VOSS CAPITAL

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Dear Partners,

In Q3 2019, the Voss Value Fund, LP returned -6.46% to investors net of fees and expenses, compared to a -2.40% total return for the Russell 2000 and a 1.70% total return for the S&P 500. As of the date of this letter, the Fund's total gross exposure stands at 144% and the beta-adjusted net long exposure is 77%. Our top 10 longs have a 74% weighting and our top 10 shorts have a gross weight of 12%.

Voss Value Fund, LP

ESTIMATED NET MONTHLY PERFORMANCE | 2019				
PERIOD	VVF (Net)	VVF (Gross)	Russell 2000 TR	S&P 500 TR
JANUARY	7.44%	9.39%	11.25%	8.01%
FEBRUARY	2.97%	3.72%	5.20%	3.21%
MARCH	1.54%	1.95%	-2.09%	1.94%
1st QUARTER	**12.33%**	**15.68%**	**14.58%**	**13.65%**
APRIL	3.96%	4.91%	3.40%	4.05%
MAY	1.64%	2.06%	-7.78%	-6.35%
JUNE	0.99%	1.26%	7.07%	7.05%
2nd QUARTER	**6.71%**	**8.42%**	**2.10%**	**4.30%**
JULY	-2.84%	-3.33%	0.58%	1.44%
AUGUST	-4.84%	-5.77%	-4.94%	-1.58%
SEPTEMBER	1.17%	1.52%	2.08%	1.87%
3rd QUARTER	**-6.46%**	**-7.52%**	**-2.40%**	**1.70%**
OCTOBER				
NOVEMBER				
DECEMBER				
4th QUARTER	**0.00%**	**0.00%**	**0.00%**	**0.00%**
YEAR TO DATE	**12.12%**	**16.00%**	**14.18%**	**20.55%**

The table below shows the Voss Value Fund's Net Returns compared to some of the relevant indices:

Net Return Comparison as of September 30th, 2019							
					Compound Annual Growth Rate		
	1 Month	3 Month	YTD	1-Year	3-Year	5-Year	ITD
Voss Value Fund, LP	**1.2%**	**-6.5%**	**12.1%**	**2.5%**	**13.4%**	**15.6%**	**16.9%**
S&P 500	1.9%	1.7%	20.6%	4.3%	13.4%	10.8%	15.4%
Russell 2000	2.1%	-2.4%	14.2%	-8.9%	8.2%	8.2%	13.1%
Russell 2000 Growth	-0.8%	-4.2%	15.3%	-9.6%	9.8%	9.1%	13.9%
Russell 2000 Value	5.1%	-0.6%	12.8%	-8.2%	6.5%	7.2%	12.2%
HFRX Equity Hedge Index	0.9%	1.8%	7.9%	-1.4%	2.7%	1.0%	2.7%

All performance figures are unaudited, estimated, and may be subject to subsequent adjustment. A limited partner's actual returns may vary from published fund returns based on the timing of capital and fee arrangements. This statement represents information based on the policies of the fund's managers and general partner. Please contact Kelli Walter, Chief Operating Officer of Voss Capital, LLC, with any inquiries.

Through the end of Q3 the Russell 2000 was up 14.2% YTD, but bear in mind it is still down 8.9% over the last year.

One side of the barbell of froth had begun to deflate in September but has quickly re-inflated the last few weeks. The euphoria surrounding high revenue growth/high cash burn stocks began to wane recently, coinciding with the failed IPO of WeWork. More specifically, the froth we had been highlighting in the enterprise software space started to diminish with the momentum factor crash in early September. The most expensive stocks we follow corrected ~40%, yet the majority of them have now re-inflated to being less than 10% off their 52 week highs. Not all richly valued firms saw a sentiment reset however. The "safe haven" side of the barbell of froth has not really dipped and is as expensive as ever. This is where the real bubble is, even when some firms whiff on estimates and lower guidance, their stocks are higher than before the announcement. As usual, the lack of consistency in reactions to various factor exposures or fundamental factors simultaneously offers up frustration and potential opportunity going forward. We are disappointed to not have made more money from the momentum stock crash of early September, but also did not lose money by shorting in size too early. Through this cycle many pundits continue to confuse baseless hype and a willingness to burn cash in old business models with disruption, vision, and innovation. We look to continue exploiting this confusion where we believe we have a differentiated view and can safely make asymmetric bets.

Judging from the S&P 500 forward P/E multiple at 16.8x at the end of Q3, overall market valuation is smack dab in-line with its 25-year average of 16.2x. The Russell 2000 Value index at 15.2x trailing/15.1x forward earnings estimates is also exactly in-line with its long-term average.[14] Of course, these averages mask an immense dichotomy of record-wide dispersion between the cheapest and the most expensive quintiles of stocks--and therein lies the tremendous potential opportunity for stock pickers. Most signs point to this being a normal late stage bull market environment. Investment grade corporate bond yields are at all-time lows and high yield bond spreads remain benign.[1] There are simply no discernable signs of fear in the non-US Treasury bond markets. The Fed's National Financial Conditions Index is also indicating near historically low levels of financial stress.

There has however been an industrial production slowdown, perhaps abetted by an inventory cycle as firms over built or over stocked ahead of trade tariff implementations earlier in the year. This has resulted in the second half of 2019 showing a draw down on excess inventories in a variety of industries. In total, there have been three manufacturing contractions since 2009, but each time was a good time to buy rather than sell. We try to keep in mind that manufacturing comprises only ~11%[16] of the US economic base. Services are also slowing but remain in positive growth territory, by a large enough magnitude to more than buffer the manufacturing slowdown and keep overall growth chugging along. Thanks to low rates, the household debt service ratio has continued to decline and is at the lowest since at least the 1970s. Mortgage and credit card delinquencies are near all-time lows. We are not saying all is hunky-dory in the world – far from it. We are simply stating that those who have been positioned for a 2008 redux have been too bearish and overly cautious and this is what is causing the market to grind higher as it scales the wall of worry. While the current economic and market environment have certainly acted like (at the very least, in terms of commentary and consensus) this is late cycle (for years on end), there have been three industrial recessions since 2009 and three bear markets in small caps (defined as drawdowns >20%).[15] Thus, we have already experienced three substantial "market resets." Not to mention, as widely reported on over the years, the economic recovery since 2009 has been the slowest on record, which is another factor that is prolonging this cycle. Per a recent Barron's "Big Money" sentiment poll[8], bullish sentiment is at a 20+ year low and bearish sentiment is equally as extreme. In terms of aggregate exposures and fund flows, investors have been obsessed with recession and way too cautious (crowding into safe havens at bubble like valuations) and conservative, so for now, it's been up, up, up.

Two New Core Longs: HIIQ and EHTH

We are long both Health Insurance Innovations, Inc. (HIIQ) and eHealth, Inc. (EHTH). Both firms are leading health insurance distributors that utilize in-house sales agents as well as third party agents from business process outsourcing (BPO) call centers. Both EHTH and HIIQ are carrier agnostic health insurance distributors, using an online portal for captive and independent agents to enroll customers in various health insurance products that the company receives a commission on. Neither company takes a penny of insurance underwriting risks. Both stocks are misunderstood and have high short interest, with EHTH at 22.8% and HIIQ clocking in at 76.0%, just edging out Dillard's as what appears to be the most highly shorted stock in the world, per Bloomberg. We believe the short theses

on both companies are wrong. In the case of HIIQ, we believe the shorts have been repeatedly and systematically disproven, yet they cling to deep-seated delusions and rehash trivial topics—continually missing the forest for the trees.

A few years ago, EHTH's new management team made a savvy transition to become a Medicare pure play, with the 65-year-old+ market now accounting for 90% of their business. This has been a "hot" area of the insurance distribution market given the steady growth of the 65+ population, with ~11% growth in Medicare Advantage plans this year. EHTH has been growing organically over 5x faster than the overall market. With direct connections to 175 insurers, EHTH can objectively help put the insurance shoppers into the best product for them based on their needs and objectives. EHTH still has less than 1% market share in the Medicare Advantage market, leaving a long runway for market share gains in a secularly growing industry. There are ~60 million seniors enrolled in Medicare today with >37 million having either Medicare Advantage (MA) or a Medicare Supplement (MS) plan. Seniors get MA or MS because if they have a catastrophic medical event and are only on the original government plan they are likely on the hook for >20% of the medical bill.

We believe, due to the extreme regulation and compliance requirements surrounding the health insurance distribution industry, that there are significant barriers to entry. Further deepening the moat, HIIQ and EHTH both have tens of millions of dollars of sunk costs for development of their technology and online platforms that, in addition to their long-established relationships with carriers and call centers, make them hard to replicate quickly by potential new industry entrants. One other important point to make is that no insurance carrier is permitted to display a comparison between their plans and others, while a broker can. This is one part of the value of a broker.

Contrary to the presumptions of many investors that these companies do not serve a purpose or offer value, in an impromptu statement, the CEO of Humana stated at the May 2019 EHTH investor day that:

> "I run the math…the fixed cost model that I would have to live with if I had all of my distribution internally would be unmanageable. So, I love a combination of what I'll call employed and partners. Our lead sales guy is in the back and he doesn't think of internal versus external, he thinks of them as an employed model and a partner model…I think if you look at my competitors I actually [have] the largest employed salesforce in the US focused on Medicare products and I'm telling you unequivocally the math doesn't support me ever having a salesforce that I try to put 100% of my volume though. It just doesn't make sense… I like strong partnerships…There is always going to be a huge need for the kind of organization that you guys are and what we do together."[7]

There are attractive unit economics for each new Medicare Advantage customer. The typical EHTH customer is on the same plan for just over 3 years, with the average plan duration across Medicare at 5 years, leaving EHTH a lot of room to reduce churn and increase the lifetime value of each new customer acquired. Each new customer currently has a lifetime value of ~$1,000. The company spends close to $300 in marketing cost to acquire a new member, and another ~$300 in Customer Care and Enrollment (CC&E) costs per new member, leaving EHTH with ~$400 net, or 40% contribution margins. A significant and increasing proportion of EHTH's customers are also using unassisted online enrollment. Online customers have half of the CC&E cost for EHTH, so their contribution profit is 15% higher than new members enrolled via telephone. EHTH's target for 2019 online enrollment penetration is 23%. An important part of the investment thesis is that we believe this percentage will grow rapidly over the next few years as the seniors coming into the Medicare eligible pool are more internet savvy and the brokers themselves build out their capabilities for pure online enrollment. This mix shift will greatly enhance EHTH's overall profitability. The management team is shifting the company from a sleepy call center operator to a mobile centric, robust health insurance e-commerce platform. They've also reached a critical tipping point (due to enough scale) that is allowing them to poach key talent away from Google and Amazon and are implementing various data science initiatives to improve the customer's experience as well as their agent's sales productivity.

Under ASC-606, the company is required to recognize the full value of the estimated commission over the lifetime of the customer. They take a "constrained LTV", whereby they take a haircut on the estimated LTV so they don't overestimate revenue. For MA customers, for example, they take $930 on a $1,000 LTV, thus they take a 7% haircut. Shorts have speculated that EHTH will have elevated customer churn due to a new "Open Enrollment Period" that kicked off in 2019 that allows individuals to switch between MA plans or drop them and because of the churn from this, EHTH will subsequently have to take a write-down. In the most recent quarter, however, this new OEP does not seem to be affecting EHTH and their LTVs increased 1% y/y, debunking that leg of the short thesis so far.

In conjunction with the momentum stock sell-off recently, EHTH's sell off was also driven by fear over Elizabeth Warren rising in the polls and pushing an agenda of Medicare for All, potentially eliminating the need for any private health insurers altogether. There was also panic over a press release from CMS[10] about declining premiums this year for MA, but this headline was misleading and is solely due to an even greater mix shift towards $0 premium policies. EHTH and HIIQ's commissions are the same fixed fee for $0 premium policies as it is for other policies.[11] An overlooked nugget buried near the end of the CMS press release is that total Medicare Advantage enrollment growth is expected to be a brisk +11.5% in 2019 over 2018.

EHTH ended 2018's annual enrollment period with 600 sales agents last year, comprised of 300 internal and 300 external tele-sales agents. This year, they enter the AEP with over 600 internal and 900 supplemental external agents. Because of this magnitude of sales agent increase, the increased online enrollments as a percentage of total, the likelihood of improved sales productivity from more experienced returning agents, and many other data points we have been steadily collecting over the last few weeks, we believe they are poised to blow out revenue estimates in the all-important Q4 period. We believe it is ultimately '*surprises relative to consensus*' that moves stocks, and we think EHTH's Q4 year-over-year revenue growth could conceivably approach 100% compared to consensus estimates for 43% growth. At our initial purchase price in the low $50s, we believe we paid under 12x 2020 EBITDA. The stock ripped higher from that initial purchase, so we didn't get a full position on at that level, although we did average up a bit and sell deep in-the-money puts for an equivalent purchase price of under $50. Longer term, we believe EHTH has secular tailwinds and management is making all the right forward-thinking moves to position the company to be the continued category leader. With the potential to do a mid-30%+ revenue CAGR over the next four years and EBITDA margins that could exceed 35% by 2023, the stock would be up roughly 180% if it is valued at 15x EBITDA or 5x EV/Sales.

A longer-term potential cherry on top would be the potential for some of the largest insurance carriers to get out of the marketing and customer acquisition game entirely, as they would prefer to outsource it to keep their costs and overhead variable. This could potentially occur if/when they get entirely comfortable with the tech enabled lead generation and distribution players such as HIIQ and EHTH to drive enough business, and this would be a boon for the entire industry.

In contrast to EHTH, HIIQ has historically been focused on the short term medical (STM) and individual & family plans (IFP) segment of the market. According to the Urban Institute, 4.3 million Americans will buy a term medical plan. The "gig economy" is further boosting the demand and need for short term medical plans for individuals that are not on an employer plan or are buying outside of the ACA compliant plans. In July of this year, a federal district court judge upheld a final ruling that ended an Obama era rule with the intent of expanding access to short term medical insurance, allowing plans to be sold for up to 12 months with the option to renew or extend coverage for up to 36 months.[9] There are numerous societal benefits to expanding access to short-term limited-duration insurance plans (STLDI) and this repeal of Obama era rules is helping HIIQ's core business.

Looking back, the HIIQ short reports have had a long list of wide-ranging, sensationalized allegations; everything from the product is a "complete scam" sold in "boiler rooms" by a "violent gang of criminals"[5] "preying on people in between jobs", to the prediction the company will be shut down by regulators and sued into oblivion. The early reports had some accurate suspicions and raised issues over the weak compliance cultures at a few third-party call center operators that HIIQ was partnered with. However, as the years have ticked by and the constantly morphing short theses have been systematically disproven point-by-point, the reports have become case studies in confirmation bias and delusion.

Shorts think HIIQ is a "shell company" that "depend[s] on robocall scams" to sell an insurance product that is a rip-off.[3] The calls that HIIQ's captive sales agents and third parties field from insurance shoppers are scripted, so it is actually not much of a "high pressure sale" at all, but rather it is more suggestive as in "do you have all of the information you need to make a decision?" The company completely disavows any robocalling.

Shorts originally attacked HIIQ for compliance and regulatory issues, mostly tied to one unscrupulous independent third party called Simple Health that went rogue and went as far as faking physical evidence to pretend they were complying with all regulations required. Shorts thought that commissions from plans sold by Simple Health comprised >50% of HIIQ's revenue and that HIIQ would be on the hook for "over $100 million of fraud penalties"[4] to refund plan premiums on plans tied to Simple Health. The company did get

investigated and in December 2018, after a ~2-year investigation by 43 state insurance regulators, **HIIQ was cleared and not found guilty of any wrongdoing and paid no fines or penalties.**

As part of their regulatory settlement agreement (RSA), HIIQ had to agree to improve its sales call monitoring through recording and retention of all internal and external calls, prepare and implement a "disclosure plan" for customers, and periodically submit reports to regulators. It was right around the time of this resolution (no wrongdoing found) of the investigation of HIIQ that shorts should likely have moved on. From that time, however, short interest has increased from 5 million shares to >8 million, with days to cover going from 3 to >24 as volume and share count has decreased.

Months later, after an FTC investigation of Simple Health, (not HIIQ--a point that is repeatedly conflated in short reports) HIIQ only had to refund $200,000 for policies associated with Simple Health. This is a far cry from the short report theses that implied the company would have to pay over $100 million and up to $240 million.[4] While Simple Health was misleading customers about the types of benefits they would get under certain policies (comprehensive coverage versus limited), over 75% of these customers of the purported fraudulently sold policies opted to continue with the insurance plan and coverage after the situation was explained to them and they had the opportunity to discontinue coverage.

Voss has occasionally been burned on some shorts as we clung to our historical analysis and overlooked a changing of the guard, whereby a new management team comes in and fundamentally improves the operations and changes the old culture. Shorts ignored the many positive changes that new CEO Gavin Southwell was making at HIIQ after his arrival in mid-2016, including enhancing compliance. From the time of the first few short write-ups, HIIQ has doubled its revenue, adapted, evolved, and made several moves to broaden their product offering away from short term medical, both from organic investment as well as acquisitions. They have also acquired "captive distribution" capabilities, meaning they will no longer be mostly reliant on third party call center agents. HIIQ's captive agent mix versus Business Process Outsourcing (BPO) arrangements is now ~25%/75%. EHTH gets much more credit for having more captive distribution, but the reality is their mix now is not much higher than HIIQ's at ~40% internal/60% external.

In the past year, HIIQ has also made a few acquisitions to position themselves to take advantage of the secular tailwinds in the Medicare market. In fact, the 65-year-old+ market will comprise up to 35% of HIIQ's Q4 2019 revenue and up to 50% in 2020. The Medicare distributors tend to garner higher multiples in the recent transaction comps. Most recently, HIIQ acquired TogetherHealth for $65 million. Together Health is primarily a lead generation company, selling leads to other call center operators such as Go Health, which was just acquired by Centerbridge Partners (a top-tier private equity firm) for ~4x revenue. The crux of a short report posted on SeekingAlpha.com just this week (11/15/19) that seems to have been a negative catalyst for the stock simply pointed out that Together Health "looks more like a lead generation business than a pure broker."[12] Bravo! They successfully identified the business model. In the Medicare space, customer leads are the lifeblood of the industry as brokers and carriers are prohibited from actively cold calling to sell a plan. It cost TogetherHealth $20 on average to generate a lead, and they can sell this for $40-50 to a third-party broker.[13] This sounds like a pretty solid business. Now that HIIQ owns TogetherHealth, they can also use those leads for their own captive sales agents, cutting their own customer acquisition cost by over 50%. According to a more knowledgeable source, the EHTH CEO, who is an ongoing customer of TogetherHealth, stated earlier this week that Together Health is "crushing it" this quarter.[6]

We believe the level of hysteria and misunderstanding surrounding a company (brought about by half-baked short reports) relative to how we perceive reality has rarely been as wide in our entire careers as it is with HIIQ at present. At the end of July, the company announced they had hired Bank of America to explore strategic alternatives and that there would be a resolution or announcement about the conclusion of this process by the end of 2019. We think the company can potentially finalize a sale by year end at a substantial premium to the current market price. There have been several directly relevant transaction comps just within the last 3-12 months that have consistently been valued in the 4-5x EV/Sales range. This compares to HIIQ's EV/NTM Sales multiple of just 0.85x. If HIIQ were valued on EBITDA instead of revenue (which makes it look silly cheap compared to the transaction comps) and were to receive just 7x EBITDA in a sale, the stock has ~80% upside. In a scenario where they fail to find a buyer, we are comfortable owning a growing company with long term secular tailwinds at 4x earnings, with increasing cash flow coming as their Medicare business matures over the next few years. An additional appeal of a long position is that soon after initiating it we were able to lend our shares out at rates exceeding 70% annualized. Our lending rates have since ranged from 70%+ initially to a low of 23% more recently. We upsized the position after they

announced they were exploring strategic alternatives at the end of July and as the stock declined from $23 to $16 in the face of relatively good news flow. Furthermore, with implied volatility on HIIQ's options that has consistently exceeded 90-100% over our holding period, we hedged and sold covered calls on approximately half of our position. Our thinking was that if the stock just stayed flat, between the share lending, covered calls, and shorting some puts in moderation, we would generate returns approaching 60-100% annualized. With the massive decline in the stock just in the last few days, we have closed almost all of the covered calls so that we don't limit our upside should the company receive a large buyout premium in the near term. There is much more to discuss about EHTH and HIIQ, so please reach out if you would like to discuss further. As always, we leave room in our minds for new information to change our opinions at any time.

Conclusion

In Aesop's fable, *The Boasting Traveler*[2], a certain man who visited foreign lands could talk of little when he returned to his home except the wonderful adventures he had and the great deeds he had done abroad. One of the feats he spoke of was a leap he had made in a city called Rhodes. That leap was so great, he said, that no other man could leap anywhere near the distance. A great many persons in Rhodes had seen him do it and would prove that what he told them is true. "No need of witnesses," said one of the bystanders, "suppose this is Rhodes. Now show us how far you can jump." We can talk about portfolio strategy and spew investment platitudes and describe our investments until the cows come home. All of it is hollow discourse unless we put up good returns. We must spread the "Vosspel" through our deeds and alpha generation--not just boasting words and lengthy investment memos. Our portfolio is comprised of many longs that are growing nicely and trade at single digit P/Es or low multiples of recurring revenue, and we have many shorts that are highly levered, not growing and trading between 30-40x, or have no earnings and are trading at high revenue multiples. We believe our pipeline of returns is tremendous, but we will have to continue putting up numbers to show you and not just talk about it.

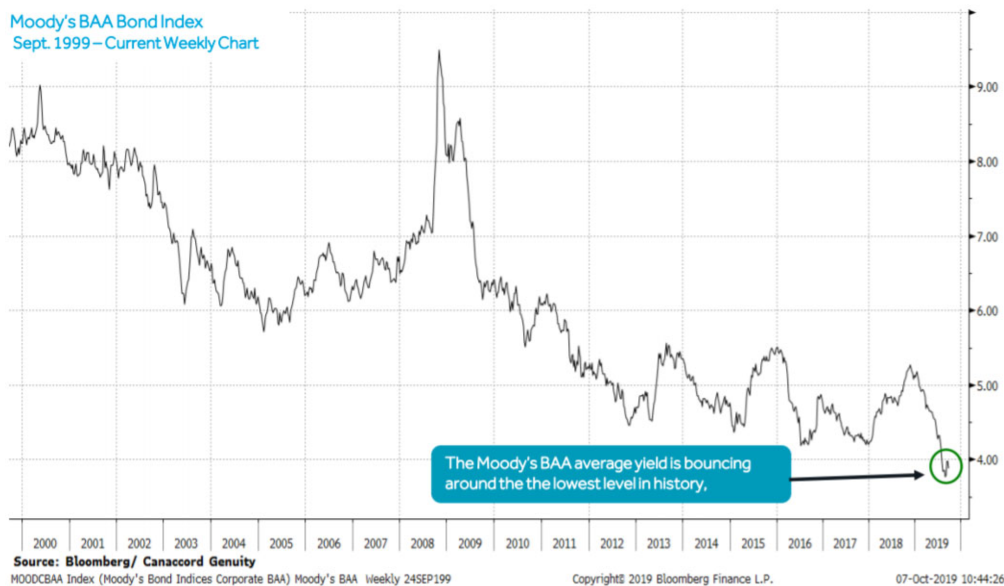
Sincerely,

Voss Team

Sources:

1:

Investment-grade corporate bond yields still trending lower. Historically the yield on BAA paper begins trending significantly higher before and during a recession.



2: https://fablesofaesop.com/the-boasting-traveler.html

3: Quote from tweet by @hal_jam on April 30th, 2019.

4: http://www.aureliusvalue.com/research/hiiq-boiler-rooms-worthless-policies-and-defrauded-families/

https://moxreports.com/hiiq/ "Short HIIQ. Fraud Penalties to exceed $100 million and undisclosed "domino effect." HIIQ paid the states collectively $3.4M to reimburse their investigation expense, but this was not a "fraud penalty."

5: http://www.aureliusvalue.com/research/hiiq-boiler-rooms-worthless-policies-and-defrauded-families/

6: Quote from EHTH CEO in a private meeting Travis attended at EHTH's headquarters in Santa Clara, CA on November 14th, 2019.

7: Humana CEO closing comments at EHTH 2019 Analyst & Investor Day, May 7th, 2019.

8: Big Money Poll: Bears Rise to a Two-Decade-Plus High
https://www.barrons.com/articles/barrons-big-money-poll-why-wall-street-is-scared-of-washington-51572045878

9: https://www.healthaffairs.org/do/10.1377/hblog20190720.616648/full/

10: https://www.cms.gov/newsroom/press-releases/medicare-advantage-premiums-continue-decline-while-plan-choices-and-benefits-increase-2019

11: https://www.cms.gov/Medicare/Health-Plans/ManagedCareMarketing/AgentBroker

12: https://seekingalpha.com/article/4306980-health-insurance-innovations-brokers-cash-flow "Diligence suggests that the new business they have bought "Together Health" looks more like a lead generation business than a pure broker"

13: Cannacord Genuity report, October 1st, 2019: Taking Advantage of Medicare

14: Jefferies report from November 3rd, 2019: Valuation Handbook

15: Russell 2000 Bear Markets since March 2009 market bottom: 1) April – September 2011, -29.6% peak to trough drawdown based on Russell closing price. 2) Late June 2015 – early February 2016, -26.4% 3) August 29th 2018 – 12/24/2018, -27.2%. Also note there was another near technical bear market, with -19.3% correction in small caps to start 2010.

16: https://www.stlouisfed.org/on-the-economy/2017/april/us-manufacturing-really-declining

Links of interest for HIIQ:

https://www.urban.org/sites/default/files/publication/96781/2001727_updated_finalized.pdf

https://www.cato.org/blog/short-term-plans-reducing-uninsured-protecting-conscience-rights-improving-obamacares-risk

Common Terms:

CAGR – Compound Annual Growth Rate	*GDP – Gross Domestic Product*
DCF – Discounted Cash Flow	*IRR – Internal Rate of Return*
EBITDA – Earnings Before Interest, Taxes, Depreciation & Amortization	*LTM – Last Twelve Months*
EPS – Earnings per Share	*NTM – Next Twelve Months*
EV – Enterprise Value	*P/E – Price to Earnings*
FCF – Free Cash Flow	*YTD – Year to Date*

Disclosures and Notices:

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The S&P 500 Total Return Index is a market cap weighted index of 500 widely held stocks often used as a proxy for the overall U.S. equity market.

The Russell 2000 index is an index measuring the performance of approximately 2,000 small-cap companies in the Russell 3000 Index. The Russell 2000 serves as a benchmark for small-cap stocks in the United States.

The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price/book ratios and higher predicted and historical growth rates.

The Russell 2000 Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower expected and historical growth values.

Hedge Fund Research, Inc. (HFR) utilizes a UCITSIII compliant methodology to construct the HFRX Hedge Fund Indices. Equity Hedge managers would typically maintain at least 50%, and may in some cases be substantially entirely invested in equities, both long and short. The methodology is based on defined and predetermined rules and objective criteria to select and rebalance components to maximize representation of the Hedge Fund Universe."

Past performance does not guarantee future results.