

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

\$612 million

Total Strategy Assets: \$671 million

Firm Assets Under Management

\$8.3 billion

Investment Style

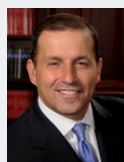
Growth equity

Available Investment Vehicle:

Separately managed account

Mutual Fund

Portfolio Managers



Jeff James

Portfolio Manager

26 years of industry experience



Michael Buck

Assistant Portfolio Manager

17 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 first quarter was positive for US equities, with most market indices up in the mid-single digit percentage range. Notably, micro cap stocks (defined as market caps of US\$1 billion and under) as a category broadly underperformed the US equity market, including small caps. The optimism towards the pro-business Trump agenda and its anticipated positive impact on the economy and earnings continued to push equities higher, despite the apparent chaos and lack of actual reform and legislation in the administration's first 100 days. The effort to repeal and replace Obamacare failed as the House of Representatives splintered into several camps and the American Health Care Act bill couldn't even muster enough support for an actual vote. This reduced the market's confidence that tax reform, infrastructure, deregulation and other pro-growth initiatives will be passed in the near-term. The resiliency of the market and the lack of volatility seen in the quarter was striking, given high valuations, lack of political progress, geopolitical tensions in North Korea and Syria, Federal Reserve rate hikes, slower GDP and earnings growth and a flattening of the yield curve.

With all the headwinds, the market's strength in the quarter was likely due to investors looking towards a wide number of positive factors. The economic outlook in the US and around the globe remains solid. Growth should improve from the slower March quarter as the year goes forward. Consumer, small business and CEO confidence recently reached multi-year highs. The Citi Economic Surprise Index hit

its highest level in over three years. The labor markets remain supportive as job openings are robust, the unemployment rate hit a new cycle low of 4.5% while average hourly wages are rising and weekly jobless claims continue to hover near 40 year lows. The US Institute for Supply Management surveys for the manufacturing and services sectors remain strong. Purchasing Manager's Index readings improved robustly in Europe and other regions. Inflation is rising but remains historically low. The credit markets and spreads remain healthy. One key barometer to monitor is the yield curve, which has flattened over the past several months after expanding rapidly post-election. This could be a sign that the credit markets believe economic growth may slow rather than improve. Overall, given the combination of high valuations and the mixed macro and political backdrop, we believe the 2017 outlook for equities and micro/small caps should remain positive but will likely result in a low return environment. An improving economy, accelerating earnings and/or US corporate tax cuts (increasingly a 2018 event) would resolve the high valuation dynamic over time.

The March quarter was trickier than the indices positive returns would suggest as the style, stock and sector leadership in the quarter was very much a reversal from the leadership in 2016. For instance: small caps (especially micro caps) lagged vs large caps in the quarter, after outperforming in 2016. Within the Russell 2000, the smallest quintile of stocks went from being the best cohort in 2016, to the worst in the first quarter. Growth as a style led over value

in the first quarter, after value sharply outperformed in 2016. Banks lagged in the quarter, after being the best performing sub-sector in 2016. Healthcare, led by biotech, went from the worst sector in 2016 to the best in the first quarter. And energy went from the second best in 2016 to the worst in the first quarter. Finally, the fastest growers (quintile one) did best in the first quarter while the slowest growers (quintile five) were the best in 2016.

PERFORMANCE REVIEW

For the first quarter, the Driehaus Micro Cap Growth strategy underperformed its benchmark.

The strategy returned 0.69% , net of fees, while the Russell Micro Growth Index rose

2.63%.¹ Micro cap stocks as a category broadly underperformed the US equity market, including small caps. By sector, the strategy's relative underperformance occurred in health care, technology, and energy. The strategy outperformed in the industrials, consumer discretionary and consumer staples sectors.

Despite the rapid rotation and leadership changes in the market, strong earnings

across the strategy drove the results. On a sub-sector basis, within healthcare, medical devices and biotech led the outperformance in that sector. Strength in technology was broad-based as software, electronic equipment and semiconductors led the outperformance. Industrials positively contributed with numerous stocks and sub-sectors, including aerospace and defense, electrical equipment, distributors, building products and airlines.

“While absolute valuations are high, growth equities have become relatively attractive on a historical basis given the dramatic 2016 outperformance of value stocks.”

On the lagging side, the energy rally ended as the sector sold off sharply in March as crude oil inventories rose and drove the price of crude back below \$50 a barrel. The materials sector also trailed as the crude oil price decline helped drive a pullback in some commodities. In addition, the portfolio was slightly underweight the strong chemical sector. Finally, despite strong earnings and positive bottom-up outlooks,

the banking sub-sector also lagged late in the quarter as the yield curve flattened, rates fell and the prospects for deregulation and tax cuts dimmed near-term.

OUTLOOK & POSITIONING

Early in April, the equity market has become more turbulent and small caps as a class have continued to trail larger stocks. Part of this is likely just mean reversion as small caps have now retraced much of the

outperformance after the November election. Another driver of recent market choppiness is investor frustration with the lack of progress on pro-growth policies, especially corporate tax reform. Volatility will likely increase as initial optimism

about the Trump administration fades and the market's patience is tested by what has historically been a slow-moving legislative process. Geopolitical issues, growing inflation expectations, the shape of the yield curve and the Federal Reserve's pace of rate increases may also generate market turbulence. Nonetheless, prospects for economic growth have improved with many sectors benefitting. While absolute valuations are high, growth equities

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.**

have become relatively attractive on a historical basis given the dramatic 2016 outperformance of value stocks. The same is true for relative valuations, now favoring small caps versus large caps.

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

We have strong conviction in the current fundamentals and outlooks for the holdings in the strategy. We continue to focus on companies with high revenue and earnings visibility, strong end markets and healthy balance sheets. We have an abundant number of well positioned growth companies that are differentiated, innovative and market leaders, which we believe will continue to exceed forward expectations.

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 17, 2017 and are subject to change at any time due to changes in market or economic conditions. The material has not been updated since April 17, 2017 and may not reflect recent market activity.

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PERFORMANCE as of 3/31/17

	Annualized Total Return						
	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Inception 1/1/96
DrieHaus Micro Cap Growth Composite (Gross)	1.00%	1.00%	32.52%	7.90%	18.02%	11.61%	21.35%
DrieHaus Micro Cap Growth Composite (Net)	0.69%	0.69%	30.88%	6.59%	16.60%	10.32%	20.46%
Russell Microcap [®] Growth Index ¹ (Benchmark)	2.63%	2.63%	20.24%	1.62%	10.72%	5.51%	*
Russell 2000 [®] Growth Index ²	5.35%	5.35%	23.03%	6.72%	12.10%	8.06%	6.72%

SECTOR PERFORMANCE ATTRIBUTION 1st Quarter — 12/31/16 to 3/31/17

	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
GICS Sector							
Consumer Discretionary	14.87	-0.28	13.97	-0.28	-0.11	0.08	-0.03
Consumer Staples	3.97	0.32	2.73	-0.05	-0.04	0.37	0.33
Energy	5.15	-0.85	2.60	-0.33	-0.11	-0.41	-0.52
Financials	6.97	-0.04	5.56	-0.11	-0.11	0.15	0.05
Health Care	28.46	1.42	37.87	2.41	-0.43	-0.32	-0.76
Industrials	13.26	0.20	9.71	-0.20	-0.14	0.43	0.29
Information Technology	20.47	1.03	18.40	1.06	0.05	-0.18	-0.13
Materials	1.36	-0.09	2.27	0.03	0.01	-0.11	-0.11
Real Estate	1.39	0.06	3.24	0.06	0.00	0.04	0.04
Telecom. Services	2.12	-0.37	2.45	-0.03	-0.01	-0.32	-0.33
Utilities	0.41	-0.30	1.19	-0.06	0.02	-0.24	-0.22
Cash	1.57	-0.31	0.00	0.00	-0.32	0.00	-0.32
Total	100.00	0.79	100.00	2.49	-1.19	-0.52	-1.71

Data as of 3/31/17. 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.

TOP 5 HOLDINGS¹ (as of 2/28/17)

Company	Sector	Description	% of Strategy
GTT Communications, Inc.	Information Technology	A provider of cloud networking services	2.2%
Loxo Oncology Inc	Health Care	A United States-based biopharmaceutical company	2.2%
Blueprint Medicines Corp.	Health Care	A biopharmaceutical company	2.2%
Impinj, Inc.	Information Technology	Designs semiconductors to adapt to their surroundings	2.1%
NeoGenomics, Inc.	Health Care	An operator of a network of cancer-focused genetic testing laboratories	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	14.9%	4.4%	1.6%	5.6%	34.3%	12.5%	20.4%	1.2%	2.1%	1.7%	0.0%	1.3%
Benchmark	13.9%	2.7%	2.4%	5.6%	38.6%	9.6%	18.2%	2.2%	3.2%	2.2%	1.2%	0.0%
Active Weights	1.0	1.6	-0.8	0.0	-4.3	2.9	2.2	-1.0	-1.2	-0.5	-1.2	1.3

PORTFOLIO CHARACTERISTICS²

	Strategy	Benchmark	5-year period	Strategy	Benchmark
Number of Holdings	120	871	Annualized Alpha	6.42	n/a
Weighted Avg. Market Cap (M)	\$3,068	\$565	Sharpe Ratio	0.90	0.60
Median Market Cap (M)	\$741	\$192	Information Ratio	1.10	n/a
Active Share (3-year avg.) ³	80.09	n/a	Beta	1.05	1.00
Market Cap Breakout			Standard Deviation	19.84	17.82
< \$1 billion	64.4%	90.7%	Tracking Error	6.63	0.00
> \$1 billion	35.6%	9.3%	R-squared	0.89	1.00

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance
Data as of 3/31/17. 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.