

Driehaus Micro Cap Growth Strategy

Key Features

- Benchmark aware, not benchmark constrained
- Opportunistic investment approach
- High active share

Inception Date

January 1, 1996

Composite Assets Under Management¹

\$854 million

Total Strategy Assets: \$873 million

Firm Assets Under Management

\$8.8 billion

Investment Style

Growth equity

Available Investment Vehicle:

Separately managed account

Mutual Fund

Portfolio Managers



Jeff James

Portfolio Manager
28 years of industry experience
Managed strategy since 1998



Michael Buck

Assistant Portfolio Manager
18 years of industry experience

¹Composite 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.



MARKET OVERVIEW

The fourth quarter was a positive conclusion to a bullish year for US equities. The major indices reached new highs during the quarter with large caps outperforming micro caps and small caps. The S&P 500 rallied in a linear up-and-to-the-right fashion each month of the quarter and completed its first year without a single monthly decline. The Russell Micro index, in contrast, pulled back over 5% during the first half of the quarter largely on reduced optimism that the US tax reform legislation would pass. But while the Washington DC sausage-making process can be messy and unappetizing, the outlook for the tax bill passing improved, helping micro and small caps stocks to bottom in mid-November before rallying into the year end.

The current macroeconomic environment has improved markedly over the past year with the US and most parts of the globe benefitting from synchronized global economic growth. This positive backdrop is conducive to rising earnings and provides fundamental support for the recent market gains. Many economic indicators have seen a sharp acceleration. The majority of recent US macro data (initial jobless claims, personal income, Purchasing Manager's Index (PMI), business and consumer confidence, durable goods, housing starts, etc.) support the prospect for sustained growth into 2018.

We view the US tax legislation as a significant upside catalyst for equities as it is positive for earnings revisions, earnings growth and economic growth. The recent reduction of the US corporate tax rate from 35% to 21% will be a big driver for positive earnings revisions

for most companies in 2018, especially for the more US-centric micro and small cap companies. Most of our portfolio companies pay above 30%. So on average, the new rate will be a big boost to earnings and likewise reduce the average valuation of many of our portfolio companies.

One of the most significant and positive changes over the past year has been the reining in and rolling back of countless federal regulations. This is a major reason for the acceleration in economic growth in the past year. The pace of deregulation can be measured by the massive reduction in the pages of the Federal Register and it is frequently cited as a primary driver (along with taxes) for the multi-year highs in small business and CEO optimism.

The current robust economic data, such as the PMIs and Leading Economic Indicators (LEI) hitting new cycle highs are historically consistent with sustained economic expansion. This gives further support for the Federal Open Market Committee (FOMC) to continue rate normalization. We acknowledge that the current yield curve flattening is a cautionary tale when looking for an end to the cycle (the current 10-2 year yield spread is down to under 60 basis points from 120 basis points at the start of 2017), yet it is actually typical of the early phase of Fed tightening and very consistent with sustained growth and equity advances when looking at previous economic cycles.

This equity rally has been about earnings as earnings drive stock prices. Aggregate earnings are at new highs, which along with

some multiple expansion helps explain the strength in equity prices. As we look ahead to 2018, we see a continuation of these key drivers as well as a continuation in many of the sector, industry and thematic trends in which we are invested. We also see a nice combination of secular and cyclical investments in addition to new opportunities which are emerging as the environment has strengthened. Overall, beyond this macro discussion, on a daily basis we continue to focus on bottom up earnings and individual company fundamentals which remain encouraging and sustainable for our portfolio holdings.

PERFORMANCE REVIEW

For the fourth quarter, the Driehaus

Micro Cap Growth strategy outperformed its benchmark. The strategy returned 4.51%, net of fees, while the Russell Micro Cap Growth Index rose 0.93%.¹

For the full year of 2017, the strategy returned 24.64%, net of fees, while the Russell Micro Cap Growth Index rose 16.65%.

The calendar year that just ended marked a milestone being the 20th year in which I have managed the strategy and the 19th calendar year out of those 20 in which the strategy has outperformed its relevant

Russell index. Over these past two decades (1998-2017) the strategy has sustained an industry best annualized return of 22.2%. By sector, for the quarter, the strategy's relative outperformance occurred across the board. In order of largest sector contribution to relative returns, it was technology, health care, consumer discretionary, industrials, consumer staples and energy. On an absolute basis, every sector contributed to the positive returns for the quarter. Consumer discretionary and then technology accounted for the two largest sector contributors to the portfolio's absolute returns.

“This equity rally has been about earnings as earnings drive stock prices.”

Strong earnings across the strategy drove the results. Technology was led by hardware (specialty memory, solar and semiconductors), e-commerce as well as enterprise and internet software. Health care's positive performance was led by medical devices, biotech and pharma. Consumer discretionary was broad-based with particular strength in gaming, hotels, recreational vehicles, specialty retail, and residential building materials. Industrials' strength came from the air cargo, trucking, and machinery. Energy finally rebounded

with strength in oil field services as crude oil hit a new cycle high and the outlook for the rig count and capex improved.

OUTLOOK & POSITIONING

As a new year begins, looking at a wide number of economic indicators, the current strong macro environment appears sustainable. Credit conditions are benign. Most key economic statistics and indicators are trending positively, with many at new cycle highs. The economic expansion is boosting most industries and most parts of the economy. The synchronized global

growth backdrop is healthy and provides a bullish environment for equities. Tax cuts are incrementally boosting earnings

(and helping valuations) and deregulation is helping business optimism. The Federal Reserve Chair will transition to Jerome (Jay) Powell but the Fed's accommodative monetary policy is expected to remain status quo.

Naturally, there are risks that could disrupt these positive conditions. The pace of growth could tip inflation higher causing the Fed to get more aggressive with rates, ruining the current positive interplay between growth, inflation and rates. With the Fed raising rates, if the long end of the treasury yield curve does not rise greater than the short

¹The performance data represents the strategy's composite of micro 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.**

end, the shape of the yield curve could flatten further. Trump's trade and immigration rhetoric could move from potential risks to actual policies with uncertain outcomes. Terrorism and the war of words with North Korea could also result in dangerous scenarios. Finally, a deceleration in economic growth or earnings, even if short-term, could cause a correction in equities and an increase in volatility. We have a sanguine outlook regarding all these risks, but market scares and resulting corrections are natural market events and volatility is likely to pick up after record low levels in 2017.

In terms of positioning, the strategy is overweight the following sectors: consumer discretionary, technology and industrials and energy. Health Care, technology, industrials and consumer discretionary are the four largest absolute weightings. The strategy is underweight health care, consumer staples, materials and utilities.

We look forward to the upcoming earnings season to assess the fundamental progress and outlooks of our portfolio companies. We continue to hold and discover an exciting mix of inefficiently priced and less discovered

companies that are early in their growth expansions. We are confident that these differentiated companies will gain market share, exceed expectations and will become larger companies over time.

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 January 10, 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 10, 2018 and may not reflect recent market activity.

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PERFORMANCE as of 12/31/17

	Annualized Total Return						
	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Inception 1/1/96
DrieHaus Micro Cap Growth Composite (Gross)	4.78%	26.07%	26.07%	15.08%	22.52%	11.68%	21.78%
DrieHaus Micro Cap Growth Composite (Net)	4.51%	24.64%	24.64%	13.69%	21.05%	10.41%	20.87%
Russell Microcap [®] Growth Index ¹ (Benchmark)	0.93%	16.65%	16.65%	6.22%	13.82%	7.23%	*
Russell 2000 [®] Growth Index ²	4.59%	22.17%	22.17%	10.28%	15.21%	9.19%	7.20%

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

GICS Sector	DrieHaus Micro Cap Growth Composite (Port) (%)		Russell Microcap [®] Growth Index ¹ (Bench) (%)		Attribution Analysis (%)		
	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Allocation Effect ³	Selection + Interaction ³	Total Effect ³
Consumer Discretionary	14.47	1.46	10.31	0.83	0.18	0.39	0.57
Consumer Staples	3.68	0.61	2.85	0.21	0.04	0.34	0.38
Energy	2.72	0.35	2.51	0.11	-0.01	0.23	0.22
Financials	7.56	0.25	8.08	0.29	-0.13	0.03	-0.10
Health Care	24.76	0.07	37.97	-0.29	0.08	0.54	0.63
Industrials	16.07	0.58	11.57	0.04	-0.02	0.54	0.52
Information Technology	24.47	0.27	19.68	-0.65	-0.21	1.12	0.91
Materials	2.22	0.25	2.22	0.21	0.00	0.04	0.04
Real Estate	0.79	0.08	2.17	0.07	-0.04	0.05	0.02
Telecom. Services	2.98	0.84	1.65	0.09	0.06	0.64	0.70
Utilities	0.00	0.00	1.01	-0.01	0.01	0.00	0.01
Cash	0.28	0.00	0.00	0.00	-0.02	0.00	-0.02
Unassigned	0.00	-0.32	0.00	0.00	-0.32	0.00	-0.32
Total	100.00	4.44	100.00	0.89	-0.37	3.92	3.56

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

*The Index's performance is presented for all periods except "Since Inception" because the Index was not established until August 2000.

The performance data represents the strategy's composite of micro 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.**

¹The Russell Microcap[®] Growth Index measures the performance of those Russell Microcap[®] companies with higher price-to-book ratios and higher forecasted growth values. The Russell Microcap[®] Index is represented by the smallest 1,000 securities in the small cap Russell 2000[®] Index plus the next 1,000 securities.

²The Russell 2000[®] Growth Index measures the performance of those Russell 2000[®] companies with higher price-to-book ratios and higher forecasted growth values. The performance data includes reinvested dividends. The Russell 2000[®] Index measures the performance of the 2,000 smallest companies in the Russell 3000[®] Index.

³A definition of this term can be found on page 5.

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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

GICS Sector	Driehaus Micro Cap Growth Composite (Port) (%)		Russell Microcap® Growth Index ¹ (Bench) (%)		Attribution Analysis (%)		
	Port Avg. Weight	Port Contrib To Return	Bench Avg. Weight	Bench Contrib To Return	Allocation Effect	Selection + Interaction	Total Effect
Consumer Discretionary	14.50	2.31	11.96	1.47	0.01	0.36	0.38
Consumer Staples	3.84	1.19	2.75	0.33	-0.07	0.79	0.72
Energy	2.77	-1.03	2.50	-0.75	0.06	-0.12	-0.07
Financials	6.21	0.00	6.94	0.77	-0.26	-0.24	-0.50
Health Care	29.50	10.46	37.67	7.39	-0.39	4.57	4.18
Industrials	14.27	3.10	11.08	1.18	-0.12	1.37	1.24
Information Technology	22.49	9.07	18.84	3.23	0.21	4.55	4.76
Materials	1.92	0.44	2.18	0.48	0.06	0.00	0.06
Real Estate	1.31	0.03	2.70	0.31	0.07	-0.05	0.02
Telecom. Services	2.28	1.02	2.27	1.95	-0.54	-0.45	-0.99
Utilities	0.10	-0.37	1.12	0.00	0.14	-0.26	-0.13
Cash	0.81	0.02	0.00	0.00	0.16	0.00	0.16
Unassigned	0.00	-1.44	0.01	0.00	-1.41	0.00	-1.41
Total	0.00	24.79	0.01	6.81	-2.10	10.51	8.42

Data as of 12/31/17.

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

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.

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.

TOP 5 HOLDINGS¹ (as of 11/30/17)

Company	Sector	Description	% of Strategy
GTT Communications, Inc.	Information Technology	Provides cloud networking services to a range of clients	1.9
Five9, Inc.	Information Technology	A provider of cloud software for contact centers	1.9
SMART Global Holdings, Inc.	Information Technology	A telecommunications service provider in the Philippines	1.9
AxoGen, Inc.	Health Care	A human tissue company based in Alachua, Florida making products to remedy peripheral nerve damage	1.8
Tactile Systems Technology, Inc.	Health Care	A medical technology company	1.8

SECTOR WEIGHTS

Month-End Absolute Weights (%)

	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Telecomm. Services	Utilities	Cash
Strategy	16.1	4.5	3.2	9.2	24.8	15.9	19.9	2.4	0.8	3.1	0.0	0.2
Benchmark	10.7	2.9	2.6	7.6	39.3	11.4	18.6	2.4	2.1	1.6	0.9	0.0
Active Weights	5.4	1.6	0.6	1.6	-14.5	4.5	1.3	0.0	-1.3	1.6	-0.9	0.2

PORTFOLIO CHARACTERISTICS²

	Strategy	Benchmark	5-year period	Strategy	Benchmark
Number of Holdings	127	876	Annualized Alpha	7.39	n/a
Weighted Avg. Market Cap (M)	\$1,183	\$668	Sharpe Ratio	1.18	0.79
Median Market Cap (M)	\$918	\$231	Information Ratio	1.41	n/a
Active Share (3-year avg.) ³	80.19	n/a	Beta	1.04	1.00
Market Cap Breakout (%)			Standard Deviation	18.92	17.14
< \$1 billion	49.8	83.4	Tracking Error	6.18	0.00
> \$1 billion	50.2	16.6	R-squared	0.90	1.00

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 12/31/17. Benchmark: Russell Microcap® Growth Index

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 MICRO CAP GROWTH COMPOSITE

The Micro Cap Growth Composite (the Composite) presented includes all unleveraged "micro 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 January 1996.

An account is considered to be a micro cap growth account if it primarily invests in U.S. equity securities of growth companies with market capitalization ranges of generally followed micro cap indices at the time of purchase. However, there is no requirement to be exclusively invested in micro cap stocks, and the accounts have invested, to a lesser extent, in stocks with a larger capitalization from time to time.

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 micro cap growth accounts, valuations and returns are computed and stated in U.S. dollars. 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 and income and expense items are recorded on an accrual basis. Returns are presented on a pretax basis. Leverage is not a part of the Company's investment strategy for this Composite.

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 Russell Microcap® Growth Index measures the performance of those Russell Microcap® companies with higher price-to-book ratios and higher forecasted growth values. The Russell Microcap® Index is represented by the smallest 1,000 securities in the small cap Russell 2000® Index plus the next 1,000 securities.

The Russell 2000® Growth Index measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values. The performance data includes reinvested dividends. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index.

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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.