



Driehaus Capital Management LLC

25 East Erie Street
Chicago, Illinois 60611

Phone: (312) 587-3800
www.driehaus.com

March 30, 2012

This Brochure provides information about the qualifications and business practices of Driehaus Capital Management LLC. If you have any questions about the contents of this Brochure, please contact us at 1-800-688-8819. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Driehaus Capital Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Please note that registration as an investment adviser with the SEC does not imply any certain level of skill, training or ability with respect to the provision of investment advisory services.

Item 2 – Material Changes

This item will be updated on an annual basis and will discuss and identify material changes that are made to the Brochure since our last annual update.

We will deliver to our clients a free annual updated Brochure that includes a summary of any material changes that are made to this and subsequent Brochures within 120 days of the close of our fiscal year.

The material changes made to this Brochure since our last annual update dated March 31, 2011 are the following:

- Item 5 was revised to add information regarding our Small/Mid Cap Growth Strategy and two Driehaus Mutual Funds, Driehaus Emerging Markets Small Cap Growth Fund and Driehaus International Credit Opportunities Fund.
- Information regarding the minimum investment amount for Driehaus International Credit Opportunities Fund was added to Item 7.
- Information regarding the security analysis methods, investment strategies and risk of loss of Driehaus International Credit Opportunities was added to Item 8.
- The section describing our personal trading policies within Item 11 was revised to indicate that all of the Firm's orders are bunched and receive the same average price.

Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	2
Item 6 – Performance-Based Fees and Side-By-Side Management	5
Item 7 – Types of Clients.....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9 – Disciplinary Information	14
Item 10 – Other Financial Industry Activities and Affiliations	14
Item 11 – Code of Ethics, Participation or Interests in Client Transactions and Personal Trading	15
Item 12 – Brokerage Practices	17
Item 13 – Review of Accounts	19
Item 14 – Client Referrals and Other Compensation.....	21
Item 15 – Custody	21
Item 16 – Investment Discretion.....	21
Item 17 – Voting Client Securities.....	22
Item 18 – Financial Information	22

Item 4 – Advisory Business

Driehaus Capital Management LLC is a privately-held independent investment adviser based in Chicago, Illinois providing discretionary advisory services to clients. We have been registered with the United States Securities and Exchange Commission (“SEC”) since 1983. We are a Delaware limited liability company that is majority-owned by Driehaus Capital Holdings LLC. Driehaus Capital Holdings LLC is owned by entities related to our founder, Richard H. Driehaus, as well as our key employees.

As of December 31, 2011, we had \$6,956,000,000 of assets under management. We provide discretionary advisory and sub-advisory services to a diverse group of U.S. and non-U.S. clients, including corporate pension plans, endowments, foundations, single and multi-family offices, Driehaus Mutual Funds (an SEC registered investment company), privately offered U.S. and ex-U.S. pooled investment vehicles or pooled accounts and individuals.

We employ active Equity and Credit investment management Strategies. We have an experienced team of investment, risk management, trading, operations and technology professionals managing and supporting our growth Equity and absolute return Credit capabilities. We use fundamental and technical analysis enhanced by our proprietary and third-party technology to continuously identify and research investments. Risk management is an integral component of our portfolio construction process. Our Equity and Credit Strategies are capacity-constrained to allow continued access to what we believe are the best investment ideas.

Our principal Equity investment philosophy was developed by Mr. Driehaus more than 30 years ago. It is based on the premise that earnings growth is the primary driver of company-specific stock prices over the long-term. The investment objective of our Equity Strategies is to maximize capital appreciation over a full market cycle (3-5 years).

Our principal Credit investment philosophy is based on the premise that attractive returns with modest volatility can be generated in the credit markets by opportunistically employing a combination of sophisticated hedging and arbitrage investment techniques. Our Credit Strategies seek volatility-controlled absolute returns in a variety of interest rate and market environments.

Our separate account clients generally follow a model portfolio for each Strategy that invests in the same securities as other investors in the same investment Strategy. However, separate account clients may impose certain investment restrictions, such as on specific securities or types of securities or limits on their weightings. As a result of client-imposed restrictions, these client accounts may not be aligned with a Strategy’s model portfolio and performance differences can occur between the client’s account and the model portfolio for a Strategy.

Item 5 - Fees and Compensation

We offer Strategy-specific standard asset-based advisory fee schedules for our separately managed account advisory services. We also have standard asset-based advisory fee schedules for our affiliated pooled accounts that are privately offered to accredited investors and qualified purchasers. We have a separate advisory fee schedule for Driehaus Mutual Funds, our affiliated investment company registered with the SEC. We will consider and negotiate advisory fee structures other than our standard advisory fee schedules, including performance-based fees. We typically do not deduct our advisory fees from separately managed client accounts, but we do for our affiliated pooled accounts and Driehaus Mutual Funds.

In addition to our advisory fees, our clients incur brokerage and other third-party transaction costs. Please refer to item 12 for a discussion of our brokerage practices. Our clients will also incur other types of third-party fees or expenses in connection with our advisory services, such as custodian fees or mutual fund expenses. Our separately managed account clients are responsible for establishing their own custodial relationships, including negotiating custodial fees and charges. We do not receive any compensation either directly or indirectly from any client custodian. For our affiliated pooled accounts and Driehaus Mutual Funds, we negotiate and establish the custodian relationships. Driehaus Mutual Funds and our affiliated pooled accounts also pay professional fees.

We compensate our employees for marketing our investment Strategies. This compensation has no impact on the level of advisory fees paid by our clients. We do not believe there are any conflicts of interest related to the receipt of this compensation by our employees, who are also associated persons of our affiliated broker-dealer, Driehaus Securities LLC, an SEC registered broker-dealer that is member regulated by the Financial Industry Regulatory Authority (“FINRA”). Investors have the option to purchase shares of Driehaus Mutual Funds through other brokers or agents that are not affiliated with us.

For those Strategies that are offered through multiple investment vehicles, our clients decide whether to invest with us through a separately managed account, Driehaus Mutual Funds and/or our affiliated pooled accounts based on what is best suited for their specific needs.

Separately Managed Accounts

Our asset-based advisory fees for separately managed accounts are generally billed at the end of each calendar quarter based upon the average market value of the account on the last day of each month during the quarter. For periods of less than one quarter, the fees are pro-rated to reflect the shorter period. Our clients may negotiate other methods of computation, such as basing the quarterly fee upon the portfolio market value as of the close of the quarter. We may aggregate the total amount of assets that a client has invested in the Driehaus Mutual Funds and/or affiliated pooled account(s) with client

assets invested in a separately managed account(s) in determining the rate of fee charged for the management of those separate account(s). We also act as the investment adviser to non-affiliated U.S. and non-U.S. collective investment vehicles, which we consider to be separately managed client accounts. Depending on the fee structure that has been agreed upon with these clients, we receive all or a portion of the advisory fees charged by them to their clients.

Below are our standard asset-based advisory fee schedules for those Equity Strategies that we actively market to clients. We do not currently offer separate accounts for our Credit Strategies. Note that we may close any of these Strategies to new clients from time to time.

1. Micro Cap Growth Strategy Accounts
1.25% per annum
2. Small Cap Growth Strategy Accounts
1% per annum of the market value of assets under management up to \$20 million;
0.90% per annum of the next \$20 million; 0.85% per annum of the next \$20 million; and 0.80% per annum on assets under management exceeding \$60 million
3. Mid Cap Growth Strategy Accounts
1% per annum of the market value of assets under management up to \$20 million;
0.90% per annum on the next \$20 million; 0.85% per annum on the next \$20 million and 0.80% per annum on assets under management exceeding \$60 million
4. Small/Mid Cap Growth Strategy Accounts
1% per annum of the market value of assets under management up to \$20 million;
0.90% per annum on the next \$20 million; 0.85% per annum on the next \$20 million and 0.80% per annum on assets under management exceeding \$60 million
5. Large Cap Growth Strategy Accounts
0.80% per annum of the market value of the assets under management up to \$10 million; 0.75% per annum of the next \$20 million; 0.70% per annum on the next \$20 million; 0.60% per annum on the next \$50 million; and 0.55% per annum on assets under management exceeding \$100 million
6. International Small Cap Growth Strategy Accounts
1.15% per annum of the market value of assets under management up to \$50 million; 1.10% per annum on the next \$25 million; 1% per annum on the next \$25 million; and 0.90% per annum on assets under management exceeding \$100 million
7. International Discovery Strategy Accounts
1% per annum of the market value of assets under management up to \$50 million;
0.95% per annum on the next \$25 million; 0.90% per annum on the next \$25 million; and 0.80% per annum on assets under management exceeding \$100 million

8. Emerging Markets Growth Strategy Accounts
1.15% per annum of the market value of assets under management up to \$50 million; 1.10% per annum on the next \$25 million; 1% per annum on the next \$25 million; and 0.90% per annum on assets under management exceeding \$100 million
9. Emerging Markets Small Cap Growth Strategy Accounts
1.15% per annum of the market value of assets under management up to \$50 million; 1.10% per annum on the next \$25 million; 1% per annum on the next \$25 million; and 0.90% per annum on assets under management exceeding \$100 million
10. Global Growth Strategy Accounts
0.90% per annum of the market value of assets under management up to \$10 million; .85% per annum on the next \$20 million; 0.80% per annum on the next \$20 million; 0.75% on next \$50 million; and 0.70% on amounts in excess of \$100 million

Driehaus Mutual Funds

For Driehaus Mutual Funds, our advisory fees are computed and accrued daily at an annual rate based on average daily net assets and are payable monthly. Our clients that purchase shares of the Funds do not pay a separate account management fee on the value of their assets invested in those Funds (although the Funds pay advisory fees to us). Note that we may close any of these Funds to new shareholders from time to time.

Below are the advisory fees that we charge for each Fund.

1. Driehaus Emerging Markets Growth Fund
1.5% of average daily net assets
2. Driehaus International Discovery Fund
1.5% on the first \$500 million of average daily net assets; 1.35% on the second \$500 million of average daily net assets; and 1.25% of average daily net assets in excess of \$1 billion
3. Driehaus International Small Cap Growth Fund
1.5% of average daily net assets
4. Driehaus Global Growth Fund
1.25% of average daily net assets
5. Driehaus Mid Cap Growth Fund
1.0% of average daily net assets
6. Driehaus Large Cap Growth Fund
0.9% of average daily net assets

7. Driehaus Active Income Fund
0.55% of average daily net assets
8. Driehaus Select Credit Fund
0.80% of average daily net assets
9. Driehaus Emerging Markets Small Cap Growth Fund
1.5% of average daily net assets
10. Driehaus International Credit Opportunities Fund
0.90% of average daily net assets

Affiliated Pooled Accounts

For affiliated pooled accounts, our advisory fees are computed and accrued monthly at an annual rate based on each investor's capital account and are payable quarterly. Some affiliated pooled accounts also have performance-based fee schedules in addition to advisory fees schedules. Below are our standard advisory fee schedules by Strategy for the pooled accounts that are privately offered to accredited investors and qualified purchasers. Note that we may close these affiliated pooled accounts to new investors from time to time.

1. Micro Cap Growth Strategy
2% per annum of the net asset value of the account
2. Small Cap Growth Strategy
1% - 2% per annum of the net asset value of the account
3. Credit Opportunities Strategy
Class A (monthly liquidity): 1.25% per annum of the net asset value of the account plus an annual performance/incentive reallocation fee of 15% of the new net profits
Class B (quarterly liquidity): 1% per annum of the net asset value of the account plus an annual performance/incentive reallocation fee of 15% of the new net profits

Item 6 – Performance-Based Fees and Side-By-Side Management

We accept performance-based fees with qualified clients that are based on a percentage of net profits. We also accept “fulcrum fee” schedules with qualified clients where our advisory fee for a particular period is based on the client's account performance versus a particular benchmark's performance. In all cases, in measuring client assets for the calculation of performance-based fee arrangements, we include realized and unrealized capital gains and losses.

Our portfolio managers manage Strategies that may be employed by separately managed accounts, affiliated pooled accounts, and Driehaus Mutual Funds. Accounts that employ the same Strategy may include accounts that are charged asset-based advisory fees and

accounts that are charged performance-based fees. These different fee arrangements create conflicts of interest for us by providing an incentive to favor the performance-based fee accounts over the asset-based fee accounts. The performance-based fee accounts could receive more time and attention, more favorable trade allocations or allocations of limited investment opportunities than the asset-based fee accounts. However, through our trade allocation and other policies and procedures, we seek to manage these conflicts of interest to reduce any adverse effects on the non-performance-based fee accounts. These policies and procedures include requirements that transactions for accounts in the same Strategy, regardless of fee-type, in the same securities that occur on the same day are average priced by each execution venue when feasible and allocated on a fair and equitable basis. In addition, we conduct periodic reviews of transactions in and holdings of the same or related securities by accounts in different Strategies for compliance with our policies and procedures.

Separately Managed Accounts

We do not have standard performance-based fee schedules for separately managed accounts but rather we consider and negotiate performance-based fee schedules. In some instances we accept performance-based fees based on a percentage of net profits. In others we accept a “fulcrum fee” schedule, where the advisory fee for a particular period is based on the client’s account performance versus a particular benchmark’s performance.

Driehaus Mutual Funds

We do not currently have any performance-based fees related to Driehaus Mutual Funds.

Affiliated Pooled Accounts

We do have standard performance-based fees for certain affiliated pooled accounts as detailed in Item 5.

Item 7 – Types of Clients

Our clients reside within and outside the U.S. and include corporate pension plans, endowments, foundations, single and multi-family offices, Driehaus Mutual Funds, affiliated pooled accounts, non-affiliated ex-U.S. registered and unregistered collective investment vehicles and high net worth individuals.

The minimum investment amounts for our separately managed accounts are:

- \$1,000,000 for all U.S. Equity Strategies
- \$10,000,000 for the Global Growth Strategy
- \$20,000,000 for all ex-U.S. Strategies (International Discovery, International Small Cap Growth, Emerging Markets Growth and Emerging Markets Small Cap Growth Strategies)

At our discretion, we will accept separately managed accounts with less than the minimum investment.

The minimum investment amounts for Driehaus Mutual Funds employing the Equity Strategies, both U.S. and ex-U.S., is \$10,000. The minimum for Driehaus Active Income Fund and Driehaus Select Credit Fund is \$25,000, and the minimum for Driehaus International Credit Opportunities Fund is \$10,000. Additional information about the minimum investment amounts is in the Driehaus Mutual Funds prospectuses that are available on our website, www.driehaus.com.

The minimum investment amounts for affiliated pooled accounts by type of Strategy and investor are:

- \$250,000 for Micro Cap Growth
- \$500,000 for Institutional Micro Cap Growth
- \$500,000 for Institutional Small Cap
- \$150,000 for Small Cap Growth
- \$250,000 for Credit Opportunities

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Security Analysis Methods

We employ fundamental and technical analyses that are implemented through proprietary and non-proprietary screens and filters. We also use other relevant methods of analysis, such as quantitative modeling, charting, and regional, country, industry, sector and currency analysis. In addition, we consider underlying changes in the current economic, political and social environments.

Equity Strategies

For our Equity Strategies, we are continuously seeking to generate new ideas by filtering the universe of potential investments into a smaller number of companies that may display one or a combination of: positive earnings surprises, upward estimate revisions, accelerating sales and earnings growth or improving operating metrics. We use our technical screens to identify stocks with supporting price trends, positive relative strength, favorable money flows/volume and/or improving price momentum. We also monitor the potential investment universe for corporate and industry developments, “Street research” and analyst coverage. We systemically pool our investment research and ideas through our proprietary Global Research Database that is in a readily accessible format for timely sharing and centralization of the information.

Once a potentially attractive idea is identified, we conduct additional fundamental analysis to determine the quality and sustainability of the expected earnings growth

relative to consensus expectations with a focus on an intermediate term (6-18 months) horizon. During this analysis we evaluate a number of factors including: business model validations, viable and sustainable organic growth, high earnings quality, favorable corporate developments, competitive positioning, pricing power and barriers to entry, new product introductions, attractive industry dynamics, industry, secular, cyclical and recovery trends, the legislative/regulatory environment, exposures to currencies, cash flow/balance sheet and access to capital.

Further technical analysis on a company's stock, sector, sub-industry group, country and other factors relevant to our investment thesis may also be conducted. Absolute and relative valuation, in the context of projected earnings growth and investor sentiment, is also considered when determining the relative timeliness of the investment.

After identifying potential new ideas through our fundamental research process, the portfolio construction process begins. It has two primary objectives: (1) to optimize stock selection and weightings to generate alpha relative to the Strategy's benchmark; and (2) to avoid non-value added portfolio risk. The portfolio manager begins this process by determining how the new idea would impact the portfolio's exposures from a country, sector, industry and risk factor perspective, factoring in market breadth, market liquidity, macro/news impact/non-fundamental volatility, marketplace themes and technical factors. We use risk analysis software to conduct risk analysis that is discussed by the portfolio manager and our associate director of research, who is dedicated to risk analysis and management. They assess the risk from both the individual security and portfolio perspectives. Together, they determine what is working in the overall market environment and for the portfolio as a whole from absolute and benchmark perspectives.

This portfolio construction risk management overlay is a dynamic and important aspect of how the portfolio manager balances new ideas and constructs the Strategy's portfolio. This involves assessing stock specific risk, making allocation decisions, determining country, sector, industry, style and market exposures and complying with the guidelines specific to the Strategy (e.g. market cap, number of holdings).

The outcome of these portfolio construction decisions is analyzed utilizing an attribution program to assess the value-added of the portfolio manager's decisions. The portfolio manager makes a determination on the optimal underweight/neutral/overweight exposures to given risk factors based on a subjective view on the overall market environment.

Credit Strategies

We identify new investment ideas for our Credit Strategies primarily through our credit screens, where we regularly monitor fundamental data on several hundred companies. There is a unique credit screen for each country and industry, where companies from the same country and industry can be compared based on a variety of financial metrics. We are searching for companies that are undergoing a clear improvement or deterioration in their financial condition as compared with their peers. We focus on, among other things,

data related to leverage, cash flow, profitability, working capital efficiency, revenue growth, margin expansion, unencumbered asset base, capital expenditure needs, and financial flexibility. We also monitor trading in the market for any notable dislocation between two or more securities within a company's capital structure that present an attractive investment opportunity. For our ex-U.S. Credit Strategy, a macroeconomic analysis including an assessment of countries' fiscal and monetary status and currencies and the anticipation of changes in global economies, markets, political conditions and other factors is also conducted.

Once an investment opportunity is identified, it is categorized as either a fundamental opportunity or a mathematical arbitrage opportunity. Most of our investment options are fundamental opportunities. In a fundamental opportunity, we analyze the company's financial condition and capital structure to determine if there is a relative value or directional investment opportunity. In a mathematical arbitrage trade, we hedge the position so we have no credit exposure. These trades are more prevalent in stressed market environments where dislocations between securities can occur.

Our Credit Strategies emphasize low volatility and capital preservation with liquidity and loss potential being the primary drivers when selecting a security for investment. We also evaluate the expected return potential, the size of a security's issue, large holders of the security, financing/ease of borrowing and pricing transparency.

A primary objective of the Credit Strategies is to manage to a risk target in relation to a benchmark. Within these risk parameters the Credit Strategies seek to maximize return and maintain low correlation to the broad fixed income and equity indices.

Our view of diversification differs from the traditional approach where a portfolio is weighted across a variety of countries, sectors and industries only. We view a diversified portfolio as one that is not strongly correlated to major market moves or trade type events. We seek to prevent any one event from significantly dictating performance and volatility. We manage this risk at the portfolio level by using quantitative and qualitative tools. From a quantitative perspective, we measure spread exposure, volatility exposure, equity sensitivity and interest rate exposure as well as portfolio correlations, expected return and the maximum draw down. Additionally, we run a variety of shock tests on the portfolios to gauge how the portfolios would fare in various market environments. We use both historical data and forward estimates as inputs into this scenario analysis. Since the Credit Strategies' primary objective is to deliver returns that are broadly uncorrelated to mainstream equity and fixed income long only benchmarks, we closely monitor our primary risk exposures and incorporate this information into our daily management of the portfolio. From a qualitative perspective we review market characteristics that are difficult to measure quantitatively, including how trade types perform in different environments, how "crowded" a trade is, and the concentration of holders in a security's issuance.

Investment Strategies

Equity Strategies

The cornerstone of our equity investment philosophy is that company specific earnings growth is the primary driver of company specific stock prices over the long-term. We look to exploit specific inefficiencies using a bottom-up fundamental approach, while also factoring in the top-down macroeconomic environment. With new and often rapidly changing political and economic developments in the global markets, including the emerging markets, that may result in instability related to inflationary or deflationary expectations and currency devaluations, macroeconomic analysis may have a more significant role in implementing our Equity Strategies.

Our core beliefs are that stock prices are primarily driven by expectations of future earnings growth; that inefficiencies exist when expectations of future earnings growth are underestimated; that consensus growth expectations are primarily shaped by fundamental factors and by the market environment; and that because these factors are in constant motion, opportunistic and active portfolio management is the best way to generate alpha.

We seek to invest in stocks of companies that will produce future earnings upside at attractive, low-risk entry points. We believe that the most attractive companies in which to invest are those experiencing positive changes in their revenue and earnings growth rates. If proved to be sustainable, these companies hold potential for upward earnings-per-share revisions and positive earnings announcement surprises, which in turn offer superior capital appreciation potential through earnings growth and price-to-earnings multiple expansion. We believe that the application of technical analysis is essential in order to identify timely investments (i.e., stocks that offer superior price appreciation potential) in attractive companies. We also believe change is constantly occurring in the equity markets. Therefore, it is crucial to respond quickly to change in order to capture returns associated with attractive investment opportunities. Consequently, the Equity Strategies have higher annual portfolio turnover rates that result in increased transaction commissions, costs and fees. However, we believe that the potential investment returns outweigh these expenses.

Credit Strategies

Our Credit Strategies are based on the belief that pricing anomalies exist in the credit markets that can be exploited through a disciplined, relative value approach to portfolio management. We believe that attractive returns with modest volatility can be generated by employing a combination of sophisticated investment Strategies in different interest rate, credit and volatility environments. These Strategies are broadly defined as relative value and directional. Both focus on liquid credit instruments. Liquidity is critical in managing modest volatility, which also allows us to be tactical, and when combined with risk management, limits large draw downs.

Additionally, our Credit Strategies are implemented opportunistically through various investment techniques. These include capital structure arbitrage, which attempts to exploit a pricing inefficiency between two securities of the same company; convertible arbitrage, in which we simultaneously buy a convertible bond and short the same issuer's common stock; directional trading, where long and short positions are taken in equities or corporate debt; event driven trades intended to profit from a given event, e.g. takeover; and pairs trading to take advantage of pricing inefficiencies between the securities of two similar companies by buying one company long and shorting the other.

We believe that value in the credit markets may only exist for a limited period of time. This can result in more frequent trading and higher costs but also attractive risk-adjusted returns in a variety of interest rate, credit and volatility environments.

Risk of Loss

Our Equity and Credit Strategies, like all investments, involve the risk of loss. We do not represent any performance results as indicators of future results. Our past performance is not an indication or guarantee of our future performance. Our clients should be prepared to bear not only the risks common to all of our investment Strategies, but the additional risks of investing outside the United States or in the credit markets, if they have chosen to invest in those Strategies. The common and specific risks are present in our separately managed accounts, Driehaus Mutual Funds and our pooled accounts because we manage by the Strategy, not by the investment vehicle. However, we proactively manage the risks through our risk management processes that are integral to the portfolio construction of our Equity and Credit Strategies.

More detailed discussions of the material risks of each of our Equity and Credit Strategies are in the prospectuses for each of the Driehaus Mutual Funds series, which are available on our website, www.driehaus.com, the offering memoranda of our pooled accounts that are privately offered to accredited investors and qualified purchasers, and the disclosures that we provide to our separately managed account clients and prospective clients.

Equity and Credit Strategies

Our clients investing in our Equity and Credit Strategies generally have the following principal investment risks:

Market Risk - The Strategies are subject to market risk, which is the possibility that securities prices overall will decline over short or even long periods. Securities markets tend to move in cycles, with periods of rising prices and periods of falling prices. These fluctuations are expected to have a substantial influence on the value of the Strategies' investments.

Growth Stock Risk – For our Equity Strategies, growth stocks are typically priced higher than other stocks, in relation to earnings and other measures, because investors believe

they have more growth potential. This potential may or may not be realized. Growth stock prices also tend to be more volatile than the overall market.

Small and Medium-Sized Company Risk – Our Strategies invest in companies that are smaller, less established, with less liquid markets for their stock, and therefore may be riskier investments. While small and medium-sized companies generally have the potential for rapid growth, the securities of these companies often involve greater risks than investments in larger, more established companies because small and medium-sized companies may lack the management experience, financial resources, product diversification and competitive strengths of larger companies. In addition, in many instances, the securities of small and medium-sized companies are traded only over-the-counter or on a regional securities exchange, and the frequency and volume of their trading is substantially less than is typical of larger companies. At times the prices of stocks of smaller capitalization companies as a group have significantly underperformed those of larger companies.

Non-Diversification - Because the Strategies may invest a greater percentage of assets in a particular issuer or a small number of issuers, they may be subject to greater risks and larger losses than diversified funds. The value of the portfolios may vary more as a result of changes in the financial condition or the market's assessment of the issuers than a more diversified fund.

Concentration Risk - The Strategies may have significant weightings in a particular issuer, sector, country (for our ex-U.S. Equity Strategies) or industry, which may subject them to greater risks than less concentrated portfolios.

High Rates of Turnover – Since timeliness is central to our Equity and Credit Strategies, it is anticipated that our clients may experience high rates of portfolio turnover, which may result in payment of above-average transaction costs and could result in the payment of taxes on above-average amounts of realized investment gains, including net short-term capital gains, which are taxed as ordinary income for federal income tax purposes.

Manager Risk - If we do not achieve the objectives of our Equity and Credit Strategies or if we do not implement the Strategy properly, the Strategies' performance may be adversely impacted.

Ex-U.S. Equity and Ex-U.S. Credit Strategies

Our ex-U.S. investment Strategies involve special risks, including currency fluctuations, lower liquidity, different accounting methods and economic and political systems, and higher transactions costs. These risks are typically greater in emerging markets. More specifically, these risks are:

Ex-U.S. Securities and Currencies Risk - Investing outside the U.S. involves different opportunities and different risks than U.S. investments. These are: less liquidity, greater volatility, political instability, restrictions on foreign investment and repatriation of

capital, less complete and reliable information about foreign companies, reduced government supervision of some foreign securities markets, lower responsiveness of foreign management to shareholder concerns, economic issues or developments in foreign countries, fluctuation in exchange rates of foreign currencies and risks of devaluation, imposition of foreign withholding and other taxes, dependence of emerging market companies upon commodities which may be subject to economic cycles, and emerging market risk such as limited trading volume, expropriation, devaluation or other adverse political or social developments. To the extent portfolio securities are issued by foreign issuers or denominated in foreign currencies, investment performance is affected by the strength or weakness of the U.S. dollar against these currencies.

Emerging Market Risk - Investments in securities of issuers located in emerging market countries are speculative and subject to certain special risks. The small size, limited trading volume and relative inexperience of the securities markets in these countries may make the investments illiquid and more volatile than investments in more developed countries. There may be little financial or accounting information available for issuers in these countries, making it more difficult to assess the investment value or prospects.

Credit Strategies

Our Credit Strategies have inherent risks that generally include the following:

Credit Risk - Failure of an issuer or borrower (under a senior loan) to make timely interest or principal payments, or a decline or perception of a decline in the credit quality of a bond or creditworthiness of a borrower can cause a bond's or senior loan's price to fall and potentially lower the value of the portfolios. In addition to investing in investment grade securities, the Credit Strategies invest in non-investment grade securities, which involve greater credit risk, including the risk of default. The prices of non-investment grade securities, including senior loans, are more sensitive to changing economic conditions and can fall dramatically in response to negative news about the issuer/borrower or its industry, or the economy in general.

Derivatives Risk - A small investment in derivatives could have a potentially large impact on performance. The use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value, and there is a risk that changes in the value of a derivative will not correlate with other investments. Further, we may invest in derivatives for speculative purposes. Gains or losses from speculative positions in a derivative may be much greater than the derivative's original cost and potential losses may be substantial.

Short Sale Risk - Short sales present the risk of being required to buy the security sold short (also known as "covering" the short position) at a time when the security has appreciated in value, thus resulting in a loss. The amount of loss on a short sale is theoretically unlimited (as compared with a long position, where the maximum loss is the amount invested).

High Yield Risk - Low-rated and comparable unrated securities (“junk bonds”), while generally offering higher yields than investment grade securities with similar maturities, involve greater risks, including the possibility of default or bankruptcy. They are regarded as speculative with respect to the issuer’s capacity to pay interest and to repay principal. The market values of some of these securities tend to be more sensitive to individual corporate development and changes in economic conditions than higher quality bonds. In addition, junk bonds tend to be less marketable than higher quality debt securities because the market for them is not as broad or active. The lack of a liquid secondary market may have an adverse effect on market price and the Funds’ ability to sell particular securities.

Ex-U.S. Credit Strategy

Foreign currency forward contracts involve the risk that anticipated currency movements will not be accurately predicted, which could result in losses on those contracts and additional transaction costs. The use of forward contracts could reduce performance if there are unanticipated changes in currency prices. Options on foreign currencies are affected by the factors that influence foreign exchange rates and investments generally. Our ability to establish and close out positions on foreign currency options is subject to the maintenance of a liquid secondary market, and there can be no assurance that a liquid secondary market will exist for a particular option at any specific time.

Item 9 – Disciplinary Information

We have no legal or disciplinary information to disclose about us or our management persons that registered investment advisers are required to disclose because we have not been involved in any legal or disciplinary events, material or otherwise.

Item 10 – Other Financial Industry Activities and Affiliations

We have relationships and arrangements with three affiliated companies that are engaged in other financial industry activities. However, we do not believe that any of them create any material conflicts of interest with our clients. Driehaus Securities LLC is a broker-dealer registered with the SEC and a member of Financial Industry Regulatory Authority (“FINRA”), its self-regulatory organization. Driehaus Capital Management (USVI) LLC is the general partner of several affiliated limited partnerships that employ us as their investment adviser. Driehaus Mutual Funds is an investment company registered with the SEC.

Driehaus Securities LLC is not engaged in a general securities business, but rather limits its activities to being the distributor of Driehaus Mutual Funds and the selling agent of our affiliated pooled accounts. Further, Driehaus Securities LLC is not compensated for its activities by Driehaus Mutual Funds or the affiliated pooled accounts. We compensate

our employees, who are associated persons of Driehaus Securities LLC, for promoting our Equity and Credit Strategies under the same compensation structure for Driehaus Mutual Funds, our separately managed accounts and affiliated pooled accounts. Moreover, regardless of type of investment vehicle, all accounts in the same Strategy trade the same and receive pro-rata allocations at the same average price per share per execution venue. No favoritism is shown or advantage is given.

Driehaus Capital Management (USVI) LLC acts as the general partner and sponsor of our affiliated limited partnerships with Strategies that are managed and marketed by us. It does not recommend or select any other investment advisers. However, its inability to negotiate arms-length terms for our advisory fee and to independently evaluate the quality of our advisory services is fully-disclosed to investors, who are accredited or qualified purchasers capable of evaluating the merits of the investment, before they invest. Our clients decide, without any recommendation from us, whether to invest in them. Moreover, our allocation and pricing procedures ensure equitable and fair investment opportunities for the investors. This is equally true for the separately managed accounts that are managed side-by-side with our affiliated pooled accounts that pay us performance-based fees.

Driehaus Mutual Funds has ten active series or mutual funds that we manage in our Equity and Credit Strategies. The Funds' orders are executed and allocated in each Strategy with all other accounts employing that Strategy at the same average prices and are allocated pro rata. Moreover, the Funds' have an independent Board of Trustees, who oversee the Funds' activities that are subject to extensive regulatory restrictions and requirements with detailed quarterly, annual and periodic reporting by us on compliance with them.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

We have adopted a combined Code of Ethics and Business Conduct ("Code") under Rule 204A-1 of the Investment Advisers Act of 1940 and Rule 17j-1 of the Investment Company Act of 1940. The Code covers our activities related to all our clients, including Driehaus Mutual Funds and any investment company for which we are the investment adviser or sub-adviser. Our affiliates or their employees who have access to information that is subject to the Code's restrictions have also adopted the Code. The Code incorporates our long-standing core business principle of maintaining the highest legal and ethical standards in the conduct of our business based on our fiduciary duty to our clients.

The Code includes provisions that require all employees to comply with the federal securities laws, to periodically report personal securities transactions and holdings, to obtain pre-approval before investing in any limited offering or new issue, and to report

any Code violations to our Chief Compliance Officer. Other provisions of the Code relate to confidentiality of client information, a prohibition on insider trading, and restrictions on the acceptance of gifts and business entertainment.

The Code is accessible to all employees on our intranet. Each employee must annually certify compliance with the Code, including the Code's disclosure and reporting requirements for personal trading. Compliance with the Code is monitored by our Compliance Department and enforced by our Ethics Committee.

A copy of the Code will be provided free of charge to any current client or prospective client upon request by calling 1-800-688-8819 or by writing to our Director of Relationship Management.

Participation or Interest in Client Transactions

Our clients and others may purchase shares in Driehaus Mutual Funds, for which we are the investment adviser. Mr. Driehaus is a significant investor in the Driehaus Mutual Funds series. Our employees and employees of our affiliates have also purchased shares of the Driehaus Mutual Funds series.

Our clients may purchase interests in our affiliated pooled accounts. Our affiliated company, Driehaus Capital Management (USVI) LLC, is the general partner of our affiliated limited partnerships. Mr. Driehaus is the Chairman and a member of the general partner. He also has significant investments in most of these pooled accounts.

The investments of Mr. Driehaus and other employees in Driehaus Mutual Funds and our affiliated pooled accounts create conflicts of interest that we could favor these accounts when making investment and allocation decisions. We have trade allocation and other policies and procedures in place to manage these conflicts of interest. Investment opportunities are identified and allocated among our different investment Strategies based on their characteristics and fit within the stated mandate of the investment Strategy. Once an investment decision has been made, typically all accounts within the Strategy will participate in a bunched order. After trading of the bunched order is complete, all accounts receive a pro-rata allocation at the same average price per share per execution venue.

Personal Trading

Our employees may not directly buy or sell publicly traded stocks, except for Mr. Driehaus. While Mr. Driehaus invests substantial amounts in separate accounts and pooled investment vehicles that employ investment Strategies managed by the Firm's portfolio managers on behalf of our clients, he also invests and trades through our Firm in beta or new investment Strategies that are not yet generally offered to our clients and that are subject to restrictions that vary depending on whether Mr. Driehaus is the portfolio manager.

For investment Strategies where Mr. Driehaus is not the portfolio manager, all orders are shared “real time” with all of our employees engaged in investment management and trading activities for our clients before being placed for execution. For investment Strategies where Mr. Driehaus is the portfolio manager either by himself or with another portfolio manager who works exclusively with him, there are physical, technological and administrative information barriers that segregate our clients’ and Mr. Driehaus’s investment and trading activity. These barriers apply to the sharing of internally generated stock-specific research, order and execution information, current holdings and securities under consideration for purchase or sale to ensure that no unfair advantage is given to Mr. Driehaus.

In all cases, the Firm’s orders, including Mr. Driehaus’s, are bunched and receive the same average price. We regularly review Mr. Driehaus’s trading and conduct other reviews as appropriate to assess whether his trading has disadvantaged our clients and if so, what remedial action is appropriate.

In all cases, our decisions to purchase, sell or maintain our clients’ security positions are and will be made without considering whether this action may affect Mr. Driehaus’s holdings or trading. Our client accounts may buy or sell securities before or after Mr. Driehaus, depending on various considerations, including evaluation of the security, the composition of the clients’ portfolios, any trading restrictions, alternative investments under consideration, contribution and withdrawal activity and the accounts’ available cash.

Item 12 – Brokerage Practices

Investment/Brokerage Discretion

We are given discretionary authority by our clients to invest their funds within the investment framework of the investment objectives and restrictions of our Equity and Credit Strategies. Third-party brokers are selected by us, in seeking the most favorable terms under the circumstances, that is, best execution, based upon our perception of a number of factors, including overall execution quality and capability, liquidity, ability to lessen the market impact of the order, responsiveness and promptness in providing execution, ability to maintain anonymity, and opportunity for price improvement. Brokerage commissions are negotiated by us with each of the third-party brokers. Depending on various factors, such as the value of research or execution quality, we will pay higher fees than we could negotiate if our only consideration was the minimization of commission expense.

Brokerage transactions are executed in various types of venues, both electronic and through numerous brokers. Outside the United States, we utilize both large U.S. based firms with overseas offices and foreign regional or local brokers. There are foreign custodial fees and governmental trade settlement fees that are also often materially higher than for trading U.S. stocks.

It is our practice, when feasible, to aggregate (or "bunch") orders in a single transaction or multiple transactions for the accounts of numerous clients, to facilitate best execution. Specifically, each client that participates in a bunched transaction will participate at the average share price obtained in that bunched transaction or series of bunched transactions per execution venue. Securities purchased or sold in a bunched transaction are allocated pro rata in proportion to the size of the order placed by us on behalf of each participating client.

Clients in an Equity Strategy may direct us to place transactions for their accounts with a particular broker or dealer but only when we reasonably believe that the broker or dealer will provide best execution for the trade. In executing trades for these clients, we will select the executing broker or dealer based solely on best execution factors and without regard to the client's direction. We also may bunch the client's trades with those of other clients in order to seek better prices or lower commissions and other charges. If a client requests that transactions be directed to a specific broker, we will instruct that broker that all trades for that account be designated as "directed" for that client unless advised otherwise by us. For bunched orders, only that client's portion of the order will be designated as "directed."

Driehaus Mutual Funds, except for Driehaus Active Income Fund, Driehaus Select Credit Fund and Driehaus International Credit Opportunities Fund, has instructed us to direct certain portfolio trades, subject to obtaining best execution, to broker-dealers that have agreed to rebate to Driehaus Mutual Funds' part of the commission generated. The rebates are used to offset a portion of their operating expenses. Driehaus Mutual Funds does not direct trades to any broker-dealers to compensate them for promoting or selling shares of its portfolios. Driehaus Mutual Funds only directs trades in order to pay certain expenses, such as, custodian and legal fees, provided the broker-dealer also can provide best execution.

Soft Dollar Arrangements

We effect securities transactions with broker-dealers that provide brokerage or research services or pay for research services provided by third parties to us. These services are paid with soft dollar credits generated by our clients' brokerage commissions. These types of eligible transactions and benefits received are in accordance with Section 28(e) of the Securities Exchange Act of 1934. The receipt of these benefits means we do not have to produce or pay for certain brokerage or research services. The benefits that we may receive or did receive in the last fiscal year include reports and analyses relating to particular securities, classes of securities, securities markets, performance comparisons, analyses of economic, technical, industry, national and international trends, risk management, software applications and security pricing services.

In certain instances, we may receive products or services that are used both for research or brokerage services and also for other purposes, such as administrative support and marketing. In such instances, we make a good faith effort to determine the relative proportions of the products or services that may be considered as eligible investment

research or brokerage. This allocation process poses a potential conflict of interest to us. The portion of the cost of such products or services attributable to eligible brokerage or research may be defrayed through brokerage commissions generated by client transactions, while we pay the portion of the costs attributable to non-eligible products and services in cash.

Research services furnished or paid for by brokers through whom we effect transactions for a particular account may be used by us in servicing other accounts, and not all such services may be used for the benefit of the client that pays the brokerage commission. We do not seek to allocate the benefits to client accounts proportionately to the commissions the accounts generate. Any advisory or other fees paid to us are not reduced as a result of the receipt of research services.

Our use of soft dollar arrangements creates conflicts of interest. We may have an incentive to disregard our best execution obligations when selecting brokers that provide us with soft dollar benefits. We manage this conflict by entering into Client Commission Arrangements with brokers that we believe provide best execution. We also regularly monitor execution quality.

Our use of soft dollar arrangements also means that our clients pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. We have established internal procedures to support our good faith determination that the amount of commission paid is reasonable in light of the value of the brokerage and research services being provided. We have appointed an inter-departmental committee composed of representatives from Investment Management and Research, Trading, Operations, Financial Services, Compliance and Legal to oversee our soft dollar arrangements. The committee is responsible for implementing effective internal controls to track, monitor, review and report, as appropriate, soft dollar activity to Senior Management.

Item 13 - Review of Accounts

Our client accounts normally invest in the same securities as other accounts in the same Strategy following as similarly as possible the model account for that particular Strategy. Absent client imposed or legal restrictions, our clients in each Strategy will have virtually identical portfolios in terms of the securities held and the amount of each security as a percentage of account market value. All portfolios following a particular Strategy also generally will be buying or selling the same securities at the same time, and paying or receiving the same average prices. Because of this, client portfolios in a particular Strategy may not be able to sell or acquire securities as quickly or at the same prices as they might if each were managed and traded individually. Any differences between account portfolios will occur primarily because of differences in legal or client restrictions, client circumstances or the timing of investments due to client cash inflows and withdrawals.

Our portfolio managers and investment analysts continually monitor the various securities held in client portfolios. They evaluate liquidity, position overlap (between Strategies), and sector and geographic exposures relative to each Strategy's respective benchmark. Daily client portfolios are available. If there is a reason to reevaluate any investments, the situation will be reviewed promptly for each client portfolio that holds the security in question. As attractive new investments are identified for the model account in any particular Strategy, they are added to each similar Strategy client's portfolio in the same percentage (to the extent possible given the differences created by legal restrictions, client restrictions, investment guidelines, account sizes, cash positions and cash flows) as all other clients in that Strategy.

In addition, our risk management personnel monitor and identify risks across all of our Strategies by examining portfolio exposures, identifying contribution to portfolio volatility and highlighting anticipated sources of risk. Although independent of the portfolio management function, there is regular and frequent interaction with the portfolio managers in reviewing the portfolios of the Strategies. Risk management also participates in our monthly Investment Policy Committee meetings.

Our Equity Strategy portfolios (except for portfolios of Driehaus Mutual Funds, which are subject to additional separate pricing and liquidity procedures, and the Credit Strategies, which are marked to market and reviewed daily) are marked to market each day and reviewed by using in-house software that incorporates and compares separate sources for end of day prices. Reports that display cash, common stocks and other equities in each account, and current market value are produced daily. Portfolios of the same type are compared daily through internal reports to determine comparability in security position sizes and industry group and industry sub-group exposure. On a daily and monthly basis, client custodial statements are reviewed and reconciled to our in-house portfolio reports.

Our separately managed account clients receive from us monthly account statements showing total value, positions by cost and current market value. Shareholders of Driehaus Mutual Funds receive quarterly statements showing, among other things, number of shares purchased, price per share, and current account value.

The Strategy reviews by our portfolio managers and risk management personnel are overseen by our Investment Policy Committee and monitored by our Compliance Department. We have established investment guidelines for each of our investment Strategies. The Investment Policy Committee on a monthly basis oversees each investment Strategy to ensure compliance with Strategy-specific guidelines. The Committee reviews investment Strategy-level metrics that include the number of holdings, market capitalization exposures, security concentrations, overlapping securities among our investment Strategies and firm-wide security-specific liquidity to ensure compliance with each Strategy's guidelines. If necessary, any corrective action that is to be taken is communicated to the portfolio managers. The Committee members are responsible for advising the Committee of any significant issues that may arise intra-month that should be promptly addressed. Our Compliance Department monitors client

accounts to ensure adherence to client-specific investment policies and restrictions. The Compliance Department has developed and implements a compliance program, including written compliance policies and procedures. The Compliance Department monitors compliance with policies and procedures on a daily, weekly, monthly, quarterly or annual basis, as deemed necessary.

Item 14 – Client Referrals and Other Compensation

We have an arrangement with a separate firm to act, on a non-exclusive basis, as our representative to introduce us to prospective clients. This firm does not have the authority to bind us to any contractual relationship with prospective clients. Only we can enter into agreements with clients. This firm receives a percentage of the net fees earned by us from consenting clients introduced to us by them. Compensation to this firm has no impact on the level of advisory fees paid by our clients.

In addition, we have business relationships with certain third-party, unrelated investment consultants that may refer potential clients to us. We may purchase products or services from the consultants or their affiliates, such as performance measurement or index analysis services for use in the regular course of our advisory business and not as compensation for client referrals, but which may create conflicts of interest for certain consultants.

Item 15 – Custody

We do not have custody of our clients' funds or securities, except for separately managed accounts of related persons, including our affiliated pooled accounts. These accounts are subject to an annual audit by an independent public accountant that is registered with the Public Company Accounting Oversight Board. The audited financial statements are distributed to the investors in the pooled accounts.

Item 16 – Investment Discretion

Our investment advisory agreements with our clients provide that we will manage their accounts with discretionary authority to make purchase and sale decisions without obtaining their consent or approval for each transaction. This includes the authority to select the type and amount of securities to be bought or sold, the broker or dealer to execute the transactions and the commissions to be paid. Our discretionary authority is exercised consistent with written investment objectives and restrictions of the Strategy for the client's account.

For registered investment companies, our authority is limited by certain federal securities and tax laws.

Item 17 – Voting Client Securities

For our clients for whom we vote proxies, we retain the final authority and responsibility for the voting. We consistently apply our proxy voting policies and document the reasons for our votes. We provide our clients with a written summary of our proxy voting policy and the complete proxy voting policy upon request. We maintain the records of our voting activities for our clients and regulating authorities. We vote securities based on a pre-determined voting policy and the recommendations of an independent third-party to avoid conflicts of interests with ourselves.

We have retained ISS Governance Services to provide in-depth proxy research, vote recommendations and execution, and maintain the necessary record keeping. Our default choice is the ISS U.S. Policy for domestic client accounts and the ISS International Policy for international client accounts. Our clients may choose another policy, such as the ISS Socially Responsible Investment Policy, as appropriate. In addition to analyses, ISS delivers to us voting reports that reflect voting activities for our clients, enabling them to monitor the voting activities that we perform for them.

Our proxy voting policy sets forth general voting guidelines that ISS follows on various types of issues when there are no company-specific reasons for voting to the contrary. ISS also performs company-by-company analysis, so that each issue is considered in the context of the company under review. We have two overriding considerations in proxy voting: (1) the economic impact of the proposal, and (2) the best interest impact of a proposal.

We generally follow ISS's recommendations and do not use our discretion in voting. Since our client proxies are voted based on a pre-determined policy based upon ISS's recommendations, they are not affected by any potential or actual conflict of interest of ours. We annually, and more frequently if necessary, review ISS's policies and procedures regarding any potential conflicts of interest when making vote recommendations to determine if ISS is voting impartially.

Clients who are interested in obtaining information on how their securities were voted may contact our Relationship Management Department at 1-800-688-8819. In addition, we mail to each client an annual record of all proxies voted for that client.

Item 18 – Financial Information

We are required to provide certain financial information or disclosures about any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. However, we are not providing this information because we are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual commitments to our clients.