

# Driehaus Emerging Markets Growth Strategy

## OBJECTIVE

The strategy seeks to outperform the MSCI Emerging Markets Index over full market cycles.

## KEY FEATURES

- All cap global emerging markets exposure
- Benchmark aware, not benchmark constrained
- Opportunistic investment approach
- High active share

## INCEPTION DATE

January 1, 1997

## COMPOSITE ASSETS UNDER MANAGEMENT<sup>1</sup>

\$3,314 million

Total Strategy Assets: \$3,314 million

## FIRM ASSETS UNDER MANAGEMENT

\$8.8 billion

## INVESTMENT UNIVERSE

Emerging markets all cap equity

## INVESTMENT STYLE

Growth equity

## AVAILABLE INVESTMENT VEHICLES:

- Separately managed account
- Institutional commingled
- Mutual fund

## PORTFOLIO MANAGERS



**Howard Schwab**  
Lead Portfolio Manager  
17 years of industry experience



**Chad Cleaver, CFA**  
Portfolio Manager  
16 years of industry experience



**Richard Thies**  
Portfolio Manager  
11 years of industry experience

## MARKET OVERVIEW

Multiple factors set the stage for another robust quarter of global equity market performance. Strong economic figures, notably European GDP and North Asian trade data, confirmed a pickup in coordinated global growth. At the same time, subdued US inflation sustained market expectations of a modest interest rate tightening cycle, while progress on tax reform lifted investor sentiment. Moderate depreciation of the US dollar versus most major currencies further helped encourage risk-on sentiment during the quarter.

Emerging markets completed a clean sweep for the year, leading global equity market gains for a fourth consecutive quarter. Emerging markets rose 7.4% in US dollar terms, compared to 5.5% for global equities and 6.1% for the S&P 500. For 2017 as a whole, emerging markets rose 37.2%, while global equities returned 22.3% and the S&P 500 appreciated by 18.4%.

South Africa was the top emerging market performer in the quarter, rising 26.5% in dollar terms. The election of Cyril Ramaphosa as president of the ANC raised hopes that South Africa may enter a more business-friendly era of better economic management. This event catalyzed gains across all South African assets. Strong performance of a large local index constituent that owns a stake in a prominent Chinese Internet company also supported the market.

India generated relative outperformance, rising 11.6% during the quarter, with consumer demand recovering as the negative impacts of demonetization and the Goods and Services Tax started to fade. Recent improvements in credit growth, commercial vehicle sales, and cement and steel demand point to a potential broadening out of economic growth in the coming year.

Mexico was the most notable emerging market laggard, down 8.1% in dollar terms. The market continues to be negatively impacted by headlines related to NAFTA negotiations and politics, as a leftist and perceived market-unfriendly candidate continues to poll well as we head toward this year's presidential election.

United Arab Emirates also performed poorly, down 4.6% during the quarter. Much of the market's underperformance was explained by large index constituent in the real estate sector, whose announcement regarding capital return policy disappointed investor expectations.

## PERFORMANCE REVIEW

The Driehaus Emerging Markets Growth Strategy returned 7.27%, net of fees, while the the MSCI Emerging Markets Index during the quarter returned 7.44%.<sup>2</sup>

China (including Hong Kong) was the strategy's largest country contributor.

<sup>1</sup>Composite assets include those accounts that meet the composite objectives and eligibility requirements. Please see notes at the end of this document for descriptions of composite objectives and eligibility requirements.

<sup>2</sup>The performance data represents the strategy's composite of emerging markets growth accounts managed by Driehaus Capital Management LLC (DCM) (the composite). These returns are estimated for the period as all underlying accounts have not yet been reconciled. All rates of return include reinvested dividends and other earnings. Net of fee returns reflect the payment of advisory fees and in some instances, other fees and expenses such as administrative and transfer fees while the gross of fee returns do not. Both are net of brokerage commissions charged to the accounts. The performance data shown above represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The performance results for the composite are shown in comparison to an index. The index is not actively managed and does not reflect the deduction of any advisory or other fees and expenses. While the securities comprising the index are not identical to those in the composite, DCM believes this comparison may be useful in evaluating performance. Please see the notes section for other important information.

Outperformance was driven by stock selection in the financials and consumer sectors. A large insurance holding contributed to outperformance, as the company has effectively adopted technology to increase productivity and enhance risk management, resulting in improving new business value and profitability. Within the consumer sectors, two A-share holdings benefited from a recovery in demand, premiumization, and improving competitive intensity. Broadly speaking, the strategy's A-share exposure served as a key performance driver during the quarter and illustrated the benefit of having flexibility to pursue off-benchmark opportunities.

Taiwan was also accretive to performance at the country level. Taiwan's contribution was driven largely by the information technology sector, where avoiding several large companies leveraged to the Apple product cycle served the strategy well. A financial holding with leverage to US interest rates also outperformed as US yields rose.

South Korea represented the largest drag on the strategy's performance. The strategy suffered from an underweight to the outperforming market, particularly driven by limited exposure to the consumer sector. Many consumer stocks were buoyed by improving geopolitical sentiment related to the Terminal High Altitude Area Defense (THAAD) conflict, with companies exposed to China benefiting meaningfully. Several domestically-oriented consumer stocks were also supported by Korean consumer confidence rising to a multi-year high.

India also detracted from relative performance during the quarter, despite the strategy's overweight position in an outperforming market. Several financials holdings corrected following strong year-to-date performance. A few large index names not owned by the strategy also outperformed, including numerous companies leveraged to the rural economy, which is showing signs of improvement.

Financials and information technology were the largest sector contributors and detractors, respectively. In addition to Chinese insurance exposure, bank holdings in Russia and Argentina supported financials outperformance. An underweight position in Brazilian financials also helped as the market paused on stumbles in the macroeconomic reform process. The strategy's underperformance in information technology was broad-based, with several unowned index names and underperforming active positions contributing negatively, particularly in Russia.

## **OUTLOOK AND POSITIONING**

Accelerating earnings growth and positive earnings revisions created a favorable backdrop for our investment approach in 2017. As we look ahead, we are monitoring key variables such as the yield curve and the Chinese economy. We are mindful of the potential for US growth and inflation expectations to rise, driven by fiscal stimulus or a tightening labor market, which could pull up the long end of the yield curve and drive a value rotation that may act as a headwind to our style.

While the world has enjoyed a strong period of increasingly synchronized global growth, some tailwinds such as the global credit impulse may incrementally slow throughout 2018. China's economy has already begun to slow, and while so far the process has been well-managed and digested by the market, we are cognizant of the balancing act that China continues to perform as it increasingly pursues higher quality growth.

We continue to see cyclical opportunities in countries that are recovering after having undergone significant economic slowdowns and adjustments during the 2011-2015 period. The strategy maintains exposure to companies exhibiting a cyclical improvement in earnings, emphasizing pricing power and operational efficiencies in an environment in which input costs are rising. Following a substantial easing of financial conditions over the past two years, we expect earnings growth to be the primary driver of share prices, as further compression of the cost of equity may be more limited at this point in the market cycle.

We remain positive on the prospects for emerging market equities as an asset class, particularly relative to developed markets. The relative case for emerging markets, which we have discussed in prior quarterly commentaries, remains intact. This case is built upon attractive relative valuations and improving fundamentals, most notably a better outlook for profit margins and growth, more disciplined corporate management, and structural reforms. We continue to search for positive growth inflections in well-positioned companies, and recognize an improving opportunity set in small cap companies.

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*This update is not intended to provide investment advice. Nothing herein should be construed as a solicitation, recommendation or an offer to buy, sell or hold any securities, other investments or to adopt any investment fund or strategies. You should assess your own investment needs based on your individual financial circumstances and investment objectives.*

*This material is not intended to be relied upon as a forecast or research. The opinions expressed are those of Driehaus Capital Management LLC ("Driehaus") as of January 16, 2018 and are subject to change at any time due to changes in market or economic conditions. The material has not been updated since January 16, 2018 and may not reflect recent market activity.*

*The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by Driehaus to be reliable and are not necessarily all inclusive. Driehaus does not guarantee the accuracy or completeness of this information. 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.*

## PERFORMANCE as of 12/31/17

	Annualized Total Return						
	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Inception 1/1/97
<b>DrieHaus Emerging Markets Growth Composite (Gross)</b>	<b>7.53%</b>	<b>44.54%</b>	<b>44.54%</b>	<b>12.20%</b>	<b>8.29%</b>	<b>4.59%</b>	<b>13.74%</b>
<b>DrieHaus Emerging Markets Growth Composite (Net)</b>	<b>7.27%</b>	<b>43.10%</b>	<b>43.10%</b>	<b>10.91%</b>	<b>6.91%</b>	<b>3.09%</b>	<b>11.93%</b>
MSCI Emerging Markets Index (ND) <sup>1</sup>	7.44%	37.28%	37.28%	9.10%	4.35%	1.68%	*
MSCI Emerging Markets Growth Index (ND) <sup>2</sup>	7.92%	46.80%	46.80%	11.88%	6.85%	2.35%	*

## SECTOR PERFORMANCE ATTRIBUTION 4th Quarter — 9/30/17 to 12/31/17

MSCI/GICS Sector	DrieHaus Emerging Markets Growth Composite (Port) (%)			MSCI Emerging Markets Index <sup>1</sup> (Bench) (%)			Attribution Analysis (%)
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	Total Effect <sup>3</sup>
Consumer Discretionary	11.98	7.16	0.94	7.99	3.56	0.28	0.30
Consumer Staples	6.12	9.58	0.59	6.26	8.19	0.52	0.07
Energy	3.79	9.13	0.36	6.69	7.93	0.52	0.04
Financials	27.16	11.48	3.00	23.42	8.16	1.91	0.90
Health Care	2.93	13.29	0.43	2.42	16.57	0.39	0.01
Industrials	3.94	0.82	0.05	5.36	5.17	0.27	-0.16
Information Technology	27.49	7.26	2.27	30.41	8.75	2.66	-0.29
Materials	4.11	1.77	0.11	7.28	8.58	0.62	-0.25
Real Estate	1.47	-8.77	-0.13	2.79	3.07	0.08	-0.11
Telecommunication Services	2.10	9.47	0.20	4.87	3.02	0.14	0.26
Utilities	2.12	2.01	0.00	2.51	1.91	0.05	0.01
Cash	6.80	-0.29	-0.03	0.00	0.00	0.00	-0.42
Unassigned**	0.00	-0.35	-0.37	0.00	0.00	0.00	-0.37
<b>Total</b>	<b>100.00</b>	<b>7.43</b>	<b>7.43</b>	<b>100.00</b>	<b>7.44</b>	<b>7.44</b>	<b>-0.01</b>

Data as of 12/31/17. Preliminary performance data. Sources: DrieHaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance

\*The inception of the fund predates the inception of the index. \*\*Unassigned refers to securities not recognized by Factset.

The performance data represents the strategy's composite of emerging markets growth accounts managed by DrieHaus Capital Management LLC (DCM) (the composite). These returns are estimated for the period as all underlying accounts have not yet been reconciled. All rates of return include reinvested dividends and other earnings. Net of fee returns reflect the payment of advisory fees and in some instances, other fees and expenses such as administrative and transfer fees while the gross of fee returns do not. Both are net of brokerage commissions charged to the accounts. The performance data shown above represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The performance results for the composite are shown in comparison to an index. Unlike the composite, the index is not actively managed and does not reflect the deduction of any advisory or other fees and expenses. While the securities comprising the index are not identical to those in the composite, DCM believes this comparison may be useful in evaluating performance. **Please see the notes section for other important information.**

<sup>1</sup>The Morgan Stanley Capital International Emerging Markets Index (MSCI Emerging Markets Index) is a market capitalization-weighted index designed to measure equity market performance in global emerging markets. Data is in US Dollars. The net dividend (ND) index is calculated with net dividend reinvestment. <sup>2</sup>The Morgan Stanley Capital International Emerging Markets Growth Index (MSCI Emerging Markets Growth Index) is a subset of the MSCI Emerging Markets Index and includes only the MSCI Emerging Markets Index stocks which are categorized as growth stocks. Data is in US Dollars. The net dividend (ND) index is calculated with net dividend reinvestment. <sup>3</sup>**Total Effect** - The Total Effect for each MSCI/GICS Sector is equal to the sum of the individual Attribution Effects for that MSCI/GICS Sector.

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Per FactSet Research Systems Inc., the attribution report provides an in-depth analysis of relative performance. With this report one can research whether or not a portfolio outperformed a benchmark, and how each group contributed to performance. The performance data shown above is estimated and represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The information presented is intended for informational purposes only.

## SECTOR PERFORMANCE ATTRIBUTION 1-Year 12/31/16 to 12/31/17

MSCI/GICS Sector	Driehaus Emerging Markets Growth Composite (Port) (%)			MSCI Emerging Markets Index (ND) <sup>1</sup> (Bench) (%)			Attribution Analysis (%)
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	Total Effect <sup>2</sup>
Consumer Discretionary	9.99	38.08	4.00	8.37	28.96	2.60	1.03
Consumer Staples	6.83	38.44	2.71	6.56	25.78	1.76	0.86
Energy	4.09	11.24	0.49	6.89	21.12	1.42	0.19
Financials	27.59	46.00	12.41	23.99	32.49	7.96	2.78
Health Care	2.63	30.17	1.08	2.38	32.66	0.76	0.27
Industrials	4.51	38.86	1.87	5.65	26.40	1.61	0.79
Information Technology	26.73	73.49	17.76	28.02	63.47	15.88	1.89
Materials	4.33	28.15	1.65	7.42	32.15	2.45	0.35
Real Estate	2.27	8.25	0.41	2.69	49.50	1.25	-0.71
Telecommunication Services	2.50	23.02	0.76	5.34	16.79	1.03	0.76
Utilities	2.96	24.34	1.24	2.70	17.36	0.54	0.48
Cash	5.58	-2.87	-0.18	0.00	0.00	0.00	-1.80
Unassigned*	0.00	--	-1.92	0.00	60.92	0.00	-1.88
<b>Total</b>	<b>100.00</b>	<b>42.30</b>	<b>42.30</b>	<b>100.00</b>	<b>37.29</b>	<b>37.29</b>	<b>5.01</b>

Sources: FactSet Research Systems Inc. and Driehaus Capital Management. Per FactSet Research Systems Inc., the Attribution Report provides an in-depth analysis of relative performance. With this report one can research whether a portfolio outperformed a benchmark, and how each group contributed to performance. The performance data shown above is estimated and represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The information presented is intended for informational purposes only. <sup>1</sup>A definition of this index can be found on page 3. <sup>2</sup>Total Effect - The Total Effect for each MSCI/GICS Sector is equal to the sum of the individual Attribution Effects for that MSCI/GICS Sector.

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## COUNTRY PERFORMANCE ATTRIBUTION 4th Quarter — 9/30/17 to 12/31/17

MSCI Country	DrieHaus Emerging Markets Growth Composite (Port) (%)			MSCI Emerging Markets Index (ND) <sup>1</sup> (Bench) (%)			Attribution Analysis (%)
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	Total Effect <sup>2</sup>
Argentina	1.36	14.22	0.35	0.00	0.00	0.00	0.25
Austria	0.61	-4.27	-0.04	0.00	0.00	0.00	-0.06
Brazil	7.14	-1.15	0.07	7.08	-1.99	-0.16	0.17
Canada	0.11	-8.42	-0.05	0.00	0.00	0.00	-0.08
Cayman Islands	0.33	-15.03	-0.10	0.16	-11.87	-0.02	-0.09
Chile	0.00	0.00	0.00	1.22	7.21	0.10	0.00
China	20.73	14.02	2.91	25.76	8.01	2.09	1.15
Colombia	0.00	0.00	0.00	0.41	0.80	0.00	0.03
Czech Republic	0.00	0.00	0.00	0.18	7.75	0.01	0.00
Egypt	0.33	-5.78	-0.02	0.10	-4.50	-0.01	-0.04
France	1.12	6.84	0.08	0.00	0.00	0.00	0.00
Greece	0.78	13.91	0.11	0.30	13.34	0.04	0.03
Hong Kong	4.66	6.10	0.24	3.61	6.48	0.23	-0.05
Hungary	0.00	0.00	0.00	0.33	7.08	0.02	0.00
India	11.02	7.98	0.87	8.61	11.82	1.00	-0.29
Indonesia	1.49	6.50	0.10	2.20	8.23	0.18	-0.03
Japan	1.29	4.07	0.11	0.00	0.00	0.00	0.01
Jersey	0.21	-6.62	-0.04	0.00	0.00	0.00	-0.07
Luxembourg	0.00	0.00	0.00	0.03	-16.93	-0.01	0.01
Macau	0.15	-1.97	-0.01	0.00	0.00	0.00	-0.05
Malaysia	0.87	6.07	0.05	2.23	7.86	0.18	-0.02
Mexico	2.17	-10.64	-0.32	3.10	-8.09	-0.29	0.04
Netherlands	1.06	-4.20	-0.05	0.20	-85.76	-0.24	0.11
Pakistan	0.00	0.00	0.00	0.09	-5.46	-0.01	0.01
Peru	1.39	0.79	-0.01	0.32	4.61	0.01	-0.08
Philippines	1.28	18.54	0.24	1.11	6.45	0.07	0.15
Poland	0.00	0.00	0.00	1.30	5.93	0.08	0.02
Qatar	0.00	0.00	0.00	0.54	4.65	0.03	0.02
Romania	0.00	0.00	0.00	0.10	26.66	0.03	-0.02
Russia	6.30	9.28	0.53	3.34	4.26	0.14	0.16
South Africa	3.78	35.82	1.23	6.21	26.52	1.55	-0.11
South Korea	10.12	7.89	0.90	15.45	11.39	1.70	-0.48
Switzerland	0.90	2.52	0.01	0.00	0.00	0.00	-0.05
Taiwan	7.68	6.50	0.56	11.53	4.02	0.47	0.35
Thailand	1.67	8.93	0.15	2.22	9.46	0.21	-0.03
Turkey	1.13	13.03	0.12	1.04	4.30	0.05	0.07
United Arab Emirates	1.40	-7.55	-0.13	0.68	-4.64	-0.03	-0.14
United Kingdom	0.41	4.03	0.02	0.00	0.00	0.00	0.01
United States	1.73	-3.94	-0.05	0.54	5.09	0.03	-0.15
Cash	6.80	-0.29	-0.03	0.00	0.00	0.00	-0.42
Unassigned*	0.00	-0.35	-0.37	0.00	0.00	0.00	-0.37
<b>Total</b>	<b>100.00</b>	<b>7.43</b>	<b>7.43</b>	<b>100.00</b>	<b>7.44</b>	<b>7.44</b>	<b>-0.01</b>

Sources: FactSet Research Systems Inc. and DrieHaus Capital Management. Per FactSet Research Systems Inc., the Attribution Report provides an in-depth analysis of relative performance. With this report one can research whether a portfolio outperformed a benchmark, and how each group contributed to performance. The performance data shown above is estimated and represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The information presented is intended for informational purposes only. <sup>1</sup>A definition of this index can be found on page 3. <sup>2</sup>Total Effect - The Total Effect for each MSCI/GICS Sector is equal to the sum of the individual Attribution Effects for that MSCI/GICS Sector.

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	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	Total Effect <sup>2</sup>
Argentina	1.53	75.20	1.02	0.00	0.00	0.00	0.47
Austria	0.15	-4.27	-0.04	0.00	0.00	0.00	-0.04
Belgium	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Brazil	7.66	17.32	1.80	7.33	24.11	1.98	-0.41
Canada	0.09	5.48	0.09	0.00	0.00	0.00	0.04
Cayman Islands	0.49	81.35	0.61	0.13	155.04	0.13	0.39
Chile	0.00	0.00	0.00	1.21	42.23	0.50	-0.04
China	20.52	89.43	15.63	24.33	54.48	12.24	4.40
Colombia	0.14	18.00	0.11	0.43	16.29	0.08	0.20
Czech Republic	0.26	10.87	0.08	0.18	35.46	0.06	-0.01
Egypt	0.33	8.36	0.04	0.11	5.71	0.01	-0.02
France	0.32	7.29	0.08	0.00	0.00	0.00	0.03
Greece	0.83	47.95	0.38	0.34	28.60	0.10	0.12
Hong Kong	3.89	52.76	1.81	3.40	47.44	1.53	0.25
Hungary	0.53	22.81	0.30	0.32	39.95	0.13	0.05
India	11.55	53.87	6.06	8.66	38.76	3.33	1.60
Indonesia	2.62	30.35	0.92	2.38	24.22	0.61	0.15
Italy	0.25	-12.10	-0.06	0.00	0.00	0.00	-0.14
Japan	0.99	58.89	0.58	0.00	0.00	0.00	0.25
Jersey	0.37	-5.75	-0.04	0.00	0.00	0.00	-0.15
Kazakhstan	0.15	42.21	0.28	0.00	0.00	0.00	0.24
Luxembourg	0.02	-6.33	-0.02	0.04	-47.95	-0.03	0.04
Macau	0.18	-4.37	-0.04	0.00	0.00	0.00	-0.19
Malaysia	0.94	20.24	0.20	2.35	25.05	0.62	0.15
Mexico	3.01	12.62	0.91	3.46	15.97	0.74	0.24
Netherlands	1.27	30.63	0.52	0.31	-87.75	-0.30	0.45
Pakistan	0.00	0.00	0.00	0.06	-25.92	-0.04	0.07
Panama	0.24	18.68	0.15	0.00	0.00	0.00	0.04
Peru	1.29	31.71	0.41	0.31	35.76	0.11	-0.06
Philippines	0.96	41.41	0.45	1.16	24.63	0.31	0.25
Poland	0.34	47.63	0.35	1.27	54.94	0.66	0.00
Qatar	0.08	-5.37	-0.01	0.69	-11.51	-0.09	0.36
Romania	0.00	0.00	0.00	0.05	36.00	0.03	0.00
Russia	5.22	19.23	1.01	3.53	5.20	0.03	0.38
South Africa	3.78	46.33	1.62	6.35	44.38	2.66	-0.07
South Korea	8.38	36.04	3.34	15.11	47.31	6.85	-1.14
Switzerland	1.25	25.41	0.45	0.00	0.00	0.00	-0.02
Taiwan	8.08	37.47	3.19	11.98	27.52	3.58	1.02
Thailand	1.75	32.23	0.79	2.21	34.52	0.74	0.17
Turkey	0.93	47.56	0.34	1.09	38.35	0.42	-0.01
United Arab Emirates	1.94	13.62	0.44	0.74	2.93	0.04	-0.06
United Kingdom	0.26	5.22	0.11	0.00	0.00	0.00	-0.02
United States	1.88	25.28	0.51	0.45	68.18	0.25	-0.22
Cash	5.58	-2.87	-0.18	0.00	0.00	0.00	-1.83
Unassigned*	0.00	-1.61	-1.92	0.00	0.00	0.00	-1.90
<b>Total</b>	<b>100.00</b>	<b>42.30</b>	<b>42.30</b>	<b>100.00</b>	<b>37.29</b>	<b>37.29</b>	<b>5.01</b>

Sources: FactSet Research Systems Inc. and Driehaus Capital Management. Per FactSet Research Systems Inc., the Attribution Report provides an in-depth analysis of relative performance. With this report one can research whether a portfolio outperformed a benchmark, and how each group contributed to performance. The performance data shown above is estimated and represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The information presented is intended for informational purposes only. <sup>1</sup>A definition of this index can be found on page 3. <sup>2</sup>Total Effect - The Total Effect for each MSCI/GICS Sector is equal to the sum of the individual Attribution Effects for that MSCI/GICS Sector.

\*Unassigned refers to securities not recognized by Factset.

TOP 5 HOLDINGS<sup>1</sup> (as of 11/30/17)

Company	Sector	Country	% of Strategy
Tencent Holdings Ltd.	Information Technology	Hong Kong	4.8
Alibaba Group Holding Ltd. Sponsored ADR	Information Technology	China	4.0
Sberbank Russia OJSC Sponsored ADR	Financials	Russia	3.8
Samsung Electronics Co., Ltd.	Information Technology	South Korea	3.4
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	Information Technology	Taiwan	3.3

## SECTOR WEIGHTS (%)

	Strategy	Benchmark	Active Weights
Consumer Discretionary	15.0	7.8	7.2
Consumer Staples	4.6	6.5	-1.9
Energy	3.8	6.6	-2.9
Financials	28.0	23.7	4.3
Health Care	2.7	2.7	0.1
Industrials	3.5	5.3	-1.8
Information Technology	25.4	30.0	-4.6
Materials	4.5	7.5	-3.0
Real Estate	0.8	2.8	-2.0
Telecomm. Services	3.0	4.8	-1.9
Utilities	1.5	2.4	-1.0
Cash	7.5	0.0	7.5

## COUNTRY WEIGHTS (%)

	Strategy	Benchmark		Strategy	Benchmark
Argentina	1.4	0.0	Russia	6.7	3.3
Brazil	7.1	6.8	South Africa	4.6	7.0
China/Hong Kong	24.9	29.1	South Korea	10.1	15.4
Egypt	0.3	0.1	Taiwan	7.3	11.2
Greece	0.9	0.3	Thailand	1.4	2.3
India	11.4	8.8	Turkey	1.2	1.1
Indonesia	1.7	2.2	UAE	0.6	0.6
Malaysia	0.9	2.4	Other <sup>2</sup>	6.7	0.8
Mexico	2.3	2.9	Cash	7.5	0.0
Peru	1.5	0.3			
Philippines	1.6	1.1			

PORTFOLIO CHARACTERISTICS<sup>3</sup>

	Strategy	Benchmark
Number of Holdings	97	846
Weighted Avg. Market Cap (M)	\$102,549	\$98,905
Median Market Cap (M)	\$17,037	\$6,980
Est. 3-5 Year EPS Growth	19.2%	18.5%
Active Share (3-year avg.) <sup>4</sup>	80.03	n/a
<b>Market Cap Breakout (%)</b>		
< \$5 billion	7.8	9.9
\$5 - \$15 billion	24.1	26.3
> \$15 billion	68.1	63.8

## RISK CHARACTERISTICS (Trailing 3-years)

3-year period	Strategy	Benchmark
Annualized Alpha	4.99	n/a
Sharpe Ratio	0.96	0.56
Information Ratio	0.59	n/a
Beta	0.76	1.00
Standard Deviation	12.44	15.57
Tracking Error	5.40	0.00
R-squared	0.90	1.00

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance

Data as of 12/31/17. Benchmark: MSCI Emerging Markets Index (ND)

<sup>1</sup>Holdings subject to change.

<sup>2</sup>Represents companies domiciled in developed countries that have significant emerging markets exposures.

<sup>3</sup>Portfolio characteristics represent the strategy's composite.

<sup>4</sup>Data is calculated monthly.



Driehaus Capital Management LLC (DCM) is a registered investment adviser with the United States Securities and Exchange Commission (SEC). DCM provides investment advisory services using growth equity strategies to individuals, organizations, and institutions. The firm consists of all accounts managed by DCM (the Company). Prior to October 1, 2006, the firm included all accounts for which Driehaus Capital Management (USVI) LLC (DCM USVI) acted as investment adviser. On September 29, 2006, DCM USVI ceased conducting its investment advisory business and withdrew its registration as a registered investment adviser with the SEC. Effective September 30, 2006, DCM USVI retained DCM as investment adviser to these portfolios.

DCM claims compliance with the Global Investment Performance Standards (GIPS®).

**COMPOSITE OBJECTIVES AND ACCOUNTS ELIGIBLE FOR THE EMERGING MARKETS GROWTH COMPOSITE**

The Emerging Markets Growth Composite (the Composite) presented includes all unleveraged “emerging markets growth accounts” over which the Company exercises discretionary investment authority of both cash and equities using the same investment objective and philosophy. The Composite was created in January 1997.

An account is considered to be an emerging markets growth account if it seeks capital appreciation by investing primarily in equity securities of rapidly growing companies in emerging markets countries around the world. This strategy may invest substantially all (no less than 65%) of its assets in emerging markets companies.

Once an account has met the above criteria and is fully invested, it is included in the Composite in the next full monthly reporting period. Accounts that change investment strategies are transferred between composites in the first full monthly reporting period in which the account is managed under the new style. Terminated accounts are excluded from the Composite in the first month in which they are not fully invested as of the end of the month.

**PERFORMANCE RESULTS**

Asset-weighted, net of fee and gross of fee composite returns are presented. Monthly composite returns are calculated as the sum of the monthly returns of each account weighted by the account’s beginning monthly value as compared to the Composite total. For periods prior to November 1, 2004, time-weighted account rates of return were calculated on a monthly basis and allowed for the effect of cash additions and withdrawals using the Modified-Dietz method. If a cash contribution or withdrawal exceeded 10% of an account’s value, the account was revalued and the return was calculated for the interim period. Effective November 1, 2004, account rates of return are calculated on a monthly basis by geometrically linking daily returns. Monthly composite returns are geometrically linked to determine annual composite returns.

Net of fee returns reflect the payment of advisory fees and in some instances, other fees and expenses such as administrative and transfer fees while the gross of fee returns do not. Both are net of brokerage commissions charged to the accounts.

The annualized rate of return is presented as the level annual rate which, if earned for each year in a multiple-year period, would produce the actual cumulative rate of return over that period.

For emerging markets growth accounts, valuations and returns are computed and stated in U.S. dollars. Since returns are stated in U.S. dollars, exchange rates were used in the conversion. The Company is not aware of any significant inconsistencies between exchange rates used in the Composite and those used in the benchmark indices. Securities transactions, which include brokerage commissions, are recorded on a trade date basis, and where information is available, income and expense items are recorded on an accrual basis. Returns are presented on a pretax basis and are net of any actual foreign taxes withheld on dividends and interest. Leverage is not a part of the Company’s investment strategy for this Composite. Securities are valued in the foreign currency in which they are denominated and then translated into U.S. dollars at the spot rate. Forward contracts are generally purchased to hedge the risk of the currency fluctuation between the trade date and the settlement date of the underlying securities transactions.

Past performance is not indicative of future results. All investments have risks and you could lose money. Other methods may produce different results and the results for individual accounts and for different periods may vary depending on market conditions and the composition of the account. Care should be used when comparing these results to those published by other investment advisers, other investment vehicles and unmanaged indices due to possible differences in calculation methods.

Additional information regarding policies for valuing portfolios, calculating and preparing compliant composite presentations are available upon request. A complete listing and description of all composites is also available upon request. Please contact our sales, marketing and relationship management department at 312-932-8621.

**TAX EFFECT**

The rates of return presented are determined without regard to U.S. tax consequences. Income tax may be withheld on income depending on the tax laws of each country and its treaty, if any, with the U.S. Such withholding taxes are reflected in the performance of accounts.

**INDICES**

The performance results for the Composite are shown in comparison to indices. While the securities comprising the indices are not identical to those in any account in the Composite, the Company believes this may be useful in evaluating performance. The indices are not actively managed and do not reflect the deduction of any advisory or other fees and expenses.

The Morgan Stanley Capital International Emerging Markets Index (MSCI Emerging Markets Index) is a market capitalization-weighted index designed to measure equity market performance in global emerging markets. Data is in US Dollars. The net dividend (ND) index is calculated with net dividend reinvestment.

The Morgan Stanley Capital International Emerging Markets Growth Index (MSCI Emerging Markets Growth Index) is a subset of the MSCI Emerging Markets Index and includes only the MSCI Emerging Markets Index stocks which are categorized as growth stocks. Data is in US Dollars. The net dividend (ND) index is calculated with net dividend reinvestment.

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**TERMS**

**Active share** represents the share of portfolio holdings that differ from the benchmark index holdings. **Alpha** is the measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund’s alpha. **Beta** is a measure of a portfolio’s volatility. A beta of 1.00 implies perfect historical correlation of movement with the market. A higher beta manager will rise and fall more rapidly than the market, whereas a lower beta manager will rise and fall slower. **Information Ratio (IR)** measures a portfolio manager’s ability to generate excess returns relative to a benchmark, but also attempts to identify the consistency of the investor. This ratio will identify if a manager has beaten the benchmark by a lot in a few months or a little every month. The higher the IR the more consistent a manager is and consistency is an ideal trait. **R-Squared** is a statistical measure that represents the percentage of a fund or security’s movements that can be explained by movements in a benchmark index. For fixed-income securities, the benchmark is the T-bill. For equities, the benchmark is the S&P 500. **Sharpe Ratio** is calculated by finding the portfolio’s excess return and then dividing by the portfolio’s standard deviation. **Standard Deviation** is a measure of the average deviations of a return series from its mean; often used as a measure of portfolio volatility. A large standard deviation implies that there have been large swings or volatility in the manager’s return series. **Tracking Error** is a divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. This is often in the context of a hedge or mutual fund that did not work as effectively as intended, creating an unexpected profit or loss instead.

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