

# Micro Cap Growth

2nd Quarter – 2022

All data as of June 30, 2022

FACTSHEET

## FIRM PROFILE

Style	Micro Cap Growth
Benchmark	Russell Micro Cap Growth Index
Inception Date	Oct. 1, 2007
Ownership	100% Employee (30% Women)
Firm Assets	~ \$609 million
Strategy Capacity	\$500 million

**Nancy Prial, CFA**  
Co-CEO



**Saralyn Sacks, CFA**  
Analyst



**Marcy Carlin**  
Analyst



**Anne Marie McMichael**  
Analyst



## PORTFOLIO HIGHLIGHTS

Approach	Bottom-up, Fundamental
Number of Holdings	70–100 securities
Weighted Average Market Cap	\$588 million
Target Annual Turnover	45% – 70%
Separate Account Minimum	\$3 million

## ANNUALIZED PERFORMANCE (%)

	2Q 2022	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.	Incep. 10/1/07
Essex - Gross	-19.25	-32.59	7.64	9.11	8.14	13.52	9.20
Essex - Net	-19.47	-33.29	6.57	8.03	7.07	12.35	8.00
Russell Micro Cap Growth	-22.40	-43.98	0.07	1.58	1.13	7.02	4.42
Russell Micro Cap	-18.96	-30.73	5.05	4.55	4.94	9.04	5.59

Source: eVestment Analytics

## PEER GROUP COMPARISON

Universe = eVestment US Micro Cap Equity

Source: eVestment Analytics

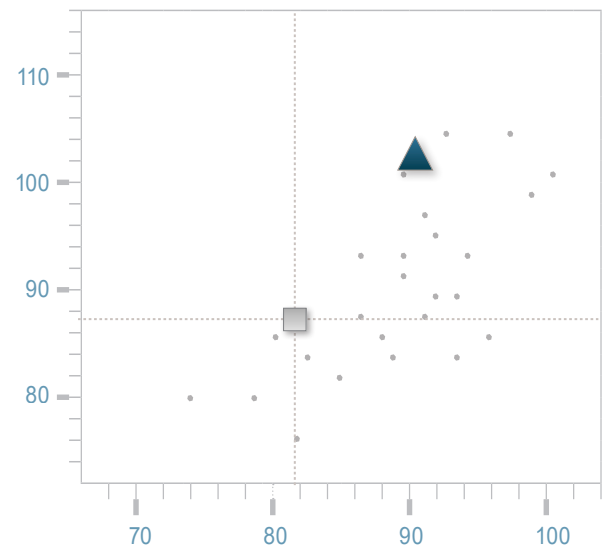


## MARKET CAPTURE

Since Inception

Universe = eVestment US Micro Cap Equity

Source: eVestment Analytics



For financial intermediaries and institutional investors only – not for use with the general public. Chart data is from eVestment Analytics. Information provided is supplemental only and complements the full disclosure on page 3.

Past performance is not indicative of future returns.



All data as of June 30, 2022

### 7 years statistics vs. Russell Micro Cap Growth Index

Source: eVestment Analytics

Alpha	7.13
Beta	0.91
Information Ratio	0.89
Sharpe Ratio	0.31
Standard deviation	23.26
Up / Down	101 / 84

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### Investment Philosophy

The micro cap asset class is inefficient. We look for under-followed, under-owned, under-appreciated companies & industries in early stages of acceleration.

### Ideal companies possess:

- Improving business fundamentals
- Path to sustainable growth
- Identifiable catalysts not recognized by others

### Data sources for extensive research to identify & analyze catalysts and price targets include

- Earnings calls
- Street research & consensus estimates
- Evaluation of Management capability
- Technical charts

### Risk control

- Portfolio diversified across company phases of growth & catalysts
- 70-100 securities
- Cash target less than 5%
- Maximum 75% across largest three sectors
- 5% maximum position typical
- Close monitoring of trading volume and liquidity risk

### Top Ten Holdings\*

Richardson Electrs	2.32%
Identiv Inc	1.95%
Sierra Wireless Inc	1.95%
Hudson Technologies Inc	1.94%
Sterling Infrastructure Inc	1.92%
Digi Intl Inc	1.78%
Resources Connection Inc	1.75%
Novanta Inc	1.72%
HCI Group Inc	1.70%
Radiant Logistics Inc	1.70%
	18.72%

#### \* Holdings Disclosures

The above information represents the top 10 holdings in the Essex Micro Cap Growth based on the aggregate dollar value. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for this product, 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.

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(This information is provided in accordance with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940)

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DISCLOSURE

Period	Gross Return	Net Return	Benchmark Return	Number of Portfolios	Total Composite Assets (USD millions)	Total Firm Assets (USD millions)	Composite Assets as a % of Total Firm Assets	Dispersion	Composite 3-year Standard Deviation	Benchmark 3-year Standard Deviation
2012	21.2 %	19.7 %	15.2 %	≤ 5	\$3.9	\$612	0.6 %	-	21.4 %	21.6 %
2013	78.3 %	76.2 %	52.8 %	≤ 5	\$5.8	\$740	0.8 %	-	18.6 %	18.5 %
2014	4.4 %	3.4 %	4.3 %	≤ 5	\$5.3	\$683	0.8 %	-	15.7 %	16.5 %
2015	-7.6 %	-8.6 %	-3.9 %	≤ 5	\$1.8	\$677	0.3 %	-	15.7 %	17.6 %
2016	8.8 %	7.7 %	6.9 %	≤ 5	\$12.5	\$606	2.1 %	-	13.7 %	19.4 %
2017	27.7 %	26.5 %	16.7 %	≤ 5	\$40.6	\$765	5.3 %	-	12.6 %	17.0 %
2018	-4.0 %	-5.0 %	-14.2 %	≤ 5	\$32.9	\$622	5.3 %	-	15.4 %	18.5 %
2019	20.5 %	19.3 %	23.3 %	6	\$77.4	\$713	10.9 %	0.2	16.1 %	17.8 %
2020	32.2 %	30.9 %	40.1 %	≤ 5	\$62.3	\$786	7.9 %	-	28.0 %	28.0 %
2021	26.1 %	24.9 %	0.9 %	≤ 5	\$77.1	\$837	9.2 %	-	28.0 %	27.1 %

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#### Notes:

- 1. Organization:** Essex Investment Management Company, LLC (“Essex”) is an independently owned investment management firm founded in 1976. Essex is a registered investment adviser with the SEC. The firm offers investment management services to individuals, institutional investors, separately managed sub-advisory account programs, and sub-advisory management services to mutual funds. When used herein, the term Essex also refers to the firm’s predecessor, Essex Investment Management Company, Inc. On January 1, 2005, the Burrigge Growth Partners division of the former The Burrigge Group LLC merged with Essex. Burrigge Growth Partners’ portfolio manager, analysts and investment decision making process remained intact and its separately managed accounts continued under Essex’s management.
- 2. Composite Definition:** This composite includes all actual, fee-paying, fully discretionary accounts managed by Essex to seek capital appreciation by investing in micro capitalization growth companies. The use of leveraging, short positions and derivatives has not been used by any of the accounts. The composite was created on March 13, 2008. The composite inception date is October 1, 2007.
- 3. Benchmark:** The Russell Micro Cap® Growth Index contains those securities in the Russell Micro Cap Index with a greater-than average growth orientation, and includes reinvestment of dividends. The Russell Micro Cap® Growth Index is a trademark of Russell Investments. Russell Investments is the owner of the trademarks, service marks and copyrights related to its respective indexes. An index is unmanaged, does not incur fees or expenses, and cannot be invested in directly. Benchmark returns are not covered by the report of independent verifiers.
- 4. Dispersion & Standard Deviation:** Essex uses an asset-weighted standard deviation calculation to measure dispersion. Only portfolios that are included in the composite for the entire year have been included in the dispersion calculation; it is not presented for periods less than one year or when there are five or fewer portfolios in the composite. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 month period.
- 5. Fees:** The standard advisory fee is: For all accredited investor accounts 1.0% on all assets. Essex’s standard advisory fee schedules are described in its Part II of Form ADV. The above net returns are based on a model 1.0% advisory fee which is applied monthly to calculate the net performance numbers.
- 6. Calculation Methodology:** Gross performance results presented are net of transaction costs, but before management fees, custody fees and other indirect expenses. Net performance results are presented net of the maximum applicable management fees, transaction costs, and direct expenses, but before custody fees and other indirect expenses. The net-of-fee returns are calculated by reducing monthly composite returns by a model fee of 0.083%. This equates to a model annual fee of 1.0% which is the highest tier of the standard fee schedule. This composite does not incur any performance-based fees or carried interest. Composite returns include the reinvestment of income and class actions proceeds, if applicable. Actual returns will be reduced by investment advisory fees and any additional fees and expenses. Investment advisory fees are generally collected quarterly, which produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment advisory fees on the total value of a client’s portfolio assuming \$1,000,000 investment, portfolio return of 10% a year, and a 1.0% annual investment advisory fee would be \$10,577 in the first year, and cumulative effects of \$63,180 over five years. The five year compounded gross rate of return of 61.1% would be reduced to 53.2% after taking into account advisory 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.
- 7. Other Matters/Disclosures:** A complete list of the firm’s composites descriptions and a list of limited distribution pooled fund descriptions are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Clients or prospective clients should not assume they will have an investment experience similar to that indicated by the past performance results of the composite. Valuations and returns are computed and stated in U.S. Dollars. Past composite performance is not necessarily predictive of how an investors’ individual account will perform. Whenever the potential for profit exists, there is also the potential for loss. This document has been approved for use in one-on-one presentations only and Essex requires that third party consultants provide this performance information and the related disclosures only in one-on-one presentations. Registration as an investment adviser with the SEC does not imply a certain level of skill or training. Such registration in no way implies that the Securities and Exchange Commission approves or endorses Essex, its strategies, or any of its marketing materials. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

#### IMPORTANT:

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