECOVERY IN JOBS (REPRESENTED BY INITIAL JOBLESS CLAIMS) AGAINST THE S&P 500 INDEX



Source: Bloomberg

*Though initial jobless claims is a volatile data set, the trend is definitely a negative one over the past several weeks.*

Combined with the inflationary pressures we continue to see leak into the economy (year-over-year headline PPI and CPI were 5.8% and 2.7%, respectively in April), the rise in claims is disconcerting. As we stated in last month's letter, if these conditions persist, we foresee a fairly challenging environment for U.S. consumer spending. The CEO of Wal-Mart recently commented on these pressures facing their average consumer when he stated, "Our customers are running out of money, buying smaller pack sizes and less discretionary items near the end of the month. It shows greater pressure on consumers. Rising fuel price has been one of the factors that affect consumer spending. The end of paycheck cycle is pronounced among our core customers." That's an alarming comment, considering it comes from the CEO of the company that accounts for roughly 10% of U.S. retail sales.

Despite this mixed data, the equity markets marched steadily higher in April and seemed to shrug off these fears of slowing global growth, rising inflationary pressures and a weaker employment environment. In fact, at one point in April, with the S&P 500 Index up 3% on the month, the CBOE Volatility Index (VIX) closed below 15% for the first time since 2007. But given the fact that current realized volatility on the S&P 500 Index is approximately 10% on an annualized basis, it's not surprising the VIX has trended lower.

But not all markets have signaled "blue skies ahead." Treasury yields pressed lower throughout April and currently sit at 3.15% for the 10 year. Given that we could not find a whole lot of investors (including us) who felt the 10 year offered good value at 3.40%, we assume that recent price action is more indicative of a global asset allocation trade as expectations for future economic growth are reigned in. And as of this writing (May 5th), volatility in the commodities markets are picking up with oil futures down 10% in one day and copper down 4%. Even silver and gold dropped precipitously on heavy volume, which must mean that there was a spike in either inflationary or deflationary expectations (we get confused as to which one of these precious metals protect us against).

Given the environment we have described to you in the pages above, we cannot help but think what Ben Bernanke will do. History tells us that when faced with the choice of pursuing growth and jobs, or supporting the dollar and guarding against inflation, Mr. Bernanke will take the former. Now it should be noted that this Fed is not near as dovish as the prior one, but the leader is still the same. Therefore, accommodative language over the next few meetings should come as no surprise to anyone. Likewise, if the macroeconomic data continues to deteriorate, it would not be too shocking to hear the Fed Chairman mention "creative monetary tools" or even "further quantitative easing". As shown in the comparison of the past two Federal Open Market Committee (FOMC) statements below, there's nothing to suggest that our Fed is becoming particularly hawkish.

# FOMC STATEMENTS: SIDE-BY-SIDE

April 27 Text

Information received since the Federal Open Market Committee met in March indicates that the economic recovery is proceeding at a moderate pace and overall conditions in the labor market are improving gradually. Household spending and business investment in equipment and software continue to expand. However, investment in nonresidential structures is still weak, and the housing sector continues to be depressed. Commodity prices have risen significantly since last summer, and concerns about global supplies of crude oil have contributed to a further increase in oil prices since the Committee met in March. Inflation has picked up in recent months, but longer-term inflation expectations have remained stable and measures of underlying inflation are still subdued.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The unemployment rate remains elevated, and measures of underlying inflation continue to be somewhat low, relative to levels that the Committee judges to be consistent, over the longer run, with its dual mandate. Increases in the prices of energy and other commodities have pushed up inflation in recent months. The Committee expects these effects to be transitory, but it will pay close attention to the evolution of inflation and inflation expectations. The Committee continues to anticipate a gradual return to higher levels of resource utilization in a context of price stability.

To promote a stronger pace of economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate, the Committee decided today to continue expanding its holdings of securities as announced in November. In particular, the Committee is maintaining its existing policy of reinvesting principal payments from its securities holdings and will complete purchases of \$600 billion of longer-term Treasury securities by the end of the current quarter. The Committee will regularly review the size and composition of its securities holdings in light of incoming information and is prepared to adjust those holdings as needed to best foster maximum employment and price stability.

The Committee will maintain the target range for the federal funds rate at 0 to 1/4 percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels for the federal funds rate for an extended period.

The Committee will continue to monitor the economic outlook and financial developments and will employ its policy tools as necessary to support the economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate.

Voting for the FOMC monetary policy action were: Ben S. Bernanke, Chairman; William C. Dudley, Vice Chairman; Elizabeth A. Duke; Charles L. Evans; Richard W. Fisher; Narayana Kocherlakota; Charles I. Plosser; Sarah Bloom Raskin; Daniel K. Tarullo; and Janet L. Yellen.

March 15 Text

Information received since the Federal Open Market Committee met in January suggests that the economic recovery is on a firmer footing, and overall conditions in the labor market appear to be improving gradually. Household spending and business investment in equipment and software continue to expand. However, investment in nonresidential structures is still weak, and the housing sector continues to be depressed. Commodity prices have risen significantly since the summer, and concerns about global supplies of crude oil have contributed to a sharp run-up in oil prices in recent weeks. Nonetheless, longer-term inflation expectations have remained stable, and measures of underlying inflation have been subdued.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. Currently, the unemployment rate remains elevated, and measures of underlying inflation continue to be somewhat low, relative to levels that the Committee judges to be consistent, over the longer run, with its dual mandate. The recent increases in the prices of energy and other commodities are currently putting upward pressure on inflation. The Committee expects these effects to be transitory, but it will pay close attention to the evolution of inflation and inflation expectations. The Committee continues to anticipate a gradual return to higher levels of resource utilization in a context of price stability.

To promote a stronger pace of economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate, the Committee decided today to continue expanding its holdings of securities as announced in November. In particular, the Committee is maintaining its existing policy of reinvesting principal payments from its securities holdings and intends to purchase \$600 billion of longer-term Treasury securities by the end of the second quarter of 2011. The Committee will regularly review the pace of its securities purchases and the overall size of the asset-purchase program in light of incoming information and will adjust the program as needed to best foster maximum employment and price stability.

The Committee will maintain the target range for the federal funds rate at 0 to 1/4 percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels for the federal funds rate for an extended period.

The Committee will continue to monitor the economic outlook and financial developments and will employ its policy tools as necessary to support the economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate.

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Source: Federal Open Market Committee

As for our portfolios, positioning has remained stable over the past 30 days. We remain modestly net long across all portfolios, with the bulk of that net exposure resulting from directional long trades in the high yield and loan markets. We continue to gradually increase our equity hedges on capital structure and convertible arbitrage trades as the equity markets have legged higher. Additionally, we have placed several long volatility trades on high beta, consumer discretionary firms. Recently, as Treasury yields have moved lower we have taken approximately 0.25 years of duration out of the Driehaus Active Income Fund and the Driehaus Select Credit Fund (the "Funds"). As with the prior two months, the portfolios have a much more defensive posture as compared to the beginning of the year and the majority of 2010. Generally speaking, the investment opportunities that we currently see are just "ok". From that perspective, the last several months have been quite an adjustment period for us. Since the beginning of 2007, we have primarily held emphatic "buy" or "sell" assessments of investment opportunities we have identified in the market. But as the market has stabilized and volatility has decreased, the richness embedded in the screaming sells and the cheapness embedded in the bargain-priced buys has diminished. So we are currently stuck in a world in between, which is rather fairly-priced. As such, we will sit with our "hold" recommendation and wait for the next opportunity to emerge.

We wish you the best of luck in May. As always, we thank you for your support of our funds. And go Bulls!

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

**K.C. Nelson**

*Portfolio Manager, Driehaus Credit Strategy*



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April 2011

## 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.

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## MONTH-END PERFORMANCE AS OF 4/30/11

Fund/Index	April	YTD	1 Year	Average Annual Total Return			
				3 Year	5 Year	10 Year	Since Inception (11/8/05)
Driehaus Active Income Fund*	0.36%	2.50%	4.70%	9.28%	6.54%	----	6.43%
Citigroup 3-Month T-Bill Index <sup>1</sup>	0.01%	0.05%	0.15%	0.43%	2.02%	----	2.22%
Barclays Capital U.S. Aggregate Bond Index <sup>2</sup>	1.27%	1.71%	5.37%	5.82%	6.33%	----	5.95%

## CALENDAR QUARTER-END PERFORMANCE AS OF 3/31/11

Fund/Index	1st QTR	YTD	1 Year	Average Annual Total Return			
				3 Year	5 Year	10 Year	Since Inception (11/8/05)
Driehaus Active Income Fund*	2.13%	2.13%	4.90%	9.12%	6.59%	----	6.46%
Citigroup 3-Month T-Bill Index <sup>1</sup>	0.04%	0.04%	0.15%	0.47%	2.10%	----	2.25%
Barclays Capital U.S. Aggregate Bond Index <sup>2</sup>	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	0.37%
Dividends and Interest on Short Sales	0.87%
<b>Total Annual Fund Operating Expenses</b>	<b>1.79%</b>

\*\*Represents the Annual Fund Operating Expenses for the year ended December 31, 2010 as disclosed in the current prospectus dated April 30, 2011. 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.

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 — April 30, 2011

PORTFOLIO SNAPSHOT (as of 4/30/11)			RISK SUMMARY (as of 4/30/11)	
		<i>Excluding Cash</i>	Modified Duration	0.83Y
Assets Under Management (AUM)	3,222,359,326		Spread Duration	2.42Y
Long Market Value (LMV)	3,378,770,018	2,416,362,944	Stock Vega/+1%	0.01%
Short Market Value (SMV)	(1,122,014,563)	(1,122,014,563)	Average Coupon	4.06%
Net Market Value	2,256,755,455	1,294,348,381	Average Yield	3.21%
Net Exposure	70.03%	40.17%	Equity Beta	0.16%
Gross Market Value (GMV)	4,500,784,582	3,538,377,508	Average % of Par-Longs	107.36%
GMV/AUM	1.40x	1.10x	Average % of Par-Shorts	113.29%

TRADING STRATEGY TYPE (as of 4/30/11)				
	GMV	% of GMV	% Contrib. to Total Return	% of GMV Change vs. Previous Month End
Capital Structure Arbitrage <sup>1</sup>	567,932,363	12.62%	0.12%	-1.02%
Cash Equivalent	962,407,074	21.38%	0.00%	-1.48%
Convertible Arbitrage <sup>1</sup>	350,648,907	7.79%	-0.01%	-0.56%
Directional Long <sup>1</sup>	1,460,679,111	32.45%	0.69%	1.73%
Directional Short <sup>1</sup>	197,743,621	4.39%	-0.05%	-0.54%
Event Driven <sup>1</sup>	312,431,069	6.94%	-0.11%	-0.55%
Interest Rate Hedge	591,443,422	13.14%	-0.28%	2.61%
Pairs Trading <sup>1</sup>	56,624,615	1.26%	0.02%	-0.14%
Volatility Trading	874,400	0.02%	-0.04%	-0.06%
<b>Total</b>	<b>4,500,784,582</b>	<b>100.00%</b>	<b>0.36%</b>	

MARKET CAPITALIZATION (as of 4/30/11)				
BILLION	LMV (\$)	% of LMV	SMV (\$)	% of SMV
\$0-500mm	145,729,500	4.31%	-	0.00%
\$500mm - 2bn	262,966,955	7.78%	(87,294,366)	7.78%
\$2bn - 10bn	402,418,220	11.91%	(202,962,691)	18.09%
\$10bn - 20bn	172,548,956	5.11%	(132,467,994)	11.81%
>\$20bn	468,215,831	13.86%	(77,161,203)	6.88%
<i>ABS/MBS (Excluded)<sup>2</sup></i>	230,359,975	6.82%	-	0.00%
<i>Private Companies (Excluded)<sup>3</sup></i>	714,121,222	21.14%	(30,684,888)	2.73%
<i>Treasuries (Excluded)<sup>4</sup></i>	519,422,785	15.37%	(591,443,422)	52.71%
<i>Cash (Excluded)</i>	462,986,574	13.70%		0.00%
<b>Total</b>	<b>3,378,770,018</b>	<b>100.00%</b>	<b>(1,122,014,563)</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 4/30/11)**

	LMV (\$)	% of LMV	SMV (\$)	% of SMV	GMV (\$)	% of GMV	% of GMV Change vs. Previous Month End
AAA <sup>1</sup>	982,409,360	29.08%	(591,443,422)	52.71%	1,573,852,781	34.97%	1.00%
AA	37,800,447	1.12%	-	0.00%	37,800,447	0.84%	-0.10%
A <sup>2</sup>	310,121,583	9.18%	(35,195,953)	3.14%	345,317,537	7.67%	2.45%
BBB	379,041,405	11.22%	(133,731,687)	11.92%	512,773,092	11.39%	-1.20%
BB	304,255,198	9.00%	(201,425,090)	17.95%	505,680,288	11.24%	0.19%
B	400,035,557	11.84%	(116,908,708)	10.42%	516,944,265	11.49%	0.52%
CCC	552,337,911	16.35%	(19,344,926)	1.72%	571,682,837	12.70%	-0.79%
CC	8,232,000	0.24%	-	0.00%	8,232,000	0.18%	-0.74%
C	276,916	0.01%	-	0.00%	276,916	0.01%	0.00%
Not Rated	404,259,643	11.96%	(23,964,777)	2.14%	428,224,420	9.51%	-1.33%
<b>Total</b>	<b>3,378,770,018</b>	<b>100.00%</b>	<b>(1,122,014,563)</b>	<b>100.00%</b>	<b>4,500,784,582</b>	<b>100.00%</b>	

**PRODUCT TYPE (as of 4/30/11)**

	LMV (\$)	% of LMV	SMV (\$)	% of SMV	GMV (\$)	% of GMV	% of GMV Change vs. Previous Month End
ABS	38,916,721	1.15%	-	0.00%	38,916,721	0.86%	0.19%
Agency MBS	186,711,142	5.53%	-	0.00%	186,711,142	4.15%	2.55%
Bank Loan	156,194,850	4.62%	-	0.00%	156,194,850	3.47%	0.78%
CDS	9,314,537	0.28%	(319,377,148)	28.46%	328,691,684	7.30%	-0.90%
Convertible Bonds	396,243,993	11.73%	-	0.00%	396,243,993	8.80%	-1.07%
Convertible Preferred	247,229,644	7.32%	-	0.00%	247,229,644	5.49%	-2.64%
Corp. Bonds	1,224,754,659	36.25%	(5,253,800)	0.47%	1,230,008,459	27.33%	-1.43%
Equity	107,453,668	3.18%	(202,687,009)	18.06%	310,140,677	6.89%	0.51%
Equity Option	44,811,619	1.33%	(3,253,185)	0.29%	48,064,804	1.07%	0.89%
Govt Bonds	499,420,500	14.78%	-	0.00%	499,420,500	11.10%	11.10%
MBS	4,732,113	0.14%	-	0.00%	4,732,113	0.11%	-0.02%
Money Market	462,986,574	13.70%	-	0.00%	462,986,574	10.29%	-12.57%
Treasury Futures	-	0.00%	(591,443,422)	52.71%	591,443,422	13.14%	2.61%
<b>Total</b>	<b>3,378,770,018</b>	<b>100.00%</b>	<b>(1,122,014,563)</b>	<b>100.00%</b>	<b>4,500,784,582</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 15

**SPREAD DISTRIBUTION\* (\$M) (as of 4/30/11)**

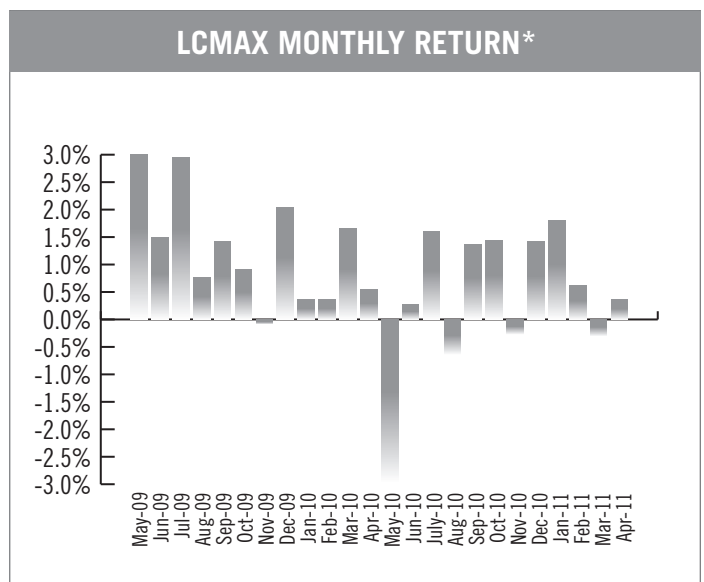
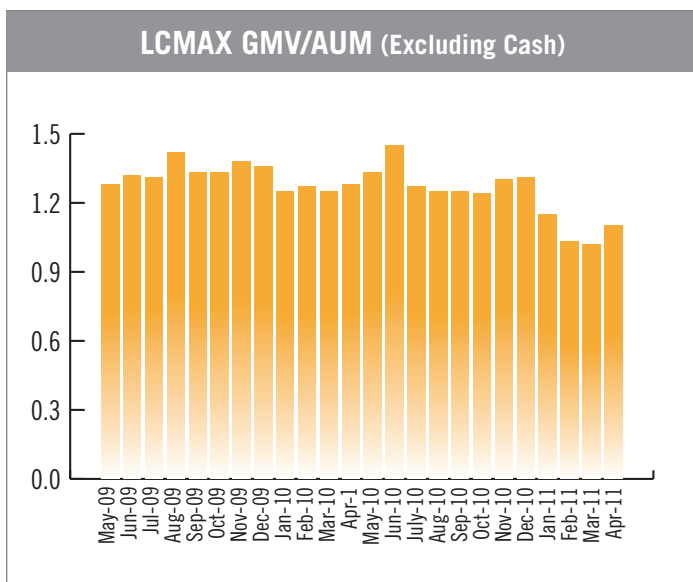
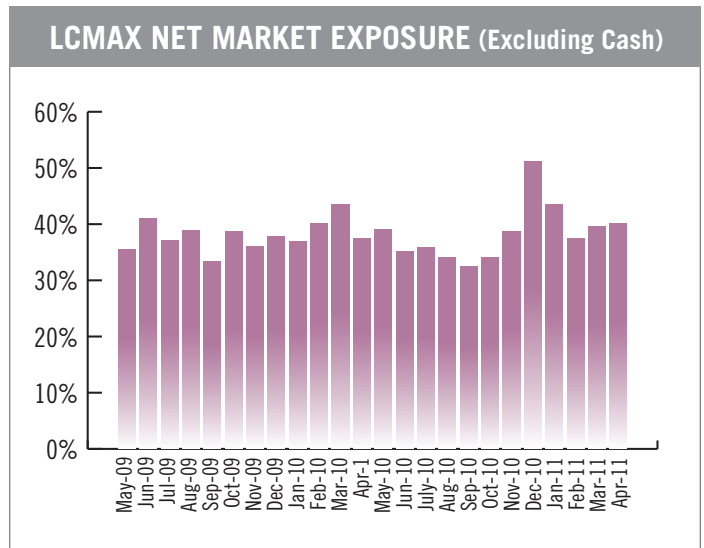
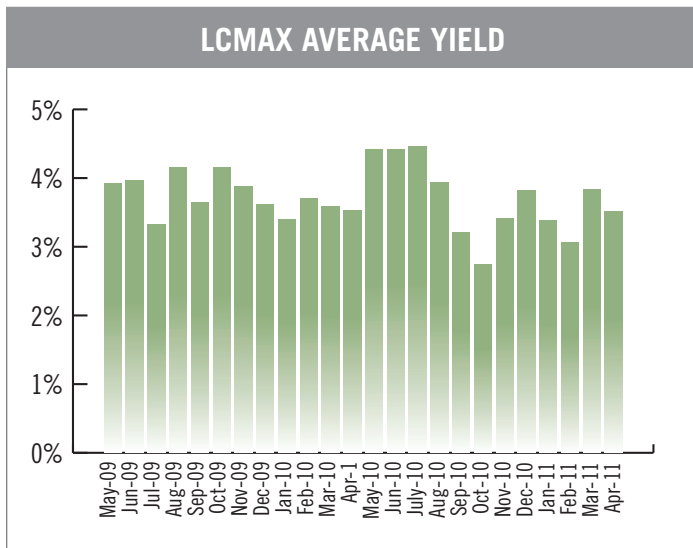
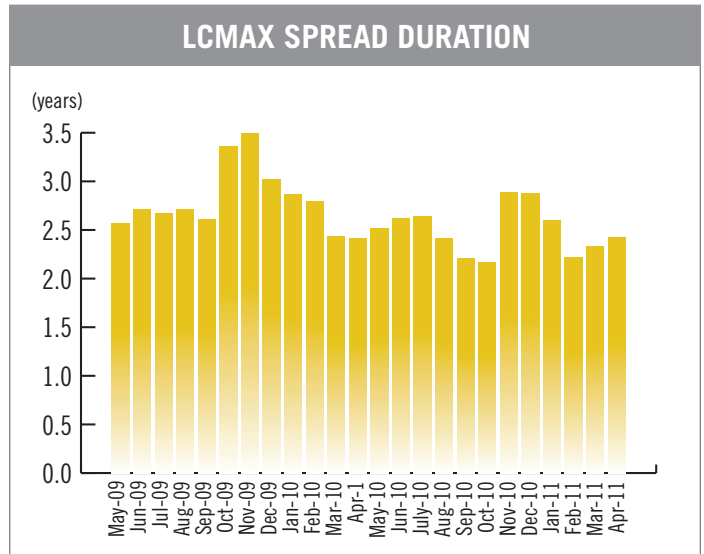
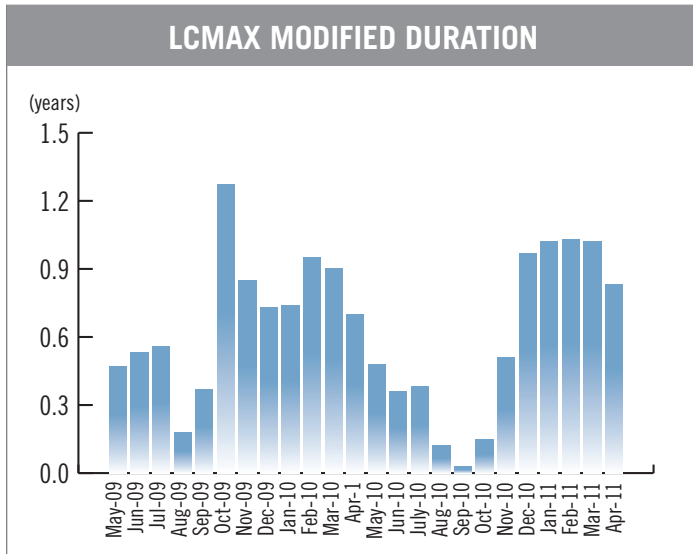
		0-100	100-200	200-300	300-400	400-500	500-600	600-700	700-800	800-900	900-1000	>1000	Total
Money Market	LMV	462,986,574	-	-	-	-	-	-	-	-	-	-	462,986,574
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	462,986,574	-	-	-	-	-	-	-	-	-	-	462,986,574
Govt Bonds	LMV	499,420,500	-	-	-	-	-	-	-	-	-	-	499,420,500
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	499,420,500	-	-	-	-	-	-	-	-	-	-	499,420,500
Treasury Futures	LMV	-	-	-	-	-	-	-	-	-	-	-	-
	SMV	(591,443,422)	-	-	-	-	-	-	-	-	-	-	(591,443,422)
	Total	(591,443,422)	-	-	-	-	-	-	-	-	-	-	(591,443,422)
Corp. Credit	LMV	25,221,035	29,936,954	290,859,185	237,814,004	140,463,076	246,178,856	150,308,388	38,275,510	13,341,650	21,218,750	31,137,250	1,224,754,659
	SMV	-	-	-	-	-	(5,253,800)	-	-	-	-	-	(5,253,800)
	Total	25,221,035	29,936,954	290,859,185	237,814,004	140,463,076	240,925,056	150,308,388	38,275,510	13,341,650	21,218,750	31,137,250	1,219,500,859
Convertible Bond	LMV	55,733,875	29,439,000	26,700,000	-	133,365,625	1,908,750	43,005,968	6,825,000	20,011,475	53,411,625	25,842,675	396,243,993
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	55,733,875	29,439,000	26,700,000	-	133,365,625	1,908,750	43,005,968	6,825,000	20,011,475	53,411,625	25,842,675	396,243,993
Preferred	LMV	-	15,703,800	-	84,296,754	65,924,083	33,850,348	47,454,660	-	-	-	-	247,229,644
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	15,703,800	-	84,296,754	65,924,083	33,850,348	47,454,660	-	-	-	-	247,229,644
Equity	LMV	-	-	62,777,191	20,761,890	23,914,588	-	-	-	-	-	-	107,453,668
	SMV	(21,234,188)	(13,993,182)	(1,617,368)	-	(93,537,966)	(1,236,750)	-	(3,144,911)	(15,343,393)	(43,565,322)	(9,013,931)	(202,687,009)
	Total	(21,234,188)	(13,993,182)	61,159,823	20,761,890	(69,623,378)	(1,236,750)	-	(3,144,911)	(15,343,393)	(43,565,322)	(9,013,931)	(95,233,341)
Equity Option	LMV	-	-	44,811,619	-	-	-	-	-	-	-	-	44,811,619
	SMV	-	-	(2,285,680)	(881,405)	-	-	-	-	-	(86,100)	-	(3,253,185)
	Total	-	-	42,525,939	(881,405)	-	-	-	-	-	(86,100)	-	41,558,434
Bank Loan	LMV	45,450,000	-	48,018,295	-	3,022,500	-	53,569,885	3,575,845	2,558,325	-	-	156,194,850
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	45,450,000	-	48,018,295	-	3,022,500	-	53,569,885	3,575,845	2,558,325	-	-	156,194,850
Agency MBS	LMV	186,711,142	-	-	-	-	-	-	-	-	-	-	186,711,142
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	186,711,142	-	-	-	-	-	-	-	-	-	-	186,711,142
ABS	LMV	33,046,452	119,355	100,302	-	-	-	-	-	-	-	5,650,613	38,916,721
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	33,046,452	119,355	100,302	-	-	-	-	-	-	-	5,650,613	38,916,721
MBS	LMV	-	-	-	-	-	-	-	-	-	-	4,732,113	4,732,113
	SMV	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-	4,732,113	4,732,113
CDS	LMV	2,421,376	-	4,413,708	-	503,008	1,976,445	-	-	-	-	-	9,314,537
	SMV	(139,919,731)	(79,771,570)	(43,201,687)	-	(18,252,190)	(14,641,797)	(19,264,457)	-	(4,325,716)	-	-	(319,377,148)
	Total	(137,498,355)	(79,771,570)	(38,787,979)	-	(17,749,182)	(12,665,352)	(19,264,457)	-	(4,325,716)	-	-	(310,062,611)
Combined	LMV	1,310,990,954	75,199,109	477,680,299	342,872,648	367,192,880	283,914,399	294,338,900	48,676,355	35,911,450	74,630,375	67,362,650	3,378,770,018
	SMV	(752,597,340)	(93,764,752)	(47,104,734)	(881,405)	(111,790,156)	(21,132,347)	(19,264,457)	(3,144,911)	(19,669,109)	(43,651,422)	(9,013,931)	(1,122,014,563)
	Total	558,393,614	(18,565,643)	430,575,565	341,991,243	255,402,723	262,782,052	275,074,443	45,531,444	16,242,341	30,978,953	58,348,720	2,256,755,455
	%	24.74%	-0.82%	19.08%	15.15%	11.32%	11.64%	12.19%	2.02%	0.72%	1.37%	2.59%	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 15



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 15

**INDUSTRY GROUP (as of 4/30/11)**
**GICS<sup>1</sup>**

	LMV (\$)	% of LMV	SMV (\$)	% of SMV	GMV (\$)	% of GMV
Automobiles & Components	226,981,309	6.72%	(68,577,630)	6.11%	295,558,939	6.57%
Banks	14,850,000	0.44%	-	0.00%	14,850,000	0.33%
Capital Goods	163,395,766	4.84%	(18,462,236)	1.65%	181,858,002	4.04%
Commercial & Professional Services	-	0.00%	(24,642,949)	2.20%	24,642,949	0.55%
Consumer Durables & Apparel	20,810,023	0.62%	(92,961,800)	8.29%	113,771,823	2.53%
Consumer Services	185,130,557	5.48%	(34,215,716)	3.05%	219,346,273	4.87%
Diversified Financials	230,869,286	6.83%	(405,450)	0.04%	231,274,736	5.14%
Energy	89,156,219	2.64%	(10,143,597)	0.90%	99,299,816	2.21%
Food & Staples Retailing	59,907,250	1.77%	(10,175,052)	0.91%	70,082,302	1.56%
Food Beverage & Tobacco	95,127,802	2.82%	(16,545,929)	1.47%	111,673,730	2.48%
Health Care Equipment & Services	68,160,563	2.02%	-	0.00%	68,160,563	1.51%
Household & Personal Products	43,559,375	1.29%	-	0.00%	43,559,375	0.97%
Insurance	35,783,500	1.06%	(20,379,028)	1.82%	56,162,528	1.25%
Materials	111,585,965	3.30%	-	0.00%	111,585,965	2.48%
Media	136,473,340	4.04%	(48,819,122)	4.35%	185,292,462	4.12%
Pharmaceuticals, Biotechnology	40,929,250	1.21%	-	0.00%	40,929,250	0.91%
Real Estate	58,110,563	1.72%	(64,591,596)	5.76%	122,702,159	2.73%
Retailing	97,685,353	2.89%	(33,091,823)	2.95%	130,777,175	2.91%
Semiconductors & Semiconductor Equip.	81,136,218	2.40%	(17,300,045)	1.54%	98,436,263	2.19%
Software & Services	30,282,900	0.90%	(4,749,980)	0.42%	35,032,880	0.78%
Technology Hardware & Equipment	92,369,431	2.73%	(39,152,371)	3.49%	131,521,802	2.92%
Telecomm. Services	261,838,267	7.75%	(16,355,392)	1.46%	278,193,659	6.18%
Transportation	15,250,043	0.45%	(1,617,368)	0.14%	16,867,410	0.37%
Utilities	4,186,331	0.12%	-	0.00%	4,186,331	0.09%
<b>Other<sup>2</sup></b>						
Agency Collateral CMO*	185,460,399	5.49%	-	0.00%	185,460,399	4.12%
Automobile ABS	18,033,177	0.53%	-	0.00%	18,033,177	0.40%
CDS FI Index**	2,421,376	0.07%	(8,384,059)	0.75%	10,805,434	0.24%
Commercial MBS	4,455,197	0.13%	-	0.00%	4,455,197	0.10%
Credit Card ABS	15,013,275	0.44%	-	0.00%	15,013,275	0.33%
FHLMC Collateral	1,250,742	0.04%	-	0.00%	1,250,742	0.03%
Home Equity ABS	313,275	0.01%	-	0.00%	313,275	0.01%
Money Market	462,986,574	13.70%	-	0.00%	462,986,574	10.29%
Other ABS	5,556,994	0.16%	-	0.00%	5,556,994	0.12%
Sovereign	519,422,785	15.37%	(591,443,422)	52.71%	1,110,866,207	24.68%
WL Collateral CMO****	276,916	0.01%	0	0.00%	276,916	0.01%
<b>Total</b>	<b>3,378,770,018</b>	<b>100.00%</b>	<b>(1,122,014,563)</b>	<b>100.00%</b>	<b>4,500,784,582</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 15

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

**INDUSTRY SECTOR (as of 4/30/11)**

	LMV (\$)	% of LMV	SMV (\$)	% of SMV	GMV (\$)	% of GMV
<b>GICS<sup>1</sup></b>						
Consumer Discretionary	667,080,581	19.74%	(277,666,091)	24.75%	944,746,672	20.99%
Consumer Staples	198,594,427	5.88%	(26,720,981)	2.38%	225,315,408	5.01%
Energy	89,156,219	2.64%	(10,143,597)	0.90%	99,299,816	2.21%
Financials	339,613,349	10.05%	(85,376,074)	7.61%	424,989,423	9.44%
Health Care	109,089,813	3.23%	-	0.00%	109,089,813	2.42%
Industrials	178,645,808	5.29%	(44,722,553)	3.99%	223,368,361	4.96%
Information Technology	203,788,549	6.03%	(61,202,396)	5.45%	264,990,944	5.89%
Materials	111,585,965	3.30%	-	0.00%	111,585,965	2.48%
Telecommunication Services	261,838,267	7.75%	(16,355,392)	1.46%	278,193,659	6.18%
Utilities	4,186,331	0.12%	-	0.00%	4,186,331	0.09%
<b>Other<sup>2</sup></b>						
Asset Backed Securities	38,916,721	1.15%	-	-	38,916,721	0.86%
CDS FI Index	2,421,376	0.07%	(8,384,059)	0.75%	10,805,434	0.24%
Government	519,422,785	15.37%	(591,443,422)	52.71%	1,110,866,207	24.68%
Money Market	462,986,574	13.70%	-	0.00%	462,986,574	10.29%
Mortgage Securities	191,443,254	5.67%	-	0.00%	191,443,254	4.25%
<b>Total</b>	<b>3,378,770,018</b>	<b>100.00%</b>	<b>(1,122,014,563)</b>	<b>100.00%</b>	<b>4,500,784,582</b>	<b>100.00%</b>

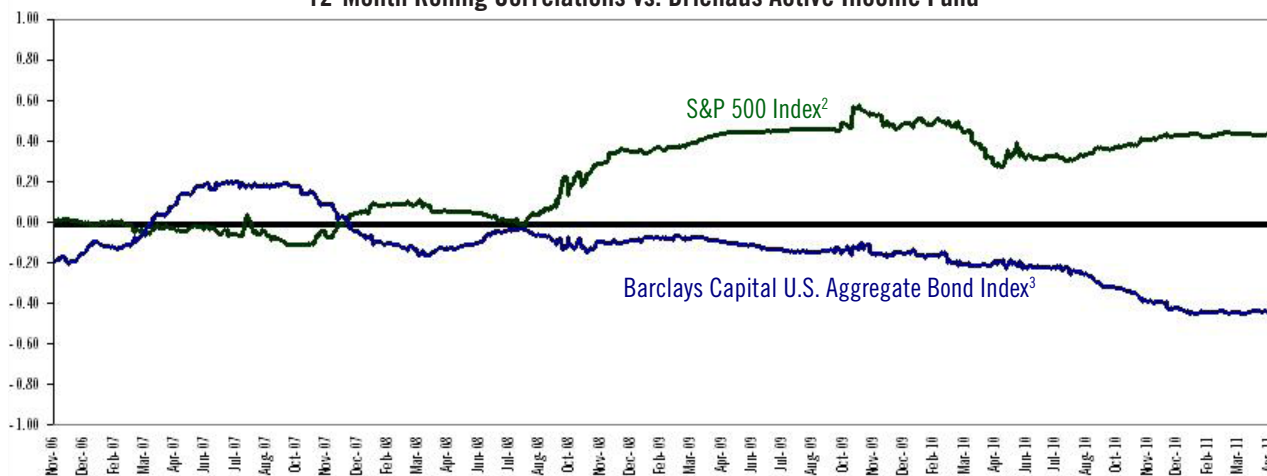
Sources: Bloomberg, Global Industry Classification Standard  
 Industry sector information for CDS and Interest Rate Swaps is from underlying securities.

<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 4/30/11)

### 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 May 6, 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.