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Essex Investment Management Shifts Ownership Stakes

Essex Investment Management has seen its Founder and CIO Joseph McNay reduce his ownership stake below 50% in a move that the firm believes sends a signal to the marketplace.

The firm has been 100% employee-owned since purchasing its ownership back from Affiliated Managers Group in 2012, with McNay holding a 51% stake and the other nine owners holding the remaining 49%.

“We really felt it was important to send the message to the marketplace with Joe going to 44% ownership and below that 50% hurdle,” said Co-CEO and Senior Portfolio Manager Nancy Prial.

“It has been a consistent message that we are a firm that wants to be around for the next dozens of years,” Co-CEO and Senior Portfolio Manager Robert Uek said.

The changes now also mean women represent 40% of the firm’s owners and hold 25% of the firm’s ownership.

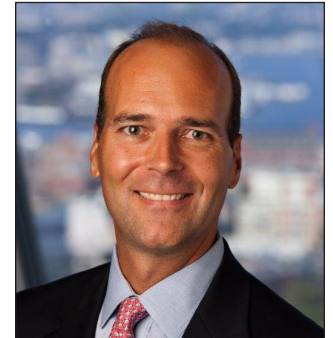
“I think going to the 25% threshold on women ownership is being seen very positively in the marketplace,” Prial said. “We are very hopeful that having gone this step and the positive feedback that we have gotten will translate positively into our business as well.”

The ownership changes do not impact how the firm is run, as it already utilized a management committee that is comprised of all 10 owners as well as an executive committee that includes McNay, Prial, Uek and COO/CCO Michael McCarthy.

“We are really excited that we were able to get this done and it is both the internal as well as the external message,” Prial said. “As we build Essex, it is important that the employees are all pulling in the same direction.”



Nancy Prial



Robert Uek

The firm, which was founded by McNay in 1976, currently manages approximately \$700 million and the ownership shift comes as the firm is gaining traction across its strategies, including its domestic micro-cap strategy and its Global Environmental Opportunities Strategies.

“We think the market is starting to understand that micro-cap is an interesting sub-asset class distinct from small-cap,” Prial said, noting that the firm has had a number of inquiries from investors.

The firm is also beginning to have “a lot more fruitful conversations with a number of institutions,” Uek said.

“There is a lot of discussion right now and as investment committees and consultants get more comfortable with different products available, we are feeling good about the direction that the market is moving and think we will have some success moving forward,” he said.

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