

EVOLUTION

Essex Evolution Long/Short Composite

Investment Objective

Essex Evolution Long/Short is an aggressive strategy that aims to maximize returns by utilizing both fundamental and technical analysis with an emphasis on thematic investing and tactical market positioning. Specifically, we aim to understand key themes within the dynamic ever-changing world of technology and invest to capture the growth in those trends.

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 18 employees of whom 10 are investment professionals.

Composite Returns as of 12/31/19

	QTD	YTD	Current Year			Annualized Returns	
			1 YR	3 YR	5 YR	Since Inception*	
Essex Evolution Long/Short (Gross)	1.6%	4.5%	4.5%	6.3%	4.4%	10.0%	
Essex Evolution Long/Short (Net)	1.1%	2.9%	2.9%	4.3%	2.6%	7.0%	
S&P 500 Index	9.1%	31.5%	31.5%	15.3%	11.7%	13.6%	

*Inception Date: 4/1/2013

Average Quarterly Fund Exposure (12/31/19)

Long Exposure	109%
Short Exposure	65%
Gross Exposure	174%
Net Exposure	44%

Includes Option/Delta adjustments

Average 12-Month Risk Measures (12/31/19)

Beta	0.31
Standard Deviation (Annualized)	11.81
Average 5% VaR (1 Day)	-1.13
Correlation	0.32

Data Source: Bloomberg

Essex Evolution Long/Short – Monthly Gross and Net Performance

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2014	Gross	-0.56%	9.87%	-1.17%	-10.99%	3.21%	4.20%	2.53%	3.74%	-3.79%	-3.72%	-5.47%	10.32%	6.19%
	Net	-0.66%	7.95%	-1.01%	-9.66%	3.11%	3.54%	1.95%	2.92%	-3.11%	-3.05%	-5.38%	9.17%	4.26%
2015	Gross	-1.94%	5.85%	-1.61%	6.75%	-7.81%	1.88%	1.59%	-3.71%	-7.23%	15.41%	-2.43%	2.31%	7.05%
	Net	-2.03%	5.02%	-1.36%	5.33%	-6.32%	1.43%	1.20%	-3.15%	-7.32%	13.96%	-2.02%	1.77%	4.84%
2016	Gross	-23.44%	-2.81%	11.29%	1.89%	-0.28%	0.02%	3.26%	2.30%	10.78%	-0.48%	0.20%	-1.67%	-3.43%
	Net	-23.53%	-2.90%	11.20%	1.80%	-0.37%	-0.07%	3.16%	2.21%	10.69%	-0.57%	0.11%	-1.76%	-4.50%
2017	Gross	6.45%	4.33%	-2.86%	-5.31%	-0.60%	0.09%	-4.74%	4.02%	0.26%	0.01%	-4.76%	3.10%	-0.84%
	Net	5.09%	3.39%	-2.36%	-4.32%	-0.55%	0.00%	-4.61%	3.93%	0.14%	-0.07%	-4.84%	3.01%	-1.84%
2018	Gross	-6.81%	15.15%	3.16%	0.24%	6.94%	1.44%	0.97%	4.16%	-0.55%	-7.25%	6.13%	-6.52%	15.85%
	Net	-6.90%	13.53%	2.45%	0.12%	5.48%	1.08%	0.70%	3.26%	-0.51%	-5.24%	5.13%	-5.62%	12.44%
2019	Gross	3.39%	6.35%	-4.37%	1.31%	-0.56%	0.94%	-4.03%	1.70%	-1.44%	-1.70%	-1.12%	4.48%	4.47%
	Net	2.81%	5.33%	-3.79%	1.04%	-0.55%	0.72%	-3.50%	1.37%	-1.30%	-1.52%	-1.17%	3.88%	2.93%

Risks of Essex Evolution Long/Short: The **Essex Evolution Long/Short Composite** 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. Performance Calculations: performance returns are of the **Essex Evolution Long/Short Composite**, inception 04/01/2013. The Essex Evolution Long/Short Composite includes all actual, fee-paying, fully discretionary accounts managed by Essex to seek capital appreciation by investing in a portfolio consisting primarily of equity securities of issuers in the technology sector. Accounts in this composite may simultaneously have long and short equities. The use of derivatives may be utilized in the management of the accounts. The S&P 500 index is capitalization-weighted and quoted in USD. The volatility of the index may be materially different from the individual performance attained by a specific investor. In addition, the Composite's holdings may differ significantly from the securities that comprise the indices. The index has not been selected to represent an appropriate benchmark to compare the Composite's performance, but rather are disclosed to allow for comparison of an Composite'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.

Performance Calculation Methodology: Gross performance results presented are net of transaction costs, withholding taxes and direct expenses, but before management fees, custody fees and other indirect expenses. Composite returns include the reinvestment of income and class action proceeds, if applicable. Net performance returns will be reduced by investment advisory fees, administrative fees, and performance fees on net profits. Fees are generally collected quarterly or annually, which produces a compounding effect on the total rate of return net of management, administrative, and performance fees. As an example, the effect of investment advisory fees on the total value of a client's portfolio assuming \$1,000,000 portfolio return of 10% a year, a 1.0% annual investment advisory fee, a .09% annual administrative fee, and a 20% performance fee on net profits would be \$17,611 in the first year, with a cumulative effect of \$101,367 over five years. The five year compounded gross rate of return of 61.1% would be reduced to 40.2% after taking into account investment advisory fees, administrative fees and performance fees on net profits. 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 performance is not necessarily predictive of how an investors' individual account will perform. Wherever the potential for profit exists, there is also a potential for loss.

Formerly known as the Essex High-Technology Fund, LLC until 9/30/2018.



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Investment Philosophy

Essex Evolution Long/Short seeks to isolate the early signs of improving/deteriorating financial estimates and business conditions through a combination of fundamental research, technical analysis, and overall industry expertise in the technology, **healthcare**, **industrials**, **alternative energy** and **consumer** sectors.

Investment Process

Fundamental Analysis:

- The portfolio manager utilizes a deep fundamental process that is focused on specific industry knowledge to the technology sector driven by frequent meetings with company management and the research community.

Technical Analysis:

- The portfolio manager emphasizes consistent and disciplined technical analysis to generate long ideas and to execute short sales.

Portfolio Risk Controls:

- Constantly monitor portfolio gross/net exposures against current market conditions.
- Before being added/subtracted to the portfolio, each name is checked against its impact on net and gross exposure as well as sub-sector exposures.
- Sell/cover positions where the price target has been achieved with no further catalysts, core investment thesis is not playing out, or potentially better opportunities exist.

Macro Market Overlay:

- The strategy places a heavy emphasis on overall overbought or overall oversold conditions in the market in general. These conditions are determined by a focus on technical analysis and indicators of sentiment and portfolio positioning.

Employ a disciplined cover/sell system:

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

Performance Disclosures

This material is for your private information. The information regarding the Essex Evolution Long/Short Composite is only through the period ended 12/31/19. 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

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