

## Investment Objective

Essex Growth Equity is an All-Cap strategy designed to provide investors with exposure to dynamic growth companies in a market capitalization range of \$100 million and up. The strategy is actively managed and utilizes the Russell 3000 Growth index as its performance benchmark. The strategy is a concentrated portfolio of 50-70 companies diversified across domestic industry sectors that show accelerating earnings and sustainable revenue growth.



**Joe McNay**  
Chief Investment Officer

Prior to founding Essex in 1976, Joe was Executive Vice President and Director of Endowment Management & Research Corp. for nine years. Before 1967, Joe was Vice President and Senior Portfolio Manager at the Massachusetts Company. Currently he is serving as Trustee of National Public Radio, Trustee of the Dana Farber Cancer Institute, and is a Trustee and member of the Children’s Hospital Investment Committee. He received his A.B. degree from Yale University and his M.B.A. degree from the Wharton School of Finance

## About Essex

Essex Investment Management, founded in 1976, has a singular focus as a boutique growth manager offering portfolio management services to both institutions and high net worth individuals. As of quarter end, Essex has 19 employees of whom 11 are investment professionals.

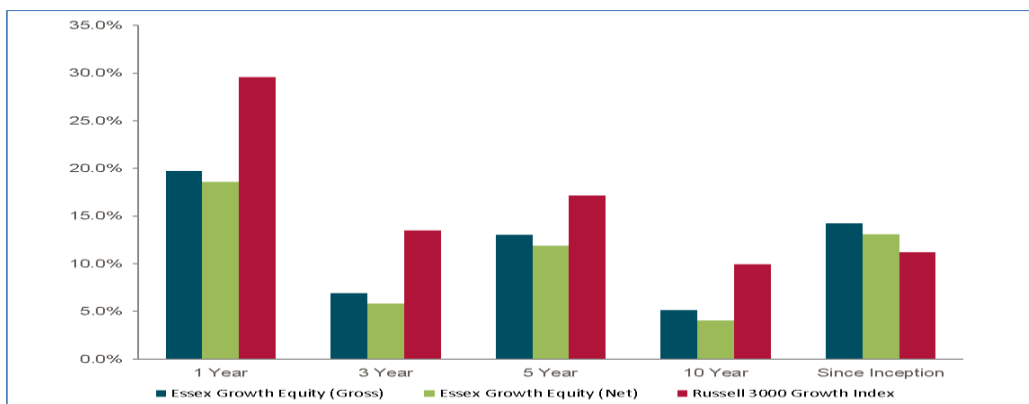
## Essex Growth Equity Strategy

### Composite Returns as of 12/31/17

	Current Year		Annualized Returns					
	QTD	YTD	1 YR	3 YR	5 YR	10 YR	15 YR	Since Inception*
Essex Growth Equity (Gross)	5.1%	19.7%	19.7%	6.9%	13.0%	5.1%	9.8%	14.2%
Essex Growth Equity (Net)	4.8%	18.6%	18.6%	5.8%	11.9%	4.1%	8.7%	13.1%
Russell 3000 Growth Index	7.6%	29.6%	29.6%	13.5%	17.2%	9.9%	10.8%	11.2%

(\*Inception:1/1/79)

### Annualized Performance- Since Inception ending 12/31/17



### 5 Year Calendar Performance

	2012	2013	2014	2015	2016
Essex Growth Equity (Gross)	16.7%	38.6%	8.9%	0.4%	1.7%
Essex Growth Equity (Net)	15.6%	37.3%	7.8%	-0.6%	0.6%
Russell 3000 Growth	15.2%	34.2%	12.4%	5.1%	7.4%

### Top Ten Holdings (12/31/17)<sup>(1)</sup>

Position	Weight
Amazon	4.8
Jeld-Wen	3.5
Palo Alto	3.5
Home Depot	3.4
Alphabet	3.1
Cypress	3.1
Apple	3.0
JP Morgan Chase	2.9
PTC	2.8
Summit Materials	2.7
<b>Total</b>	<b>32.8%</b>

### Characteristics (12/31/17)<sup>(2)</sup>

	Essex Growth Equity	Russell 3000 Growth
Market Cap (\$M)		
Weighted Average	152,203	210,077
Median	13,318	1,987
Dividend Yield (%)	0.58	1.26
Price/Earnings	27.47	25.69
P/E using FY1 Est	20.77	20.85
Price/Cash Flow	17.21	17.03
Price/Book	4.25	6.15
Price/Sales	2.72	2.76

<sup>(1)</sup>Top ten holdings and weightings for a typical Growth Equity portfolio

<sup>(2)</sup>Characteristics for a typical Growth Equity portfolio

Risks of equity portfolios: **Essex Growth Equity** portfolio returns may show a high level of variability and volatility. In addition to market risk, additional risks in these portfolios may result from Essex's selection of specific securities, since individual holdings may represent a significant percentage of a portfolio's holdings from time to time. Sources: portfolio characteristics, top ten holdings, and sector weights calculated internally by Essex. Performance Calculations: performance returns are of the **Essex Growth Equity Composite**, inception 1/1/79. Returns include reinvestment of dividends and other earnings. The Essex Growth Equity Composite includes all fully discretionary accounts managed by Essex to seek capital appreciation by investing in all-capitalization growth companies. The use of leveraging, short positions and derivatives has not been used by any of the accounts. The Russell 3000 Growth Index<sup>®</sup> contains those securities with a greater-than average growth orientation, and includes reinvestment of dividends. The Russell 3000 Growth Index<sup>®</sup> measures the performance of those companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Growth Index<sup>®</sup> is a trademark of Russell Investments. Russell Investments is the owner of the trademarks, service marks and copyrights related to its respective indexes. The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, the Adviser's/Fund's holdings may differ significantly from the securities that comprise the indices. The indices have not been selected to represent an appropriate benchmark to compare an investor's performance, but rather are disclosed to allow for comparison of an investor's performance to that of certain well-known and widely recognized indices. An index is unmanaged, does not incur fees or expenses, and cannot be invested in directly. Composite returns include the reinvestment of dividends and are presented in USD. Gross performance results presented are net of transaction costs, withholding taxes and direct expenses, but before management fees, custody fees and other indirect expenses. Net performance results are presented net of the maximum applicable management fees, transaction costs, withholding taxes and direct expenses, but before custody fees and other indirect expenses. This composite does not incur any performance-based fees. Actual returns will be reduced by investment advisory fees and any other additional fees and expenses. Essex's standard fee schedule is available on request and can be found in Part 2A of our Form ADV. Investment advisory fees are generally collected quarterly, which produces a compounding effect on the total rate of return net of management fees. The actual fee charged to an individual account may differ from the standard schedule depending on a number of factors including account type and size. Past composite performance is not necessarily predictive of how an investor's individual account will perform. Wherever the potential for profit exists, there is also a potential for loss.



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# Essex Growth Equity Strategy

## Investment Process

**Focus on the All-Cap universe as defined by the Russell 3000 Growth Index to identify companies and industries that may be experiencing faster growth than in the past.**

**The objective:**

- Determine the catalysts for positive earnings/revenue change
- Assess the sustainability of the change
- Develop internal earnings estimates
- Ascertain whether the anticipated growth is reflected in the current price of the stock

**Catalysts give rise to improving situations. Typical catalysts include:**

- Corporate restructuring
- Industry consolidation
- Improving industry
- Market share gains
- New products

**Build a high conviction portfolio of best ideas.**

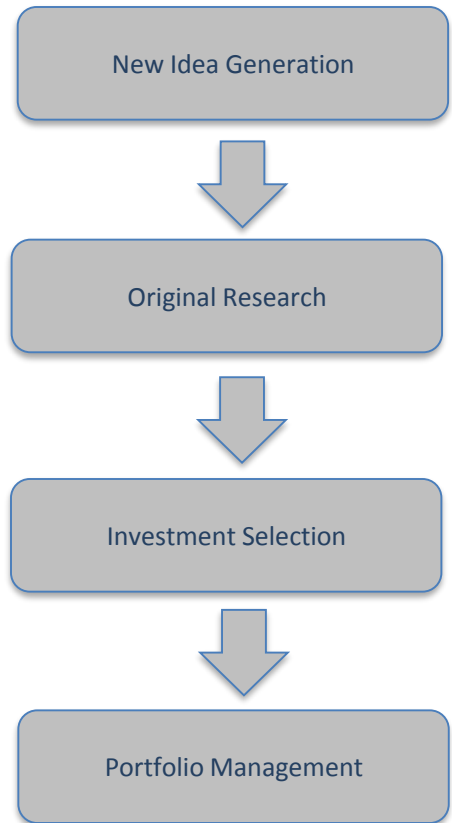
- Companies in different phases of growth and demonstrating diverse growth and valuation characteristics

**Customize based on client risk/return preference:**

- Aggressive Growth
- Growth and Income

**Employ a disciplined sell system:**

- Catalyst for improved growth has played out
- Price target reached
- Deterioration of company specific fundamentals
- Better opportunities within sector



## Performance Disclosures

*This material is for your private information. The views expressed are the views of Essex only through the period ended 12/31/17 and are subject to change based on market and other conditions. The information above does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed.*

*Past performance is no guarantee of future results.*

*The Essex Growth Equity representative account has been selected on the basis that its investment objective, historical performance record, and growth characteristics are consistent with those accounts in the Essex Growth Equity composite. The portfolio's trades are executed in accordance with all other accounts in the composite. The representative account is fully discretionary and has been in the Essex Growth Equity composite at least three years.*

## Holdings Disclosures

*The above information represents the top 10 holdings in the Essex Growth Equity as of 12/31/17 based on the aggregate dollar value. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for Essex Growth Equity, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned.*