

**Item 1: Cover Page**

**Essex, LLC**

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**Firm Brochure**

**As Mandated by the United States Securities and Exchange Commission  
Part 2A of Form ADV**

**The information contained herein is accurate as of February 07, 2024**

**This brochure provides information about the qualifications and business practices of Essex, LLC. It also includes supplemental information about employees and others with whom we transact business. If you have any questions about the contents of this brochure, please do not hesitate to contact us at 1-847-777-7800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Essex, LLC, its employees and supervised persons, is also available on the firm website at: [www.essexllc.com](http://www.essexllc.com) and on the United States Securities and Exchange Commission website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2: Material Changes**

As mandated by the United States Securities and Exchange Commission laws, rules, and regulations, we must deliver an updated Form ADV Part 2A to current and prospective retail clients whenever there is a material change since our firm's last Annual Updating Amendment. Since our last Other than Annual Updating Amendment, the following material changes have occurred:

- Item 4: We added a biographical paragraph for our firm's new advisor, Nancy Effert.
- Item 4: We updated our assets under management.
- Item 5: We amended our hourly fee rates.
- Item 8: We have expanded on the risks associated with investments.
- Item 15: We have amended our custody practices.

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#### **Item 4: Advisory Business**

Essex, LLC is a registered investment adviser with the United States Securities and Exchange Commission. This registration with the Securities and Exchange Commission does not imply a specific level of skill or training. We also caution that with any investment, there is a risk of capital loss.

The employees of Essex, LLC are consultants with decades of experience in investment management, tax, and estate planning practices. Essex, LLC generally requires that all persons associated with the organization in professional capacities will have at least a college education, although in exceptional circumstances significant business experience may be accepted in lieu of a college degree. Most members of the professional staff have advanced degrees in business or have earned other professional designations.

James W. Hartwell, born in January 1966, is the President of Essex, LLC, and the CFO. At present he owns 95% of Essex, LLC. Mr. Hartwell received both his undergraduate degree and his MBA from Mankato State University in 1988 and 1994 respectively. He received his Certified Funds Specialist (CFS) designation in 1994. The Certified Fund Specialist is a designation of the Institute of Business & Finance and is the oldest designation in the mutual fund industry. This designation will help the investment adviser in understanding how a mutual fund investment will interact within the portfolio through the criteria such as alpha, beta, correlation coefficient and how this data can be used in the construction of the portfolio. In 1991 Mr. Hartwell started Essex Financial and in 1997, along with Mr. Arthur Freedman, began Essex, LLC. In addition to his obligations at Essex, LLC he is also a member of the investment committee for the Little City Charity.

Arthur A. Freedman, born in December 1949, is a graduate of the University of Illinois and has received his MBA from Northwestern University. In addition, he is a Certified Public Accountant (CPA) with membership in the American Institute of Certified Public Accountants (AICPA) and the Illinois CPA Society. In order to obtain the professional designation of CPA one must have passed the Uniform Certified Public Accountant Examination and the requisite exam on ethics. Once conferred, the CPA must generally complete a designated number of hours of continuing education to maintain the CPA designation. The American Institute of Certified Public Accountants, (AICPA) is the national professional organization for Certified Public Accountants, (CPAs), in the United States. The AICPA mission is to provide members with the resources, information, continuing education, and leadership that enable them to provide services in the highest professional manner to benefit the public. Prior to the creation of Essex, LLC, Mr.

Freedman was a senior partner in the Chicago accounting firm of Friedman, Eisenstein, Raemer, and Schwartz (FERS) where he headed the Personal Financial Planning division.

Robert C. Tutela joined Essex in 2016 from JP Morgan Asset Management in New York providing trading, compliance, and operational services for a variety of products to both retail and private bank clients. His experience provides him invaluable knowledge for portfolio management and the overall nature of the Investment Advisory business. He is a graduate from Montclair State University with a B.S. in Finance and Business Administration. He is the Chief Compliance Officer and a Portfolio Manager for Essex, as well as a member of the Investment Committee.

Benjamin A. Cairns joined Essex in 2014 and is the Chief Operating Officer of Essex, LLC. At this time Mr. Cairns is an owner of 5% of the company. In addition to earning a Bachelor of Business Administration from Western Michigan University, he is a CERTIFIED FINANCIAL PLANNER™ professional. The rigorous educational requirement for the CFP® exam has prepared Ben to facilitate clients through all aspects of the financial planning process. Prior to joining ESSEX, he enjoyed a 20-year career in publishing. Ben also serves as a member of the Investment Committee.

Edward (Ted) Connolly joined Essex in 2021 as a Portfolio Manager and Financial Advisor. Prior to that he spent 15 years with Iron Financial, a Registered Investment Advisor, where he ran a number of fixed income strategies as well as options, REITs, risk-based ETF's and mutual fund portfolios. He brings extensive experience as a trader and portfolio manager to his role at Essex. Ted is a CERTIFIED FINANCIAL PLANNER™ professional. The rigorous educational requirement for the CFP® exam has prepared Ted to facilitate clients through all aspects of the financial planning process. Ted is a graduate of Connecticut College with a BA in Economics and serves as a member of the Investment Committee.

Justin T Nolan joined Essex in 2016 from JP Morgan Private Bank where he created and executed financial plans that ensured individual and family wealth preservation and growth. As a third-generation member of the CBOT for over 20 years, Justin built and ran the largest order execution business on the financial floor at the exchange. Since then, Justin's focus has been private investment and wealth management. With over 35 years of experience in equities, fixed income and alternatives, Justin brings a vast depth of knowledge in market strategy to Essex.

Nancy Effert, previously president of Effert Financial Solutions, Inc. merged her financial advisory firm with Essex, LLC in late 2023 because of their team approach, shared vision, and values. Nancy had over 20 years of corporate leadership, strategic planning, and problem-solving experience for Fortune 500 companies when she started Effert Financial Solutions, Inc. in 2006. Nancy is a result-driven strategic consultant with a signature goal-based approach to wealth management and financial advisement.

Mr. Hartwell, Mr. Freedman, Mr. Tutela, Mr. Cairns, Mr. Connolly, Mr. Nolan, and Ms. Effert comprise the investment policy committee for Essex, LLC. The investment policy committee will offer advice to our clients on the following types of investment vehicles:

- Exchange listed, over-the-counter and foreign stocks or American Depositary Receipt

(ADR) equities

- Warrants
- Corporate debt
- Commercial Paper
- Certificates of deposit
- Municipal Securities
- United States Government or Agency debt
- Option Contracts
- Futures Contracts on tangibles or intangibles
- Investment Company securities including mutual fund shares, variable insurance contracts and variable annuities.

None of the employees of Essex, LLC are registered representatives of a broker/dealer. A broker/dealer is one who makes a market, or maintains an orderly market in a security, and will buy and sell securities from their inventory. Essex, LLC does not make a market in securities, nor do we underwrite new issue securities.

Essex, LLC primarily provides investment management services, but also provides advice through consultations which may involve tax or estate matters and not involve securities. Some of our investment adviser representatives will only provide comprehensive investment management services which will include portfolio management, and financial planning. Depending on the advisor you elect to work with, you may pay a higher fee that will be fully disclosed in our agreement with you.

Essex, LLC acting as a fiduciary providing fiduciary investment advice covered by the fiduciary rule ensures adherence to the Impartial Conduct Standards – to provide advice that is in your best interest, receives only reasonable compensation for doing so, and does not intend to make any materially misleading statements.

All clients have varying investment objectives, time horizons, and risk tolerances. At Essex, LLC, upon consultation with the client or potential client, we will construct an investment portfolio in an attempt to achieve those objectives.

Essex, LLC manages client accounts on a discretionary and a non-discretionary basis. This gives Essex, LLC the authority to supervise and direct the investment of the client's account without prior consultation with the client. The Essex, LLC trading authority may be made subject to conditions imposed in writing by the client, e.g., where the client restricts or prohibits purchases or sales of certain securities. For example, the client may have inherited securities from a relative, a client may own stock in the company for which they work, or the client would prefer to avoid investment in various sectors of the market such as tobacco or alcohol related securities.

The investment advisory services consist primarily of a portfolio management service that allocates and periodically re-allocates the client assets among various investment securities. The client assets will be invested in stocks, exchange traded funds (ETFs), bonds and investment company shares (mutual funds). Based upon a review of the client's investment objective, risk tolerance and financial and tax situation, Essex, LLC will create a model client portfolio. Clients with similar

characteristics will receive similar portfolio recommendations and investments.

Any investment additions deemed as materially complex in nature respective to expenses or conflicts of interest will be presented prior to the time of transaction. Additionally, Essex LLC documents and addresses any and all material conflicts of interest with you, requires our representatives do not receive compensation that incentivizes recommendations that may not be in your best interest, and designates a responsible party to oversee the adherence of these terms.

Essex, LLC does not participate in any “wrap fee programs”. A “wrap account” investment program is a consulting relationship in which a client’s funds are placed with one or more money managers, and all the administrative and management fees, along with commissions, are wrapped into one comprehensive fee. Essex, LLC manages all client investment accounts directly.

Essex, LLC offers the use of a third-party platform (Pontera) to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, Adviser will review the current account allocations. When deemed necessary, Adviser will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed periodically, and allocation changes will be made as deemed necessary.

### **Assets Under Management**

Essex, LLC manages investment accounts on a discretionary and a non-discretionary basis.

As of December 31, 2023, Essex, LLC managed approximately \$474,349,933 in assets for accounts. Of this amount, \$ 448,124,669 was managed on a discretionary basis for accounts and \$are assets, of accounts, upon which we provide consultation.

### **Item 5: Fees and Compensation**

Essex, LLC receives compensation for the investment portfolio services rendered based upon a percentage of assets under management or based upon an hourly billing fee.

In certain situations Essex, LLC provides consultations and services on an hourly fee basis. The fee structure is as follows:

- |                       |            |
|-----------------------|------------|
| • Partner / Principal | \$500-750  |
| • Senior Consultant   | \$200-300  |
| • Consultant          | \$150-200  |
| • Account Supervisor  | \$ 100-125 |

The above fees are billed on a monthly basis. Typically, the bill is sent the month after the services have been provided.

Clients participating in the portfolio management service are required to enter into an investment advisory engagement. The investment advisory agreement takes effect the date assets are deposited into the account and continues until terminated. The fees payable by the client, for services rendered by Essex, LLC, pursuant to the agreement, shall be paid quarterly, in advance at an annual rate of 1-1.75% based upon the value of the client's account on the first day of the calendar quarter and dividing the amount by four. For any time period that may be less than a full quarter, the fee will be determined by daily proration. This fee is deemed reasonable under the Impartial Conduct Standards previously mentioned.

Funds deposited or withdrawn during the quarter are billed, based upon "flow of funds" into or out of your account, and the fee calculation upon that "flow of funds", will be reflected in the next quarter billing statement. The fee(s) will be prorated based upon the date of the transaction. A withdrawal of funds during the quarter will result in a rebate. A deposit will result in a prorated fee which will be debited from your account.

The fee is typically billed to and paid by the client's custodian(s) from the assets of the client portfolio. An arrangement can be made possible for a billing statement to be generated and the management fee paid directly to Essex, LLC by the client. The usual fee for the investment management services is one percent per annum. In certain circumstances, typically at the discretion of the advisor, these fees may be adjusted due to the size and nature of the engagement.

The agreement may be terminated by the client, or the Advisor, by giving written notice to the other party and specifying the date of termination. In the event that the agreement is terminated during a calendar quarter, the fees billed to the account will be refunded on a prorated basis.

The client may absorb additional fees in the management of their investment account. These fees will be generated by the custodian (trade commissions), on a per transaction basis, or a mutual fund company with their investment management costs, in addition to the fee structure of Essex, LLC. Please read the section on Brokerage Practices on page 11. As of 2019, and therefore in 2023, Schwab no longer charges commissions on certain types of security transactions.

The fees charged for the portfolio management service are negotiable in certain circumstances and may be waived in whole or part, depending upon the nature and/or size of the engagement. The fee may be reduced or waived for members, managers, officers or employees of Essex, LLC and the members of their families.

Under no circumstance is an employee accepting additional compensation for the sale of securities or other investment products which would include asset-based sales charges or service fees from the sale of mutual funds.

The client has the option to utilize the services of other broker/dealers in the execution of securities transactions for the composition of their portfolios. We recognize that the client may have other



investment relationships unrelated to or not affiliated with Essex, LLC. The client is not solely bound to use Essex, LLC with regard to securities transactions.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

Performance based fees or incentive fees result in additional compensation to an advisor, for producing above average results. These performance fees are more typically associated with commodity trading or hedge fund advisors who achieve, or top, a pre-set return. Under no circumstances does Essex, LLC accept or have arrangements with clients for additional compensation based upon performance standards.

## **Item 7: Types of Clients**

Essex, LLC provides investment management services to a variety of clients. The majority of the clients are individuals. Some of those clients also have trusts and estates for which we provide advice. Additionally, the clients may own their business or corporations and as a result of that fact, we may provide advice for the retirement plans for those self-employed clients. Essex, LLC will also provide investment advice for individual employer-sponsored retirement plans such as a 401K or a 403B plan. Essex, LLC also provides investment advice to pension and profit-sharing plans and charitable organizations. Essex, LLC does not impose any account minimum requirements.

## **Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss**

Investing in securities involves the assumption of risk. If one is willing to assume that risk, one realizes that this risk could involve the loss of the dollar amount invested. There is no guarantee of profitability.

Essex, LLC, through its analysis of stocks, bonds, and other investments, attempts to limit this risk. In the composition of the client portfolio, we examine a number of items:

- **Economic indicators.** Economic indicators, leading or lagging, are key statistics showing the direction of the economy. Among them are the unemployment rate, factory utilization rate, inflation rates of the consumer price index, the producer price index, international trade data and others.
- **Fundamental analysis.** Fundamental analysis includes the analysis of the balance sheet and income statement of a company in order to forecast their future stock price. Fundamental analysis considers past records of assets, earnings, sales, products, management, and the competitive marketplace for a particular company's product. By looking at this data, Essex, LLC tries to determine if a stock or sector is undervalued or overvalued relative to its current market price.
- **Technical analysis.** Technical analysis looks at the demand and supply for the securities based on trading volume and price movement. Technical analysis will utilize charts to identify and project price trends in a market or security. Some of the terms used in technical analysis might include the "moving average", "relative strength", "resistance and support levels" and others.
- **Annual Reports and Securities and Exchange Commission filings.** These filings are considered as part of the investment strategy. All publicly listed companies on the various

exchanges must file quarterly and annual financial reports. In addition, companies file other reports whenever there is a material event within the corporation. These reports can include changes within the corporate management, the award of stock options, changes in compensation and announcements of retirement or dismissal.

- **Financial publications and research materials of other analysts.** Essex, LLC will read and consider these reports in the composition of the client's portfolio. Charles Schwab & Co., Inc. is the custodian with whom Essex, LLC has a relationship. Schwab, in addition to their internal research department, also provides research by Argus, S&P, Credit Suisse and others.
- **Sector Analysis.** The sector analysis is used to determine which sectors, at a given moment in the economic cycle, will be overvalued, or undervalued. Once the sectors with probable positive performance have been identified, Essex, LLC will use the above enumerated items in the construction of the model portfolios.

General Risks. Investing in securities always involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives can or will be met. Past performance is in no way an indication of future performance. We also cannot assure that third parties will satisfy their obligations in a timely manner or perform as expected or marketed.

General Market Risk. Investment returns will fluctuate based upon changes in the value of the portfolio securities. Certain securities held may be worth less than the price originally paid for them, or less than they were worth at an earlier time.

Common Stocks. Investments in common stocks, both directly and indirectly through investment in shares of ETFs, may fluctuate in value in response to many factors, including, but not limited to, the activities of the individual companies, general market and economic conditions, interest rates, and specific industry changes. Such price fluctuations subject certain strategies to potential losses. During temporary or extended bear markets, the value of common stocks will decline, which could also result in losses for each strategy.

Portfolio Turnover Risk. High rates of portfolio turnover could lower performance of an investment strategy due to increased costs and may result in the realization of capital gains. If an investment strategy realizes capital gains when it sells its portfolio investments, it will increase taxable distributions to you. High rates of portfolio turnover in a given year would likely result in short-term capital gains and under current tax law you would be taxed on short-term capital gains at ordinary income tax rates, if held in a taxable account.

Non-Diversified Strategy Risk. Some investment strategies may be non-diversified (e.g., investing a greater percentage of portfolio assets in a particular issuer and owning fewer securities than a diversified strategy). Accordingly, each such strategy is subject to the risk that a large loss in an individual issuer will cause a greater loss than it would if the strategy held a larger number of securities or smaller positions sizes.

Model Risk. Financial and economic data series are subject to regime shifts, meaning past information may lack value under future market conditions. Models are based upon assumptions that may prove invalid or incorrect under many market environments. We may use certain model outputs to help identify market opportunities and/or to make certain asset allocation decisions. There is no guarantee any model will work under all market conditions. For this reason, we include model related results as part of our investment decision process, but we often weigh professional judgment more heavily in making trades or asset allocations.

ETF Risks, including Net Asset Valuations and Tracking Error. An ETF's performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

Clients should be aware that to the extent they invest in ETF securities they will pay two levels of advisory compensation – advisory fees charged by Adviser plus any advisory fees charged by the issuer of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a Client purchased the ETF directly. An ETF typically includes embedded expenses that may reduce the ETF's net asset value, and therefore directly affect the ETF's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the ETF may include investment advisor management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. ETF tracking error and expenses may vary.

Inflation, Currency, and Interest Rate Risks. Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by Adviser may be affected by the risk that currency devaluations affect Client purchasing power.

Liquidity Risk. Liquidity is the ability to readily convert an investment into cash to prevent a loss, realize an anticipated profit, or otherwise transfer funds out of the particular investment. Generally, investments are more liquid if the investment has an established market of purchasers and sellers, such as a stock or bond listed on a national securities exchange. Conversely, investments that do not have an established market of purchasers and sellers may be considered illiquid. Your investment in illiquid investments may be for an indefinite time, because of the lack of purchasers willing to convert your investment to cash or other assets.

Legislative and Tax Risk. Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations, particularly for options, swaps, master limited partnerships, Real Estate Investment Trust, Exchange Traded Products/Funds/Securities. We do not engage in tax planning, and in certain circumstances a Client may incur taxable income on their investments without a cash distribution to pay the tax due. Clients and their personal tax advisors are responsible for how the transactions in their account are reported to the IRS or any other taxing authority.

Foreign Investing and Emerging Markets Risk. Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social, and economic developments affecting one or more foreign countries.

In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices and foreign regulation may be inadequate or irregular.

Information Security Risk. We may be susceptible to risks to the confidentiality and security of its operations and proprietary and customer information. Information risks, including theft or corruption of electronically stored data, denial of service attacks on our website or websites of our third-party service providers, and the unauthorized release of confidential information are a few of the more common risks faced by us and other investment advisers. Data security breaches of our electronic data infrastructure could have the effect of disrupting our operations and compromising our customers' confidential and personally identifiable information. Such breaches could result in an inability of us to conduct business, potential losses, including identity theft and theft of investment funds from customers, and other adverse consequences to customers. We have taken and will continue to take steps to detect and limit the risks associated with these threats.

Tax Risks. Tax laws and regulations applicable to an account with Adviser may be subject to change and unanticipated tax liabilities may be incurred by an investor as a result of such changes. In addition, customers may experience adverse tax consequences from the early assignment of options purchased for a customer's account. Customers should consult their own tax advisers and counsel to determine the potential tax-related consequences of investing.

Advisory Risk. There is no guarantee that our judgment or investment decisions on behalf of particular any account will necessarily produce the intended results. Our judgment may prove to be incorrect, and an account might not achieve her investment objectives. In addition, it is possible

that we may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to accounts' custodians' software. Adviser and its representatives are not responsible to any account for losses unless caused by Adviser breaching our fiduciary duty.

Dependence on Key Employees. An accounts success depends, in part, upon the ability of our key professionals to achieve the targeted investment goals. The loss of any of these key personnel could adversely impact the ability to achieve such investment goals and objectives of the account.

### **Item 9: Disciplinary Information**

No employee, or supervised person, of Essex, LLC has been involved in a criminal or civil action in a domestic, foreign, or military court. No employee or supervised person has been convicted of or pled guilty or "no contest" to any felony or misdemeanor that involved investments or an investment related business. Additionally, no employee has been convicted or pled guilty or "no contest" to any fraud, false statement, or omission, taking of property, bribery, perjury, forgery, counterfeiting, or extortion or conspiracy to commit any of these offenses.

Essex, LLC, and the employees of the company, have never been the subject of any order, judgment, or decree that would permanently or temporarily prohibit us from engaging in any investment related activity.

The United States Securities and Exchange Commission, any other federal regulatory agency, any state securities regulator, or any self-regulatory organization has never found any reason to cause Essex, LLC to lose its authorization to conduct investment related business.

### **Item 10: Other Financial Industry Activities and Affiliations**

No employee, or supervised person, of Essex, LLC is registered with, or has an application pending registration, with a broker/dealer, commodity trading advisor, or futures commission merchant. Essex, LLC does not have relationships with other broker/dealers that could potentially pose a conflict of interest. Essex, LLC does not recommend or select other advisers.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Essex, LLC has a written Code of Ethics to which all employees must adhere. All employees have received a copy of the Code of Ethics and have agreed to the principles articulated in this document. The Code of Ethics and the Essex policies and procedures are written with a view to preventing violations of existing Laws, Rules, and Regulations. If an employee has reason to believe that there has been a violation of this Code, they are to report the situation to the compliance officer or the president of the company. In general, the employees and access persons shall:

- Place the interests of the Company's clients' funds before his/her personal interests; Conduct

all personal securities transactions in a manner consistent with this policy so as to avoid any actual or potential conflicts of interest;

- Not take any inappropriate advantage of his/her position with or on behalf of the company;
- Employees and access persons must file a securities holdings report annually with the Compliance Officer and a report of all transactions on a quarterly basis. This information will include the security, buy or sale, quantity, symbol and the broker completing the transaction;
- The company maintains a "preclearance procedure" which mandates the steps which one would follow on a securities transaction so as to avoid conflict;
- Blackout periods exist where the Investment Policy Committee adopts a buy or sell program and access persons shall not act in a manner which could be construed as a conflict of interest in that transaction;
- Prior approval must be obtained before an investment in a Private Placement or Initial Public Offering (IPO) is made;
- No advisory person may receive any gift i.e., anything of more than de minimis value from any person or entity doing business on or behalf of the company that poses a potential conflict of interest;
- No advisory person shall serve on a board of directors of a publicly traded company without prior authorization;
- Exemptions from the reporting requirements in certain security transactions are permitted. Some of the exemptions would apply, for example, to reinvestment of dividends in a "Dividend Reinvestment Program (DRIP) with both individual securities, mutual fund shares or annuities, purchases or sales of non-volitional events such a merger/acquisition, recapitalizations or other similar transactions;
- At least annually the compliance officer will report to the Board of Directors regarding existing procedures with regard to personal trading activities, any recommended changes to policies or procedures, and a summary of any violations which occurred during the past year;
- The company forbids any employee or access person from participating in insider trading, or trading on material non-public information or from communicating material non-public information to others.

Essex, LLC will provide a copy of this Code of Ethics to any client or prospective client upon their request.

Essex, LLC is a registered investment advisory firm. It is not a broker/dealer. As such, we do not sell securities in which any employee or related person has a financial interest. We do not maintain an inventory of securities from which we would sell to our clients. Employees will not directly purchase or sell securities from their individual portfolio, to or from, a client account. Essex, LLC does, in managing client accounts, relay orders to brokers, dealers, or banks for the purchase or sale of securities. Essex, LLC does not receive any special compensation for this service.

Personal security transactions by the officers and employees of Essex, LLC are subject to personal security transaction procedures. by that individual, but also to transactions for accounts in which that person, the person's spouse, minor children, or other dependent residing in the same household have an interest. Essex, LLC may from time to time execute a "block trade". A "block trade" is a

trade in which a large number of shares are bought or sold, and the allocation of that trade is made among many client accounts. Officers, employees and family members of Essex, LLC may participate in that transaction. The price at which the trade is executed will be the same execution price for all participating accounts. Commission rates will vary, however, depending upon the trade confirmation process. A lower commission rate is often available if one opts for the electronic delivery of the trade statement as opposed to receipt by mail. In the event that the trade is not executed in its entirety, the allocation will be made on a prorated basis so as to avoid any customer favoritism. Officers, employees and family members of Essex, LLC will pay a transaction commission, but those individuals are not charged an investment advisory fee.

## **Item 12: Brokerage Practices**

While Charles Schwab & Co., Inc. is the custodian for the majority of our assets under management, it is not mandatory that clients open an account at Charles Schwab & Co., Inc. Clients participating in the portfolio management service are required to appoint a custodian of their assets who will provide for on-line services and other support to Essex, LLC. Certain client account assets are held at various custodians. This is a result of employment or retirement plan custody arrangements over which Essex, LLC has no control. Essex, LLC will work with those custodians in the management of the client investment portfolios.

When a client has designated relationships with more than one broker or dealer, and subject only to a client's direction to use that particular broker-dealer, Essex's overriding objective in selecting the broker or dealer for the client transaction is to seek the best combination of price and execution. The best price, taking into account the brokerage commission, if any, is an important factor in the decision. However, a number of other judgmental factors also may enter into the decision. These factors would include Essex's knowledge of negotiated commission rates available, the desired timing of the transaction, the activity existing and expected in the market for that particular security, confidentiality, execution, clearance and settlement capabilities of the broker or dealer and the knowledge of actual or apparent operation problems of the broker or dealer.

"Soft Dollar" arrangements are agreements between broker/dealers who will provide the proprietary stock research from their firm in exchange for the investment adviser or mutual fund company placing trades through that broker/dealer, thereby generating commissions for that broker. Essex, LLC has no soft dollar arrangements with any broker/dealer. As such, we do not have any reason to recommend any broker/dealer versus another with regard to the "soft dollar" practices.

### **Brokerage for Client Referrals**

Essex, LLC does not direct commission generating trade activity to any broker/dealer in exchange for client referral business. Doing so could possibly subject the client to receiving unfavorable trade execution, higher commissions and could result in a conflict of interest for Essex, LLC.

### **Directed Brokerage**

As is indicated in the section titled "Brokerage Practices", Charles Schwab & Co., Inc. is the custodian for the majority of client assets. It is the recommendation of Essex, LLC that clients



utilize the services of Charles Schwab & Co., Inc. Essex, LLC has determined that Schwab offers the level of service, back-office support, securities research information, trade execution, and financial strength that we consider in choosing a custodian.

Occasionally, Essex, LLC will initiate securities transactions in which a number of client accounts will participate. At the time of the transaction, we will aggregate the order and place a “block trade”. The benefits of this transaction, commission, average price, and allocation are described in the “Code of Ethics” section on page 9.

### **Item 13: Review of Accounts**

Essex, LLC continuously monitors the investment portfolios of all clients. Essex, LLC is aware, on a daily basis, of all cash flow into and out of client accounts. A formal review will occur at least annually. The monitoring of all investment portfolios is done by the Essex, LLC Investment Policy Committee which includes James Hartwell, President and CFO, Arthur Freedman, Benjamin Cairns COO Robert Tutela, Compliance Officer and portfolio manager, Edward Connolly, portfolio manager and Justin Nolan, advisor. Investment decisions for the client portfolios are influenced by the release of information about general market conditions, company specific information such as quarterly and annual financial reports, and global or other political events that could possibly have a bearing on the portfolio performance.

Clients will receive individual transaction reports from Charles Schwab & Co., Inc. or by the custodian holding their assets, for which Essex, LLC has been appointed investment manager. The client will also receive a monthly statement from those custodians. On a quarterly basis, Essex, LLC will provide a statement which will include all investment holdings and performance data for those assets held in custody at Charles Schwab & Co., Inc. Essex, LLC suggests and recommends that the client compare the statement from the custodian with the quarterly statement received from Essex, LLC. If there is any discrepancy, we urge the client to contact us immediately to resolve the difference.

### **Item 14: Client Referrals and Other Compensation**

Essex, LLC engages independent solicitors to provide client referrals. If a client is referred to us by a solicitor, this practice is disclosed to the client in writing by the solicitor and Essex pays the solicitor out of its own funds—specifically, Essex generally pays the solicitor a portion of the advisory fees earned for managing the capital of the client or investor that was referred. The use of solicitors is strictly regulated under applicable federal and state law. Essex’s policy is to fully comply with the requirements of all laws, rules and regulations contained within the Investment Advisers Act of 1940, as amended, and similar state rules, as applicable.

Essex, LLC may receive client referrals from Zoe Financial, Inc through its participation in Zoe Advisor Network (ZAN). Zoe Financial, Inc is independent of and unaffiliated with Essex, LLC and there is no employee relationship between them. Zoe Financial established the Zoe Advisor Network as a means of referring individuals and other investors seeking fiduciary personal

investment management services or financial planning services to independent investment advisors. Zoe Financial does not supervise Essex, LLC and has no responsibility for its management of client portfolios or its other advice or services. Essex, LLC pays Zoe Financial an on-going fee for each successful client referral. This fee is a percentage of the advisory fee that the client pays to Essex (“Solicitation Fee”). Essex, LLC will not charge clients referred through Zoe Advisor Network any fees or costs higher than its standard fee schedule offered to its clients. For information regarding additional or other fees paid directly or indirectly to Zoe Financial Inc, please refer to the Zoe Financial Disclosure and Acknowledgement Form.

### **Item 15: Custody**

The questions surrounding the custody of client assets became a focal point for the Securities and Exchange Commission after a number of well publicized situations that have shown to have financially harmed clients of those firms. According to the Custody Rule, custody means “*holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them*”. Because the Custody Rule is intended to deter potential advisor fraud, such as misappropriation of assets, one can see that this rule can be and is very broad in its interpretation.

Charles Schwab & Co., Inc. is the custodian of the majority of the assets under management at Essex, LLC. Some clients have custodial arrangements other than those which exists between Essex, LLC and Charles Schwab & Co., Inc. (See Brokerage Practices on page 11). The custodian(s) are the repository for the stocks, bonds, and cash positions of the client. Essex, LLC does not hold the assets of our clients. However, according to the Custody Rule, and the fact that the clients have given us the authority to deduct the management fees from the client assets, we have the “*authority to obtain possession of them.*” Having the authority to debit advisory fees meets the custody definition, but if that is the only reason the advisor is deemed to have custody, then the Securities and Exchange Commission has permitted these transactions.

Additionally, in adherence to new interpretations of the custody rule, Essex will now report all assets where a “third party” has been identified as having custody despite physical custody being held. This is in no way a reflection of where these assets are physically held, however a reporting requirement of the Securities and Exchange Commission based on the above-mentioned interpretation of this rule.

As part of the billing process, the client’s custodian is advised of the amount of the fee to be deducted from that client’s account. On a monthly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. The custodian does not calculate the amount of the fee to be deducted and does not verify the accuracy of Essex, LLC’s advisory calculation. Therefore, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation. Clients should contact Essex, LLC directly if they believe that there may be an error in their statement.

Custody is also disclosed in Form ADV because Essex, LLC has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). The firm endeavors to comply with the SEC no-action letter to the Investment Adviser Association dated February 21,

2017, in this regard.

Because of the above stated concepts, we recommend that the client always review the monthly statements received from the custodian, with the prior months' statement, and with quarterly statements provided by Essex, LLC. If there is any discrepancy, we urge the client to immediately contact Essex, LLC in order to resolve that issue.

#### **Item 16: Investment Discretion**

Upon completing, signing, and affixing his or her initials in the appropriate sections, for the account application from Charles Schwab & Co., Inc., (or the completion of the application process with any other custodian), the client has given us, upon the opening of the account, the following authorizations:

- Trading and disbursement authorization. This authorization allows Schwab to execute trades in the account at the direction of the investment advisor, Essex, LLC. It also provides for Essex, LLC to disburse assets to the client, or to remit checks, wire funds and make other disbursements as the client specifies.
- The application authorizes Essex, LLC the discretion to place trades in the account and,
- The application allows for Schwab to disburse investment advisory and any related fees to Essex, LLC upon instruction from Essex, LLC.

Additionally, as noted in the section describing the Essex, LLC Advisory Business on page 3, the client may place restrictions on the trading authority and Essex, LLC will honor the conditions imposed.

#### **Item 17: Voting Client Securities**

Essex, LLC recognizes its fiduciary obligations with respect to voting proxies of companies with securities that are owned by clients of Essex, LLC and for which Essex, LLC has been designated to exercise proxy voting power. Clients, however, have the ability to vote their own proxy statements if they so elect, on the Schwab Application Form. Clients may receive a copy of the Proxy Voting guidelines upon request. The Essex, LLC Investment Policy Committee will vote proxies according to the following guidelines:

1. **Routine Matters:** Routine proxy proposals shall be voted in support of company proposals unless there is a clear and necessary reason not to do so. Routine matters include:
  - a. Electing directors of the board;
  - b. Determining the size of the board of directors;
  - c. Changing the corporate name;
  - d. Appointing an auditor;
  - e. Splitting the company's shares of common stock;
  - f. Amending articles of incorporation that are required to comply with federal or state regulations; and

- g. Changing the date, time, and location of the company's annual shareholder's meeting.
- 2. **Business Matters:** Business proposals that eliminate the rights of shareholders, especially minority shareholders, or the status of securities held, including ownership status, shall not be treated as routine; rather, they shall be carefully analyzed. These issues may be voted with management. However, business proposals that are non-routine or would impair the economic interests of shareholders may be voted against management. Examples of such proposals shall include, but not be limited to, the following:
  - a. Requests to alter the bylaws to require a super majority of shareholders to approve a merger;
  - b. Anti-takeover proposals that could restrict tender offers or deny majority owners from exercising judgment;
  - c. Proposals to dilute existing shares by issuing substantially more stock without adequate explanation by management; and
  - d. Proposals that would enrich management excessively or substantially increase compensation awards or employment contracts to senior management that become effective when ownership of the company changes (also known as "golden parachute" awards).
- 3. **Other Matters:** On all other matters, the Essex, LLC Investment Policy Committee shall vote in favor of proxy proposals judged to be in the best interests of the clients of Essex, LLC
- 4. **Reporting Requirements:** All proxies voted by Essex, LLC must be copied and filed for a period of three years in a manner that is readily accessible. In circumstances where the Essex, LLC Investment Policy Committee votes against the management on a specific proposal, the reasons for such vote must be explained and documented and included in the file.

The client does have the ability to vote their own proxy statements. On the original account application, if the client desires, they can indicate if they wish to vote the proxy statement or give that authority to Essex, LLC.

### **Item 18: Financial Information**

Essex, LLC is an Illinois based, privately held, Limited Liability Company. Rules and regulations mandate that if we have discretionary authority or custody of client funds or securities or require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we will have to include a balance sheet for our most recent fiscal year. Please reference the Custody of Client Assets section on page 13. Since Essex, LLC does not require prepayment of fees six months in advance, and we do not have custody of client assets, there is no balance sheet attachment to this document. At no time in the company's history has Essex, LLC been the subject of a bankruptcy petition or filing.

**THE ESSEX, L.L.C.  
PRIVACY PLEDGE**

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Essex, L.L.C. maintains that the interests of our clients always come first. As part of our firm's tradition of trust and integrity, the confidentiality of client information has been, and will continue to be, of the utmost importance.

We maintain high standards with which we safeguard your personal financial information. We will remain vigilant in protecting the information that you have entrusted to us.

We do collect personal financial information to open your account(s), to process your securities transactions and to provide services in conjunction with our Estate and Financial Planning practices.

We will not share, rent, or sell your personal financial information to any "nonaffiliated third party." Except as required by law, the information that you supply to us will remain with Essex, L.L.C.

The details of the **Essex, L.L.C. Privacy Policy** are set forth in the following document.

## **THE ESSEX, L.L.C. PRIVACY POLICY**

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### **OVERVIEW**

Congress passed and the President signed into law the Gramm Leach Bliley Act (GLBA) on November 12, 1999. Within this legislation, Title V relates to financial institutions and directly impacts Essex, L.L.C.

### **OUR RESPONSIBILITIES**

In order to be in compliance with the GLBA, Essex, L.L.C. must comply with the following requirements:

- Establish a Privacy Pledge and Policy.
- Initially disclose that privacy policy to all existing U.S. domestic individual clients and send, at least annually, a copy of that statement to our clients.
- Develop information security policies to protect individual client data.
- Make employees aware of the importance of protecting the privacy of client data.

We will not sell your personal information to anyone. We do not disclose personal information to “non- affiliated third parties.”

We do collect personal information in the normal course of business in order to administer your account with us and to use this information to better serve you. When you open an account with us and our custodian, Charles Schwab & Co., Inc., you will supply us with information that is required by law. Your name, address, and Social Security number are a few of the information data that we require. We use this information to fulfill the regulatory obligations imposed on Registered Investment Advisors.

Access to customers’ nonpublic personal information is restricted to employees who need access to that information. A client’s right to privacy extends to all forms of contact with us, including telephone, any written correspondence, or fax, and e-mails.

We may disclose information, in limited instances, where we believe that disclosure is required under regulatory or law enforcement situations.