

Driehaus International Small Cap Growth Strategy

OBJECTIVE

The strategy seeks to outperform the MSCI AC World ex USA Small Cap Growth Index over full market cycles.

KEY FEATURES

- » Developed and emerging market small cap exposure
- » Benchmark aware, not benchmark constrained
- » Opportunistic investment approach
- » High active share

INCEPTION DATE

July 1, 2001

COMPOSITE ASSETS UNDER MANAGEMENT*

\$944 million

Total Strategy Assets: \$944 million

FIRM ASSETS UNDER MANAGEMENT

\$8.8 billion

INVESTMENT UNIVERSE

Global developed and emerging markets small cap equity

INVESTMENT STYLE

Growth equity

AVAILABLE INVESTMENT VEHICLES

- » Separately managed account
- » Mutual fund

PORTFOLIO MANAGERS



David Mouser
Portfolio Manager
20 years of industry experience
Managed strategy since 2007



Daniel Burr, CFA
Portfolio Manager
17 years of investment experience



Ryan Carpenter
Assistant Portfolio Manager
13 years of investment experience

Market Overview

Encouragingly - despite some notable spikes in volatility - the first quarter saw relatively limited factor performance dispersion which made for a stock selection driven environment. While the world has enjoyed a strong period of increasingly synchronized global growth, some tailwinds such as credit and China growth may incrementally slow throughout 2018.

Performance Review

For the first quarter, the Driehaus International Small Cap Growth strategy returned 4.16%, net of fees, and the MSCI ACWI ex-US Small Cap Growth Index returned 0.84%.¹

Portfolio positioning did not change significantly during the quarter. Industrials and Europe remain the biggest overweights by sector and region, respectively, although both of those themes have been reduced, given the potential for decelerating global activity.

Telecomm was the biggest increase at the sector level. Defensive stocks look more appealing than in recent years, given

that valuations have pulled back to more normalized levels. Few changes were made to the exposure to materials, health care and real estate holdings and these remain underweights.

At the country level, we moved Japan to underweight since we see a stronger Yen as a threat to Japanese earnings and we are finding fewer new ideas through bottom-up idea generation.

The United Kingdom was one of the worst performing equity markets globally in the first quarter. Short term interest rates increased under expectations that the Bank of England has been forced to a more hawkish position. The weakening pound has spurred higher import prices and has lifted core inflation towards 2.5% - faster than most of the developed world. However, with one of the highest free cash flow yields in developed markets and substantially increased equity risk premiums have made the investment case for the region more compelling. In particular, we are optimistic about UK companies with high free cash flow yields and globally exposed revenues.

**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.*

¹The performance data represents the strategy's composite of international small cap 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.

The strategy did increase exposure to emerging markets during the quarter. In particular we found opportunities in less cyclically sensitive areas like consumer discretionary.

Market Outlook

We are watching for signs of central bank errors, aggressive capital spending, or excess leverage across markets, however

none of these appear to be at levels in aggregate where they might be an imminent threat to the market.

Tariffs are likely the biggest near term

risk: it is unlikely global corporates could escape a trade war with margins at current levels. However, protectionism and political outcomes are historically very difficult to predict.

We are optimistic that if the economy does slow, bottom-up stock picking will play an increasingly important role as the market shifts focus towards those companies with strong competitive positioning, durable organic growth, cost leadership and differentiated products.

“The first quarter saw relatively limited factor performance dispersion which made for a stock selection driven environment.”

Disclosures

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 strategy 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 April 20, 2018 and are subject to change at any time due to changes in market or economic conditions. The commentary has not been updated since April 20, 2018 and may not reflect recent market activity.

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PERFORMANCE as of 3/31/18

	Annualized Total Return						
	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Inception 7/1/01
Drieaus International Small Cap Growth Composite (Gross)	4.45%	4.45%	37.66%	15.42%	13.72%	8.86%	18.22%
Drieaus International Small Cap Growth Composite (Net)	4.16%	4.16%	36.19%	14.19%	12.46%	7.47%	17.10%
MSCI AC World ex USA Small Cap Growth Index ¹ (ND)	0.84%	0.84%	23.62%	11.05%	9.03%	5.30%	8.58%

SECTOR PERFORMANCE ATTRIBUTION 1st Quarter — 12/31/17 to 3/31/18

	Drieaus International Small Cap Growth Composite (Port) (%)			MSCI AC World ex USA Small Cap Growth Index ¹ (Bench) (%)			Attribution Analysis (%)		
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	Allocation Effect	Selection + Interaction	Total Effect
GICS Sector									
Consumer Discretionary	20.29	0.42	0.17	17.98	-0.38	-0.06	-0.05	0.03	0.11
Consumer Staples	4.35	19.44	0.81	8.70	4.21	0.36	-0.09	0.56	0.49
Energy	4.69	-7.02	-0.34	2.00	-4.19	-0.08	-0.09	-0.06	-0.28
Financials	3.61	13.19	0.55	5.84	-1.00	-0.06	0.05	0.49	0.61
Health Care	6.47	14.23	0.84	11.68	7.03	0.78	-0.34	0.36	0.12
Industrials	34.13	4.18	1.39	20.44	-1.29	-0.26	-0.34	1.78	1.55
Information Technology	10.38	1.08	-0.02	17.68	3.23	0.53	-0.15	-0.25	-0.44
Materials	6.71	7.86	0.56	9.15	-4.90	-0.42	0.11	0.70	1.02
Real Estate	3.70	5.46	0.15	4.24	2.62	0.10	0.00	0.00	0.06
Telecomm. Services	1.96	15.84	0.25	0.88	-0.64	0.00	0.01	0.27	0.26
Utilities	0.00	0.00	0.00	1.40	-2.75	-0.04	0.03	0.00	0.05
Cash	3.71	0.44	0.02	0.00	0.00	0.00	0.04	0.00	-0.02
Unassigned*	0.00	-0.40	-0.40	0.00	36.54	0.00	-0.40	0.00	-0.40
Total	100.00	3.97	3.97	100.00	0.84	0.84	-1.22	3.87	3.13

Data as of 3/31/18. Preliminary performance data. In US dollars. Sources: Drieaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance

*Unassigned refers to securities not recognized by Factset.

The performance data represents the strategy's composite of international small cap growth accounts managed by Drieaus 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.**

¹The Morgan Stanley Capital International (MSCI) AC World ex USA Small Cap Growth Index is a market capitalization-weighted index designed to measure equity performance in global developed markets and emerging markets, excluding the U.S and is composed of stocks which are categorized as small capitalization stocks. Data is in US Dollars. The net dividend (ND) index is calculated with net dividend reinvestment.

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.

ATTRIBUTION ANALYSIS CATEGORIES ARE DEFINED AS: **Allocation Effect** - Measures the impact of the decision to allocate assets differently than those in the benchmark.

Security Selection Effect - Measures the effect of choosing securities, which may or may not outperform those of the benchmark. **Interaction Effect** - Jointly measures the effect of allocation and selection decisions.

Currency Effect - The currency effect is the portion of the total effect the portfolio manager can potentially influence by using currency hedging. **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 1st Quarter — 12/31/17 to 3/31/18

MSCI Country	DrieHaus International Small Cap Growth Composite (Port) (%)			MSCI AC World ex USA Small Cap Growth Index ¹ (Bench) (%)			Total Effect
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	
Argentina	0.64	-11.36	-0.08	0.00	0.00	0.00	-0.09
Australia	2.73	5.08	0.14	4.66	-3.49	-0.17	0.32
Austria	1.52	15.55	0.22	0.84	8.07	0.06	0.16
Belgium	0.00	0.00	0.00	1.23	4.57	0.05	-0.04
Bermuda	0.00	0.00	0.00	0.13	5.49	0.01	-0.01
Brazil	2.95	24.66	0.59	1.24	5.67	0.06	0.54
British Virgin Islands	0.00	0.00	0.00	0.01	2.47	0.00	0.00
Canada	10.20	-4.20	-0.39	6.32	-6.88	-0.40	0.02
Cayman Islands	0.00	0.00	0.00	0.08	2.91	0.00	0.00
Chile	0.00	0.00	0.00	0.28	-2.03	-0.01	0.01
China	2.02	26.66	0.49	3.02	5.46	0.16	0.37
Colombia	0.00	0.00	0.00	0.06	6.42	0.00	0.00
Cyprus	0.00	0.00	0.00	0.02	5.67	0.00	0.00
Denmark	0.97	4.78	0.00	1.58	9.70	0.15	-0.15
Egypt	0.00	0.00	0.00	0.10	19.31	0.02	-0.02
Finland	0.43	2.01	0.03	0.83	-2.00	-0.01	0.03
France	3.19	-3.43	-0.06	2.89	-0.69	-0.01	-0.08
Germany	9.23	3.71	0.32	4.79	1.29	0.07	0.24
Greece	0.00	0.00	0.00	0.18	2.20	0.00	0.00
Hong Kong	1.38	22.56	0.27	2.77	-1.99	-0.06	0.35
Hungary	0.00	0.00	0.00	0.02	0.77	0.00	0.00
India	0.00	0.00	0.00	3.14	-10.96	-0.34	0.39
Indonesia	0.38	3.89	0.01	0.55	4.62	0.02	-0.01
Ireland	0.00	0.00	0.00	0.96	-1.39	-0.01	0.02
Isle Of Man	5.10	11.72	0.51	1.76	5.11	0.08	0.41
Israel	0.07	0.25	0.00	1.08	4.54	0.05	-0.03
Italy	5.14	8.22	0.39	2.67	4.01	0.10	0.28
Japan	20.51	7.28	1.63	22.07	4.46	0.90	0.52
Jordan	0.00	0.00	0.00	0.04	10.51	0.00	0.00
Kazakhstan	0.00	0.00	0.00	0.10	-0.55	0.00	0.00

(Continues on page 5)

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.

COUNTRY PERFORMANCE ATTRIBUTION 1st Quarter — 12/31/17 to 3/31/18 (Continued)

MSCI Country	Driehaus International Small Cap Growth Composite (Port) (%)			MSCI AC World ex USA Small Cap Growth Index ¹ (Bench) (%)			Total Effect
	Port Avg. Weight	Port Total Return	Port Contrib To Return	Bench Avg. Weight	Bench Total Return	Bench Contrib To Return	
Luxembourg	2.31	-3.44	-0.15	0.39	-5.26	-0.02	-0.13
Macau	0.00	0.00	0.00	0.01	-2.10	0.00	0.00
Malaysia	0.00	0.00	0.00	0.82	0.17	0.00	0.01
Malta	0.00	0.00	0.00	0.03	6.67	0.00	0.00
Mexico	0.33	1.61	0.01	0.59	5.09	0.03	-0.02
Monaco	0.00	0.00	0.00	0.07	-9.87	-0.01	0.01
Netherlands	2.98	4.71	0.16	1.70	2.34	0.04	0.10
New Zealand	0.14	11.29	0.03	0.70	20.38	0.13	-0.09
Norway	1.79	0.53	-0.04	0.69	0.72	0.01	-0.02
Pakistan	0.00	0.00	0.00	0.17	6.52	0.01	-0.01
Peru	0.00	0.00	0.00	0.03	-1.58	0.00	0.00
Philippines	0.63	-12.36	-0.15	0.19	-0.56	0.00	-0.11
Poland	0.00	0.00	0.00	0.21	-9.54	-0.02	0.02
Portugal	1.45	-8.88	-0.12	0.19	-0.63	0.00	-0.13
Qatar	0.00	0.00	0.00	0.09	5.84	0.01	0.00
Russia	0.00	0.00	0.00	0.13	3.62	0.01	0.00
Singapore	0.00	0.00	0.00	1.23	10.60	0.12	-0.11
South Africa	0.83	6.02	0.07	1.27	3.67	0.05	0.03
South Korea	1.15	18.07	0.18	3.82	5.85	0.21	0.00
Spain	1.25	17.51	0.20	1.61	3.73	0.06	0.14
Sweden	1.95	-0.08	0.05	4.11	-2.83	-0.10	0.15
Switzerland	2.29	-4.66	-0.12	3.39	-3.24	-0.11	0.00
Taiwan	1.11	-10.37	-0.12	3.69	0.89	0.02	-0.09
Thailand	0.00	0.00	0.00	0.81	0.15	0.00	0.01
Turkey	0.00	0.00	0.00	0.27	2.23	0.01	0.00
United Arab Emirates	0.00	0.00	0.00	0.32	10.67	0.03	-0.03
United Kingdom	10.36	4.84	0.44	9.58	-3.13	-0.29	0.73
United States	1.27	-11.69	-0.17	0.44	-11.99	-0.05	-0.14
Cash	3.71	0.44	0.02	0.00	0.00	0.00	-0.02
Unassigned*	0.00	-0.40	-0.40	0.00	0.00	0.00	-0.40
Total	100.00	3.97	3.97	100.00	0.84	0.84	3.13

*Unassigned refers to securities not recognized by Factset.

TOP 5 HOLDINGS¹ (as of 2/28/18)

Company	Sector	Country	% of Strategy
Croda International Plc	Materials	United Kingdom	2.0
Ichihoh Industries, Ltd.	Consumer Discretionary	Japan	1.7
Vesuvius Plc	Industrials	United Kingdom	1.6
MasMovil Ibercom, S.A.	Telecommunication Services	Spain	1.6
Mota-Engil SGPS SA	Industrials	Portugal	1.5

SECTOR WEIGHTS (%)

	Strategy	Benchmark	Active Weights (%)
Consumer Discretionary	21.4	17.8	3.5
Consumer Staples	5.0	8.8	-3.9
Energy	4.9	1.9	3.0
Financials	3.9	5.4	-1.5
Health Care	6.8	12.0	-5.2
Industrials	31.8	19.9	11.9
Information Technology	9.9	18.4	-8.6
Materials	6.3	8.9	-2.7
Real Estate	3.2	4.4	-1.2
Telecomm. Services	3.2	0.9	2.3
Utilities	0.0	0.0	0.0
Cash	3.7	0.0	3.7

COUNTRY WEIGHTS (%)

	Strategy	Benchmark		Strategy	Benchmark
Argentina	0.6	0.0	Luxembourg	2.9	0.4
Australia	2.4	4.5	Netherlands	2.2	1.7
Austria	1.8	0.8	New Zealand	0.3	0.7
Brazil	3.7	1.3	Norway	1.8	0.7
Canada	11.6	6.2	Philippines	0.7	0.2
China	2.9	3.2	Portugal	1.2	0.2
Denmark	0.8	1.6	South Africa	1.1	1.3
Finland	1.0	0.8	South Korea	1.3	4.0
France	2.0	2.9	Spain	2.5	1.6
Germany	8.9	4.8	Sweden	1.9	4.0
Hong Kong	1.8	2.7	Switzerland	2.1	3.3
Indonesia	0.4	0.5	Taiwan	1.4	3.8
Isle Of Man	4.7	1.6	United Kingdom	9.9	9.3
Israel	0.5	1.1	United States	1.0	0.4
Italy	5.6	2.7	Cash	3.7	0.0
Japan	17.5	22.8			

PORTFOLIO CHARACTERISTICS²

	Strategy	Benchmark		Strategy	Benchmark	
Number of Holdings	108	2,393	5-year period	Annualized Alpha	5.31	n/a
Weighted Avg. Market Cap (M)	\$3,777	\$2,806		Sharpe Ratio	1.18	0.75
Median Market Cap (M)	\$2,539	\$1,016		Information Ratio	0.96	n/a
Est. 3-5 Year EPS Growth	19.1	17.3		Beta	0.90	1.00
Active Share (3-year avg.) ³	91.72	n/a		Standard Deviation	11.40	11.58
Market Cap Breakout (%)				Tracking Error	4.87	0.00
< \$5 billion	74.4	86.9		R-squared	0.83	1.00
> \$5 billion	25.6	13.1				

Sources: DrieHaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 3/31/18. Benchmark: MSCI AC World ex USA Small Cap Growth Index (ND)

¹Holdings subject to change.

²Portfolio characteristics represent the strategy's composite

³Data 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 INTERNATIONAL SMALL CAP GROWTH COMPOSITE

The International Small Cap Growth Composite (the Composite) presented includes all unleveraged "international small cap 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 July 2001.

An account is considered to be an international small cap growth account if it seeks to maximize capital appreciation through active investment primarily in equity securities of smaller capitalization, non-U.S. companies exhibiting strong growth characteristics. Under normal market conditions, the style invests at least 80% of total net assets in the equity securities of non-U.S. small capitalization 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 international small cap 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 (MSCI) AC World ex USA Small Cap Growth Index is a market capitalization-weighted index designed to measure equity performance in global developed markets and emerging markets, excluding the U.S and is composed of stocks which are categorized as small capitalization 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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