

**ITEM 1. COVER PAGE**

**Investment Advisor Brochure**

Form ADV Part 2A  
Disclosure Statement

**NAVELLIER & ASSOCIATES, INC.**

One E. Liberty, Suite 504  
Reno, Nevada 89501  
775-785-2300  
[www.navellier.com](http://www.navellier.com)

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Navellier & Associates, Inc. is a registered investment advisor. This registration does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Navellier & Associates, Inc. ("Navellier"). If you have any questions about the contents of this brochure, please contact us at 775-785-2300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Navellier is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## ITEM 2. MATERIAL CHANGES

We discuss in this item only material changes since the annual update of our brochure dated March 28, 2013 and incorporate all material changes made on subsequent amendments during 2014.

Since the last annual filing, the following items of note have occurred:

- Navellier added the following strategies to the investments products we offer clients. (Please refer to Item 4, Advisory Services, for a complete list of products we offer clients and Item 8, Methods of Analysis, Investment Strategies, and Risk of Loss, for summaries of each of our investment strategies.)
  - Navellier Dynamic Sentrum 10
  - Navellier Dynamic Sentrum 20
  - Navellier Dynamic Sentrum 30
  - Navellier Dynamic Libertas 10
  - Navellier Dynamic Libertas 20
  - Navellier Dynamic Libertas 30
  - Navellier High Dividend Income
- The Large Cap Growth Portfolio can hold up to 10% in stocks with market caps between \$1 and \$10 billion. The portfolio previously invested in companies with market caps greater than \$5 billion.
- Navellier became the sub-advisor to the following mutual funds:
  - RiskX Funds, Rx Fundamental Growth Fund
  - American Financial International Alpha Strategy Fund.
- On September 23, 2013, Navellier transferred its rights and obligations in accounts invested in the Vireo Dynamic (AlphaSector) suite of strategies to F-Squared Investments, Inc.
- Louis G. Navellier assumed 100% ownership of Navellier.
- James O’Leary has served as the portfolio manager for Navellier’s international strategies since their respective inceptions. Mr. O’Leary recently formed a new investment advisory firm specializing in international strategies: Henry James International Management. Mr. O’Leary is an independent contractor to Navellier, and he continues to provide Navellier investment recommendations integral to the process of managing the international investment strategies.
- Michael Borgen is an independent contractor to Navellier, and he continues to manage the firm’s Mid Cap Growth, Small Cap Growth, Large Cap Tactical, and Covered Call strategies under an exclusive agreement.

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#### **ITEM 4. ADVISORY BUSINESS**

This brochure explains Navellier's advisory business and provides important information about our operations. We encourage you to read this brochure completely and carefully. You may contact us at the number provided on the cover page if you have any questions or to request another copy of this brochure, free of charge.

Navellier registered with the SEC in 1987 as a registered investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). We provide investment advisory services and manage investment advisory accounts for taxable and tax-exempt clients, including individuals, trusts, estates, charitable organizations and endowments, professional and religious organizations, corporations, pension plans, Taft-Hartley plans, and open-end investment companies. We are headquartered in Reno, Nevada.

Navellier is independent and 100% owned by Louis G. Navellier.

#### **Individual Portfolio Management**

Navellier specializes in the quantitative construction of equity portfolios covering a broad range of investment styles (growth, value, international, global, and combinations of these) and market capitalization (micro, small, mid, large, and combinations of these). We use a multi-step screening process that incorporates fundamental and quantitative analysis to construct our portfolios.

We primarily manage accounts on a discretionary basis and have full authority in determining which securities are purchased and sold. On a case-by-case basis, we may tailor our advisory services to the individual needs of clients. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry groups. All portfolios are reviewed on a monthly or quarterly basis, and if necessary, the portfolio will be rebalanced. We also offer accounts on a non-discretionary basis.

Navellier participates in certain Wrap Fee or Managed Account Programs in which clients pay an "all-in" fee that includes brokerage fees and charges and our management fee. Navellier may not have discretionary authority to select the brokerage firm or the commission rates to be paid for Wrap Fee or Managed Account Program accounts we manage. In addition, some clients direct Navellier to use a particular broker (i.e., a custodian broker, a Wrap Fee or Managed Account Program broker, a referring broker, or simply the client's personal choice). In all these cases, the client may pay a higher commission or receive smaller discounts than if Navellier had discretion to choose a broker or may receive a worse price for the security than other clients for the same security. (Please refer to Item 12, Brokerage Practices, for more information regarding brokerage selection.)

Navellier offers the following equity strategies:

- Navellier Large Cap Growth
- Navellier Small-to-Mid Cap Growth
- Navellier Mid Cap Growth
- Navellier Small Cap Growth
- Navellier All Cap Core
- Navellier Fundamental 'A'
- Navellier Power Dividend
- Navellier Concentrated High Dividend
- Navellier Large Cap Tactical
- Navellier Vantage
- Navellier International Growth
- Navellier International Growth SRI
- Navellier International Select
- Navellier Emerging Markets
- Navellier Global Growth
- Navellier Global Small Cap
- Navellier Defensive Alpha Portfolio
- Navellier Global Macro Allocation (GMAP)

- Navellier Tactical RevenueShares Strategic Allocation
- Navellier Dynamic Sentrum 10
- Navellier Dynamic Sentrum 20
- Navellier Dynamic Sentrum 30
- Navellier Dynamic Libertas 10
- Navellier Dynamic Libertas 20
- Navellier Dynamic Libertas 30
- Navellier High Dividend Income
- Navellier Tactical U.S. Equity Sector Plus
- Navellier Tactical U.S. Equity Sector Plus featuring AlphaDEX®
- Navellier Tactical Global Allocation Plus
- Navellier Tactical Global Allocation Plus featuring AlphaDEX®
- Navellier Covered Call Income
- Navellier Covered Call Growth
- Navellier Concentrated Covered Call Income
- Navellier Concentrated Covered Call Growth

From time to time, Navellier may construct a customized portfolio upon request and at our discretion. (Please review Item 8, Methods of Analysis, Investment Strategies, and Risk of Loss, for more detailed information regarding the strategies listed above.)

Money market reserves or cash equivalents will typically range between 0% and 20% for managed accounts and between 0% and 20% for mutual funds for which we act as a sub-adviser. Our Covered Call, Large Cap Tactical, Power Dividend, Defensive Alpha, Navellier Tactical, and Navellier Dynamic strategies may take higher money market reserves or cash equivalents positions. (Please see Item 8, Methods of Analysis, Investment Strategies, and Risk of Loss, for more information.)

Navellier is the sub-advisor to the Touchstone Large Cap Growth Fund, the RiskX Funds, Rx Fundamental Growth Fund, and the American Financial International Alpha Strategy Fund.

### **Model Portfolio Management**

Navellier participates in a limited number of arrangements where it receives investment recommendations pursuant to a model manager agreement and will exercise investment discretion.

***Defensive Alpha Portfolio:*** Navellier receives investment recommendations to manage our Navellier Defensive Alpha Portfolio. The strategy is based on investment recommendations we receive from The Langsen Group. Navellier pays a licensing fee to The Langsen Group to provide the investment recommendations. (Please review Item 8, Methods of Analysis, Investment Strategies, and Risk of Loss, or the firm's website, [www.navellier.com](http://www.navellier.com), for more detailed information regarding the strategy.)

***Navellier International Strategies:*** Navellier receives investment recommendations to manage our Navellier International strategies. The strategies are based on investment recommendations we receive from Henry James International Management. Henry James International Management, Inc. is the entity owned by James O'Leary. Mr. O'Leary has been the portfolio manager of the Navellier international strategies since their inception. Navellier pays a fee to Henry James International Management to provide the investment recommendations. (Please review Item 8, Methods of Analysis, Investment Strategies, and Risk of Loss, or the firm's website, [www.navellier.com](http://www.navellier.com), for more detailed information regarding the strategies.) Navellier International products include the following strategies:

- Navellier International Growth
- Navellier International Growth SRI
- Navellier International Select
- Navellier Emerging Markets
- Navellier Global Growth
- Navellier Global Small Cap
- Navellier Tactical RevenueShares Strategic Allocation

**Navellier Tactical Strategies:** Navellier receives investment recommendations to manage our Navellier Tactical strategies. The strategies are based on investment recommendations we receive from Helix Technology Ltd. Navellier pays a licensing fee to Helix Technology Ltd. to provide the investment recommendations. (Please review Item 8, Methods of Analysis, Investment Strategies, and Risk of Loss, or the firm's website, [www.navellier.com](http://www.navellier.com), for more detailed information regarding the strategies.) Navellier Tactical products include the following strategies:

- Navellier Tactical U.S. Equity Sector Plus
- Navellier Tactical U.S. Equity Sector Plus featuring AlphaDEX®
- Navellier Tactical Global Allocation Plus
- Navellier Tactical Global Allocation Plus featuring AlphaDEX®

**Navellier Dynamic Strategies:** Navellier incorporates recommendations from Helix Technology Ltd. as part of the investment process for the following strategies (please review Item 8, Methods of Analysis, Investment Strategies, and Risk of Loss, or the firm's website, [www.navellier.com](http://www.navellier.com), for more detailed information regarding the strategies):

- Navellier Dynamic Libertas 10
- Navellier Dynamic Libertas 20
- Navellier Dynamic Libertas 30

**Overlay Managers:** Navellier also provides investment advice and recommendations through model portfolios for certain of our investment strategies, and we provide periodic updates to the model portfolios. We typically provide these services to other investment advisory firms ("Overlay Managers"). We generally do not have investment discretion over the accounts managed by the Overlay Managers that use our model portfolios. We generally do not have trading responsibilities. We do not have an advisory relationship with the Overlay Managers' clients.

### **Private Client Group**

Navellier reviews the financial situation and goals of interested individual investors and offers a customized, diversified investment portfolio using various Navellier strategies. (Please review Item 8, Methods of Analysis, Investment Strategies, and Risk of Loss, for more detailed information regarding Navellier's investment strategies.) Although each client's portfolio is unique, most clients can be grouped into four broad categories according to their goals and risk tolerances: Conservative Income, Conservative Blend, Moderate Blend, and Aggressive. We have created sample portfolio mixes for each of these categories and may use them as a starting point for a client's customized portfolio. We will not take physical custody of client's assets, so clients must have an account with a brokerage firm or qualified custodian. There is no charge or obligation to clients for us to review and offer investment options.

### **Other Advisory Services**

In addition to providing the above investment advisory services, Navellier is a consultant for Advisors Asset Management, Inc. ("AAM"). AAM sponsors, underwrites, and distributes a wide array of unit investment trusts ("UITs"), including Navellier/Dial High Income Opportunities. Navellier selects debt or equity securities according to selection criteria set by AAM for inclusion in the UIT series. In the case of the Navellier/Dial High Income Opportunities series, Navellier has a contract arrangement with Dial Capital Management, LLC for assistance selecting securities. Navellier's assets under management do not include UIT assets since they are not actively managed.

Navellier also occasionally manages custom accounts by request.

### **Assets Under Management**

As of December 31, 2013, Navellier actively manages \$2.32 billion in client assets on a discretionary basis and manages \$52 million in client assets on a non-discretionary basis.

## ITEM 5. FEES AND COMPENSATION

Fees are negotiable. It is the client's responsibility to determine if fees charged by Navellier are suitable. Our fees may be higher than other investment advisors offering similar services. Management fees are sometimes subject to negotiation and renegotiation. Fees cover Navellier's investment advisory, reporting, and account-related services. In some cases, we may share a portion of our advisory fee with other advisers or brokerage firms in return for client referrals. This creates a potential conflict of interest whenever we have an opportunity to refer a potential client to an adviser or brokerage firm with which we share our advisory fees. Such firms may or may not be in the client's best interest, and we may be biased towards such advisory or brokerage firms. Navellier attempts to resolve such potential conflicts of interest by clearly disclosing the fee sharing arrangement and the potential for conflicts of interest before we open any client account with other advisers or brokerage firms where we share any advisory fees. We provide pro-rata refunds.

While we do not maintain physical custody of any client assets, depending on the agreement with the custodian, we may be allowed to directly debit clients' accounts the amount of the advisory fees. We do not advise clients for a fee with respect to holdings outside of their account. Clients are responsible for any tax liabilities that result from any transactions.

Clients will incur brokerage and other transaction costs related to their accounts. Navellier's fees do not cover any execution-related expenses, commissions and margin interest, if any, securities exchange fees, or other fees required by law or charged by the broker-dealer with custody of the account. (Please refer to Item 12, Brokerage Practices, for further information regarding brokerage fees.) In addition, the fees we charge do not cover any fees charged by an Investment Company (also known as "mutual fund expenses") related to shares held in client accounts, including money market funds or ETFs. From time to time, client accounts may hold significant amounts of cash, usually represented by shares in an Investment Company money market fund or an ETF. The Investment Company will charge clients an additional fee in such cases. We do not reduce our fees on cash held in clients' accounts.

Our management fees may vary from the applicable schedule below due to a particular client's circumstances or as otherwise negotiated with the client or its intermediaries, or in connection with our participation in a wrap fee or other structured money management program. Our fee may vary depending on factors such as the type of client, the level of client assets under management, and the existence of an intermediary relationship, among other things.

Similar accounts may have different fee schedules based on the historical nature of the accounts or through negotiation with the client. From time to time, and under agreed-upon specific situations, we may reduce a client's advisory fee on a case-by-case basis.

Navellier generally offers two management fee options:

- 1) **Fixed Fees:** Fixed fee compensation for the services provided by Navellier to the client generally ranges from an annual fee of 0.30% to 1.25% of assets under management except for the Navellier Vantage portfolio whose fee structure is substantially different and is described more fully below. Fees are accrued daily and payable in advance on a quarterly basis, unless negotiated otherwise. Navellier calculates fees based on the market value of the account as of the first business day of each calendar quarter. In the case of the first quarter under management, we calculate fees on the effective inception date of the account and, in the event the account becomes effective after the first day of the calendar quarter, fees are calculated proportionately based on the number of days remaining in the quarter. There is no minimum fee. If an account is terminated before the last day of a calendar quarter, a pro-rata portion of the previously paid fees shall be refunded to the client based on the number of days remaining in the calendar quarter. The client will typically authorize the custodian to withdraw any outstanding fees owed to Navellier directly from their account following termination of the account.

The portfolio value Navellier uses to calculate fees is the bank's or securities broker's month-end or quarterly statement. In the event the client's portfolio contains securities for which no readily available market quotations exist, we determine the value of such securities, for purposes of fee computation, based on a quotation by an independent market maker or specialist for the security.

- 2) ***Incentive Fees:*** Incentive fees, also known as “performance-based fees,” are accrued daily and payable annually beginning twelve (12) months after the client executes an Investment Advisory Agreement and becomes effective with respect to an account and annually thereafter. Navellier calculates fees based on the amount of increase, if any, in the net market value of the account in the preceding twelve (12) month period after deduction of all fees and commissions paid (including fees and commissions charged by the broker-dealer or other custodian of the account and accounting for all net investment income and gains, whether realized or unrealized). There is no minimum fee. In the event there is a net loss at the end of a year, we will not charge any fee that year. Any such losses will be carried forward and applied against any profits accrued in the following year for purposes of calculating fees in the following year.

We use the client’s statements from the bank or brokerage firm with custody of client’s account to calculate any profits for billing purposes. In the event the client terminates his or her Investment Advisory Agreement during the first year (before the close of the first annual billing cycle), we will charge the client fees based on 0.90% per annum of the assets under management in the account as of the termination date. If the client terminates the Investment Advisory Agreement after the first full annual billing cycle, we will charge the client a fee of 10% of net profits from the beginning of the previous paid billing period (or from the inception date if there was no last paid billing period) through the termination date (a period of no more than 12 months). In such a case, any fees previously paid as a result of profits during the period in question will be subtracted from the fees owed on the closing invoice. The client will typically authorize the custodian to withdraw any outstanding fees owed to Navellier directly from their account following termination of the Investment Advisory Agreement. In the event the client’s portfolio contains securities for which no readily available market quotations exist, the value of such securities will be determined, for purposes of fee computation, based on a quotation by an independent market maker or specialist for the security. (Please refer to Item 6, Performance-Based Fees, for further information on incentive fees.)

### **Incentive Fee Disclosures**

In the interest of full and fair disclosure and fully informed consent, clients are advised of and acknowledge the following possibilities arising from the incentive fees based on performance provided in our Investment Advisory Agreements:

- 1) Incentive fee arrangements may create an incentive for Navellier to make investments that are more risky or more speculative than might be the case in the absence of a fee based on performance.
- 2) Navellier may receive increased compensation (compared to a fixed fee) based on unrealized appreciation as well as realized gains on assets in client’s account. The period used to measure such increases for purposes of determining the performance fee is a quarterly period beginning on the date the incentive fee agreement is signed by the client and ending at the end of that calendar quarter.
- 3) Navellier offers other investment programs that have lower fee structures. These other programs follow different investment styles and strategies and involve different levels of trading activity and investment management services.

(Please refer to Item 6, Performance-Based Fees, for further information on incentive fees.)

### **Fees for Specialty Investment Programs**

***The Navellier Vantage Portfolio*** (“Vantage”) is a specialty investment program Navellier offers that has a unique fee structure. Vantage is a more rigorous and intensive research product with significantly greater trading activity than Navellier’s more traditional managed account strategies. The highly intensive research, trading requirements, and greater back-office/reconciliation efforts require Navellier to charge significantly greater fees than in our other managed account strategies.



The Vantage fee structure is substantially different from other Navellier investment programs. Fees are accrued daily and payable quarterly beginning at the end of the first calendar quarter after an agreement becomes effective with respect to an account and quarterly thereafter. Fees are calculated based on the market value of the account at the end of a calendar quarter. We calculate profit by the amount of increase, if any, in the net market value of the account in the preceding quarter after deduction of all fees and commissions paid (including fees and commissions charged by the broker-dealer or other custodian of the account and accounting for all net investment income and gains, whether realized or unrealized) and net of any withdrawals from the account. The minimum fee is 1.0% per annum (0.25% per quarter) of assets under management. We calculate profit only to the extent the net market value of the account (as adjusted for deposits or withdrawals, as applicable) exceeds the highest net market value of the account at the end of any previous calendar quarter. In all other respects, profits or losses in any given quarter will not be carried over into subsequent quarters for purposes of calculating fees. The total fees thus calculated may exceed 10% of profits in any given year.

We base each invoice for profit-based fees on the profit calculated from client's statements from the bank or brokerage firm with custody of client's account. In the event the client terminates an Investment Advisory Agreement before the close of a calendar quarter, the client will pay Navellier fees based on either 10% of net profits at the time of termination or 1.0% per annum of the assets under management in the account calculated pro-rata based at the time of termination, whichever is greater. Fees cover Navellier's investment advisory, reporting, and account-related services. Fees do not cover any execution-related expenses, commissions and margin interest, if any, securities exchange or SEC fees, or other fees required by law or charged by the broker-dealer with custody of the account.

Clients are advised that Navellier offers a variety of different performance-based and fixed fee programs. Fees are negotiable, and different fee structures may be available upon request.

#### **Fees for Private Client Group**

| <i><b>Growth Strategies</b></i>    | <i><b>Annual Management Fee</b></i> |
|------------------------------------|-------------------------------------|
| \$250,000 to \$1,000,000           | 0.90%                               |
| \$1,000,001 to \$2,000,000         | 0.60%                               |
| \$2,000,001+                       | Negotiable                          |
| <i><b>Income Strategies</b></i>    | <i><b>Annual Management Fee</b></i> |
| \$250,000 to \$1,000,000           | 0.75%                               |
| \$1,000,001 to \$2,000,000         | 0.50%                               |
| \$2,000,001+                       | Negotiable                          |
| <i><b>Defensive Strategies</b></i> | <i><b>Annual Management Fee</b></i> |
| \$250,000 to \$1,000,000           | 0.90%                               |
| \$1,000,001 to \$2,000,000         | 0.60%                               |
| \$2,000,001+                       | Negotiable                          |

#### **Investment Company Shares; Exchange Traded Funds; Free Cash Balances**

The fees and costs of any Investment Company, including ETFs, in which our portfolios may invest, will not be deducted from the management fees clients pay to Navellier for our services. Some of clients' funds may be invested in an ETF or a money market fund, which may be managed by an affiliated company of Navellier or in which Navellier has a revenue interest. For example, client accounts may hold, from time to time, the RevenueShares Navellier Overall A-100 Fund for which we receive a portion of the fee charged. Clients, along with other shareholders, will bear a proportionate share of the expenses of any ETF or money market fund in which their assets are invested, including, to the extent permitted by law, management and distribution fee expenses, some of which may be payable to Navellier and/or our affiliates. These fees and expenses are outlined in the relevant ETF or money market fund prospectus, a copy of which will be furnished to the clients upon request, free of charge. These fees and expenses will not be deducted from the fees clients pay Navellier for our services under our Investment Advisory Agreements.

Cash balances for Navellier's Large Cap Tactical, Power Dividend, and Defensive Alpha strategies may at times be significant. Cash balances will be held in money market Investment Company shares or ETFs. We will not deduct the fees money market Investment Companies or ETFs held in client accounts charge from the management fees clients pay Navellier, and we will not reduce our fees on such assets.

Cash balances for Navellier's Covered Call strategies may at times be significantly greater than our non-Covered Call strategies. This is due to several factors, including that (i) selling call options increases cash positions, (ii) positions must be rounded to 100 share lots for each option contract to be fully covered, and (iii) covered call positions may be "called away" if the option price is less than the stock price. Cash balances will be held in money market Investment Company shares or ETFs. We will not deduct the fees money market Investment Companies or ETFs held in client accounts charge from the management fees clients pay Navellier, and we will not reduce our fees on such assets.

The Navellier Tactical strategies, the Navellier Dynamic strategies, Navellier Global Macro Allocation, and Navellier Tactical RevenuesShares Strategic Allocation are generally fully invested in ETFs. The fees and costs charged by ETFs held in client accounts will not be deducted from the compensation the client pays Navellier. From time to time, these strategies may be fully invested in short-term Treasury ETFs or cash equivalents. We will not reduce our management fees in such a case, and our fees may be greater than the return on these ETFs or cash, resulting in a loss to the client. (Please refer to Item 4, Advisory Business, and Item 11, Methods of Analysis, Investment Strategies, and Risk of Loss, for further information regarding these strategies.)

## **ITEM 6. PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT**

### **Performance-Based Fees**

As we disclosed in Item 5, Fees and Compensation, Navellier may accept performance-based fees from clients. We calculate a performance-based fee based on a share of capital gains on or capital appreciation of the assets of the client. To qualify for a performance-based fee arrangement, a client (or Fund investor, as applicable) must either demonstrate a net worth of at least \$2,000,000 or must have at least \$1,000,000 under management immediately after entering into a management agreement with Navellier.

Clients should be aware that performance-based fee arrangements may create an incentive for us to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement.

Furthermore, as Navellier also has clients that do not pay performance-based fees, we have an incentive to favor accounts that do pay such fees because the compensation we receive from these clients is more directly tied to the performance of their accounts.

Navellier addresses this potential conflict of interest by rotating the trading of groups of strategy accounts to ensure that no account or groups of accounts receive preferential treatment.

(Please refer to Item 5, Fees and Compensation, for further information regarding performance-based fees – incentive fees.)

### **Side-by-Side Management**

Side-by-side management refers to an investment adviser's business of managing accounts with similar investment objectives ("similar accounts") and strategies simultaneously. When engaging in side-by-side management, the potential for conflicts of interest exists when Navellier and our employees and supervised persons allocate their time and services.

To the extent the same securities might be desirable for more than one account, determining how to allocate them could create potential conflicts of interest. In addition to the potential performance-based fees conflicts of interest

discussed above, other potential conflicts may include that we have a proprietary investment in similar accounts, investment personnel, including portfolio managers, have an investment interest in similar accounts, or the order in which accounts make investment opportunities so that the transactions in one similar account closely follow related transactions in another account.

Navellier has established policies and procedures designed to address these potential conflicts of interest. Navellier places each account in a trading group. We rotate trading groups within each strategy to ensure that no account or groups of accounts receive preferential treatment. Various factors exist, however, that may result in trades for a client not being aggregated with batched trades for other clients and clients receiving either a higher or lower price for the same security. For example, should clients instruct us to direct all or a percentage of their trades to a specific broker or certain operation, differences inherent in the trade execution process may result in trades being effected either before or after trades for other clients. (Please refer to Item 12, Brokerage Practices, for further information on the aggregation and allocation of trades and directed brokerage.) Also, for example, when providing non-discretionary model portfolio management to Overlay Managers who have discretion to accept or reject our recommended model portfolio changes and will execute trades in accordance with the Overlay Manager's policies and procedures, which may result in trades being effected either before or after trades for other clients. (Please refer to Item 4, Advisory Business, for further information regarding Overlay Managers.)

Similar accounts may develop significant differences in holdings and performance due to a variety of factors, such as account restrictions, account size, cash flows, tax status, and the timing and executions of transactions.

## **ITEM 7. TYPES OF CLIENTS**

Navellier provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Trusts
- Charitable organizations and endowments
- Estates
- Professional and religious organizations
- Corporations
- Pension and profit sharing plans
- State or municipal government entities
- Taft-Hartley plans
- Open-ended investment companies

Our minimum account size for institutional separate accounts is typically \$1,000,000. Our minimum account size for wrap fee programs and certain financial intermediary programs varies by program. Under certain instances, we may accept smaller account sizes or reject larger accounts.

## **ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

### **Methods of Analysis**

For portfolios Navellier constructs internally, we employ a bottom-up, multiple-step quantitative and fundamental screening process to construct our portfolios. Each investment strategy involves a variation of our proprietary fundamental and quantitative analysis for portfolio construction. We perform all of our research internally.

As discussed in Item 4, Advisory Business, Navellier participates in a limited number of arrangements where we receive a model portfolio pursuant to a model manager agreement and exercise investment discretion. Such arrangements are in place for the Navellier International strategies, Navellier Tactical strategies, and the Defensive

Alpha Portfolio. All of these strategies are driven by quantitative analysis. For further information on the investment process for these strategies, please refer to the respective strategy descriptions below.

**Quantitative Analysis:** We use mathematical models in our attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Risks for All Forms of Analysis:** Investment in securities involves substantial risk and has the potential for partial or complete loss of assets invested. Clients should be prepared to bear this risk. Our security analysis methods rely on the assumption that the data for the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities is accurate and unbiased. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **Investment Strategies**

Navellier offers the following strategies to our clients, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

**Navellier Large Cap Growth Portfolio:** The Navellier Large Cap Growth Portfolio is designed for aggressive investors seeking long-term capital appreciation from well-established large cap companies. The portfolio's investment objective is to achieve the highest possible returns, while controlling risk. This is a "concentrated" portfolio that invests in companies with market caps greater than \$1 billion. The strategy can hold up to 10% in stocks with market caps between \$1 and \$10 billion and may hold up to 15% in American Depositary Receipts (ADRs). Typically, the portfolio invests in approximately 40 to 50 stocks that pass both Navellier's stringent quantitative and fundamental criteria. The primary performance benchmark is the Russell 1000 Growth Index.

**Navellier Small-to-Mid Cap Growth Portfolio:** The Navellier Small-to-Mid Cap Growth Portfolio is designed for aggressive investors seeking long-term capital appreciation through investments in small and medium sized companies. The portfolio's investment objective is to achieve the highest possible returns, while controlling risk. Smaller cap stocks typically have a higher degree of risk than larger cap stocks. This is a "concentrated" portfolio that typically holds 30 to 50 stocks that pass both Navellier's stringent quantitative and fundamental criteria. The primary performance benchmark is the Russell 2000 Growth Index.

**Navellier Mid Cap Growth Portfolio:** The Navellier Mid Cap Growth Portfolio is designed for aggressive investors seeking long-term capital appreciation through investments in medium sized companies. The portfolio's investment objective is to achieve the highest possible returns, while controlling risk. The portfolio typically holds 60 to 75 stocks that pass both Navellier's stringent quantitative and fundamental criteria. The primary performance benchmark is the Russell Mid Cap Growth Index.

**Navellier Small Cap Growth Portfolio:** The Navellier Small Cap Growth Portfolio is designed for aggressive investors seeking capital appreciation from small cap companies. This is a "concentrated" portfolio that typically invests in approximately 40 to 60 stocks that pass both Navellier's stringent quantitative and fundamental criteria. Small cap stocks typically have a higher degree of risk than larger cap stocks. The primary performance benchmark is the Russell 2000 Growth Index.

**Navellier All Cap Core Portfolio:** The Navellier All Cap Core Portfolio is designed for aggressive investors and seeks to achieve the highest possible returns while controlling risk. At any given time, the portfolio may be concentrated in any of the three capitalization ranges (large, mid, small) and may be focused on growth or value securities with one or neither dominating. The portfolio typically holds 30 to 50 stocks. The primary performance benchmark is the Russell 3000 Index.

**Navellier Fundamental ‘A’ Portfolio:** The Navellier Fundamental ‘A’ Portfolio is designed for aggressive investors seeking capital appreciation from a select group of companies across a broad capitalization range. The Fundamental ‘A’ Portfolio stocks are a mix of value, growth, domestic, and international stocks. This is a “concentrated” portfolio that typically holds 25 to 50 stocks and has demonstrated a high level of historical turnover, which may generate significant taxable gains and increased trading expenses; therefore, it should not be considered tax-efficient. It is also unlikely to generate any long-term capital gains. The portfolio typically trades more frequently than other Navellier offerings, and thus is not suitable for commission-based accounts. The appropriate benchmark for performance comparison is the Russell 3000 Index.

**Navellier Power Dividend Portfolio:** The Navellier Power Dividend Portfolio is designed for investors seeking to capitalize on the best opportunities within the group of publicly traded companies that pay dividends. Navellier evaluates an initial universe of all common stocks over \$250 million in market cap that pay dividends. The portfolio can also invest in dividend-paying ETFs. Typically, stocks in this portfolio exhibit positive return on equity and positive return on assets. In addition, they usually have higher free cash flow than what they pay in dividends and are usually companies that are growing dividends faster than the rate of inflation. This is a “concentrated” portfolio that typically holds 15 to 25 stocks. Statistical measures may be used in an attempt to identify unusual price movements in individual stock prices, which may result in higher-than-average turnover and cash positions for the portfolio. Higher turnover may generate significant taxable gains and increased trading expenses. The appropriate benchmark for performance comparison is the Russell 3000 Index.

**Navellier Concentrated High Dividend Portfolio:** The Navellier Concentrated High Dividend Portfolio is highly concentrated and focuses on identifying dividend-paying stocks with significant potential for appreciation. The portfolio invests in U.S. listed equities and Master Limited Partnerships (MLPs) with market caps greater than \$1 billion. At any given time, the portfolio may hold up to 30% in American Depositary Receipts (ADRs). This is a “concentrated” portfolio that typically invests in 8 to 12 stocks. The primary performance benchmark is the Russell 1000 Index.

**Navellier Large Cap Tactical:** The Navellier Large Cap Tactical Portfolio is designed for equity investors seeking exposure to the large cap market segment. In addition, the portfolio invests in inverse and leveraged ETFs. The portfolio’s investment objective is long-term capital appreciation and to control downside risk through the ability to raise substantial cash positions, up to 75%. The portfolio typically holds 60 to 100 stocks. The primary performance benchmark is the Russell 1000 Index.

**Navellier Vantage Portfolio:** The Navellier Vantage Portfolio is designed for aggressive investors and seeks to achieve the highest possible returns while controlling risk. The portfolio’s investment process is not style or capitalization specific and may allocate assets across the entire spectrum of capitalization ranges (i.e., micro, small, mid, and large cap stocks) and may from time to time concentrate on a blend of growth and value stocks (which may from time to time be equally or unequally weighted), or exclusively value stocks, or exclusively growth stocks. At any given time, the portfolio may be concentrated in any one of the four capitalization ranges. The portfolio is designed to construct an optimal portfolio by taking into account the returns, volatility, and correlation of each asset class. The optimization process provides a strategic mechanism to shift assets to market cap segments that have the highest potential to generate an optimal risk-adjusted portfolio. The portfolio typically holds 60 to 130 stocks. The primary performance benchmark is the Russell 3000 Growth Index.

**Navellier International Growth Portfolio:** The Navellier International Growth Portfolio is designed for aggressive investors and takes advantage of the global economy while attempting to achieve long-term capital appreciation. The portfolio may provide diversification benefits to domestic equity portfolios. The portfolio may invest in securities of a broad range of companies with market capitalizations greater than \$1 billion. The portfolio invests in international markets through the use of sponsored and un-sponsored foreign stocks and American Depositary Receipts (ADRs). Typically, the portfolio invests in 50 to 70 stocks that pass Navellier’s stringent quantitative and fundamental criteria. The primary performance benchmarks are the MSCI-EAFE and MSCI-EAFE Growth indices. Navellier pays a fee to Henry James International Management to provide investment recommendations. (Please refer to Item 4, Advisor Services, for further information.)

**Navellier International Growth SRI Portfolio:** The Navellier International Growth SRI Portfolio is designed for aggressive investors and takes advantage of the global economy while attempting to achieve long-term capital

appreciation. The portfolio may provide diversification benefits to domestic equity portfolios. The portfolio may invest in securities of a broad range of companies with market capitalizations greater than \$1 billion. The portfolio invests in international markets through the use of sponsored and un-sponsored foreign stocks and American Depositary Receipts (ADRs). The portfolio is invested in a socially responsible manner. Typically, the portfolio invests in 50 to 70 stocks that pass Navellier's stringent quantitative and fundamental criteria. The primary performance benchmarks are the MSCI-EAFE and MSCI-EAFE Growth indices. Navellier pays a fee to Henry James International Management to provide investment recommendations. (Please refer to Item 4, Advisor Services, for further information.)

***Navellier International Select Portfolio:*** The Navellier International Select Portfolio is designed for aggressive investors and takes advantage of the global economy while attempting to achieve long-term capital appreciation. The portfolio seeks to achieve the highest possible returns while controlling risk. The portfolio may provide potential diversification benefits to domestic equity portfolios. The portfolio invests in international markets through the use of sponsored and un-sponsored foreign stocks and American Depositary Receipts (ADRs) with market caps less than \$5 billion. The portfolio may at times invest in a limited number of ETFs. Smaller cap stocks typically have a higher degree of risk than larger cap stocks. Typically, the portfolio invests in 50 to 70 stocks that pass Navellier's stringent quantitative and fundamental criteria. The portfolio's primary performance benchmarks are the MSCI-EAFE and the MSCI World ex USA Small Cap indices. Navellier pays a fee to Henry James International Management to provide investment recommendations. (Please refer to Item 4, Advisor Services, for further information.)

***Navellier Emerging Markets Portfolio:*** The Navellier Emerging Markets Portfolio is designed for aggressive investors and takes advantage of the world's emerging markets economies. The portfolio attempts to achieve capital appreciation. The portfolio may provide diversification benefits to domestic equity portfolios. The portfolio may invest in securities of a broad range of companies without restriction on their market capitalization. The portfolio invests in emerging markets through the use of sponsored and un-sponsored foreign stocks and American Depositary Receipts (ADRs). Due to the risk in investing in emerging markets, there could at times be high turnover and volatility. At times, the portfolio may invest up to 100% of its total assets in such securities. Typically, the portfolio invests in 50 to 70 stocks that pass Navellier's stringent quantitative and fundamental criteria. The primary performance benchmark is the MSCI Emerging Markets Index. Navellier pays a fee to Henry James International Management to provide investment recommendations. (Please refer to Item 4, Advisor Services, for further information.)

***Navellier Global Growth Portfolio:*** The Navellier Global Growth Portfolio is designed for aggressive investors and takes advantage of the global economy while attempting to achieve long-term capital appreciation. The portfolio's initial universe includes all sponsored and un-sponsored foreign stocks and American Depositary Receipts (ADRs) with market capitalizations equal to or greater than \$1 billion and all U.S. equities with market capitalizations equal to or greater than \$5 billion. The portfolio typically holds 90 to 120 stocks that pass Navellier's stringent quantitative and fundamental criteria. The appropriate benchmark for performance comparison is the MSCI World Index. Navellier pays a fee to Henry James International Management to provide investment recommendations. (Please refer to Item 4, Advisor Services, for further information.)

***Navellier Global Small Cap Portfolio:*** The Navellier Global Small Cap Portfolio is designed for aggressive investors and takes advantage of the global economy while attempting to achieve long-term capital appreciation. The initial universe includes all sponsored and un-sponsored foreign stock and American Depositary Receipts (ADRs) and U.S. equities with market caps less than \$5 billion. Smaller cap stocks typically have a higher degree of risk than larger cap stocks. The portfolio typically holds 90 to 110 stocks that pass Navellier's stringent quantitative and fundamental criteria. The primary performance benchmark is the MSCI World Small Cap Index. Navellier pays a fee to Henry James International Management to provide investment recommendations. (Please refer to Item 4, Advisor Services, for further information.)

***Navellier Defensive Alpha Portfolio:*** The Navellier Defensive Alpha Portfolio is designed for investors seeking capital appreciation while controlling downside risk. The portfolio invests in a select group of companies with market capitalizations greater than \$3 billion and typically exhibiting positive 3-month price momentum. Equity and cash allocations are determined by a proprietary "Dynamic Asset Allocation" model that allows the portfolio to respond to changing market conditions and has an objective of capital preservation and upside capture. This is a

“concentrated” portfolio that can hold up to 20 stocks and can build a defensive cash position of up to 100%. The portfolio has demonstrated a high level of historical turnover, which may generate significant taxable gains and increased trading expenses; therefore, it should not be considered tax-efficient. It is also unlikely to generate any long-term capital gains. The portfolio typically trades more frequently than other Navellier offerings, and thus is not suitable for commission-based accounts. The appropriate benchmark for performance comparison is the S&P 500 Index. Navellier pays a licensing fee to The Langsen Group to provide investment recommendations. (Please refer to Item 4, Advisor Services, for further information.)

***Navellier Global Macro Allocation Portfolio (GMAP):*** The Navellier GMAP strategy invests in long and inverse ETFs in domestic and foreign equities, long-term Treasuries, and commodities and asset classes. The portfolio increases the allocation to inverse ETFs as markets become more volatile. The portfolio tends to be long-biased during less volatile market conditions. The portfolio typically holds 10 to 12 ETFs. The primary performance benchmark is the S&P 500 Index.

***Navellier Tactical RevenueShares® Strategic Allocation Portfolio:*** The Navellier Tactical RevenueShares® Strategic Allocation Portfolio invests in revenue-weighted ETFs sponsored by VTL Associates, LLC. The portfolio has global exposure, including emerging markets, and invests across a spectrum of capitalization ranges (i.e., small, mid, large). The portfolio overweights ETFs viewed as having the most relative strength and reduces allocation to out-of-favor asset classes. In addition, the portfolio can raise significant cash positions, up to 50%. The portfolio typically holds 5 ETFs. The primary performance benchmark is the S&P Global BMI Index. Navellier pays a fee to Henry James International Management to provide investment recommendations. (Please refer to Item 4, Advisor Services, for further information.)

***Navellier Dynamic Sentrum 10 Portfolio:*** The Navellier Dynamic Sentrum 10 Portfolio is a global balanced, defensive portfolio that has the potential to invest in domestic equity sector ETFs, international ETFs, fixed income ETFs, ETFs representing alternative investments, and takes defensive positions by investing in a cash equivalent, such as money market funds. The strategy can raise up to 100% cash when conditions warrant. All ETFs in the universe are ranked based on a weighted, quantitative multi-factor model relative to the S&P 500 and to cash to determine timing, allocation, positioning, and overall portfolio risk. Based on the model ranking, the strategy typically holds 8 to 10 ETFs. This strategy is more conservative than other similar Navellier strategies and may have higher defensive allocations. The primary performance benchmark is a blended benchmark comprised of the S&P 500 (45%), MSCI World ex U.S. (30%), and U.S. Aggregate Bond Index (30%).

***Navellier Dynamic Sentrum 20 Portfolio:*** The Navellier Dynamic Sentrum 20 Portfolio is a global balanced, defensive portfolio that has the potential to invest in domestic equity sector ETFs, international ETFs, fixed income ETFs, ETFs representing alternative investments, and takes defensive positions by investing in a cash equivalent, such as money market funds. The strategy can raise up to 100% cash when conditions warrant. All ETFs in the universe are ranked based on a weighted, quantitative multi-factor model relative to the S&P 500 and to cash to determine timing, allocation, positioning, and overall portfolio risk. Based on the model ranking, the strategy typically holds 8 to 10 ETFs. This strategy is more moderate than other similar Navellier strategies and may have higher defensive allocations. The primary performance benchmark is a blended benchmark comprised of the S&P 500 (45%), MSCI World ex U.S. (30%), and U.S. Aggregate Bond Index (30%).

***Navellier Dynamic Sentrum 30 Portfolio:*** The Navellier Dynamic Sentrum 30 Portfolio is a global balanced, defensive portfolio that has the potential to invest in domestic equity sector ETFs, international ETFs, fixed income ETFs, ETFs representing alternative investments, and takes defensive positions by investing in a cash equivalent, such as money market funds. The strategy can raise up to 100% cash when conditions warrant. All ETFs in the universe are ranked based on a weighted, quantitative multi-factor model relative to the S&P 500 and to cash to determine timing, allocation, positioning, and overall portfolio risk. Based on the model ranking, the strategy typically holds 8 to 10 ETFs. This strategy is more aggressive than other similar Navellier strategies and may have lower defensive allocations. The primary performance benchmark is a blended benchmark comprised of the S&P 500 (45%), MSCI World ex U.S. (30%), and U.S. Aggregate Bond Index (30%).

***Navellier Dynamic Libertas 10 Portfolio:*** The Navellier Dynamic Libertas 10 Portfolio is a global balanced, defensive portfolio that has the potential to invest in domestic equity sector ETFs, international ETFs, fixed income ETFs, ETFs representing alternative investments, and takes defensive positions by investing in a cash equivalent,

such as money market funds. The strategy can raise up to 100% cash when conditions warrant. All ETFs in the universe are ranked based on a weighted, quantitative multi-factor model relative to the S&P 500 and to cash to determine timing, allocation, positioning, and overall portfolio risk. Based on the model ranking, the strategy typically holds 8 to 10 ETFs. The strategy uses sine waves to measure the “wave heights” of the market. These sine waves produce signals that indicate when the portfolio should move in and out of ETFs and cash. This strategy is more conservative than other similar Navellier strategies and may have higher defensive allocations. The primary performance benchmark is a blended benchmark comprised of the S&P 500 (45%), MSCI World ex U.S. (30%), and U.S. Aggregate Bond Index (30%).

***Navellier Dynamic Libertas 20 Portfolio:*** The Navellier Dynamic Libertas 20 Portfolio is a global balanced, defensive portfolio that has the potential to invest in domestic equity sector ETFs, international ETFs, fixed income ETFs, ETFs representing alternative investments, and takes defensive positions by investing in a cash equivalent, such as money market funds. The strategy can raise up to 100% cash when conditions warrant. All ETFs in the universe are ranked based on a weighted, quantitative multi-factor model relative to the S&P 500 and to cash to determine timing, allocation, positioning, and overall portfolio risk. Based on the model ranking, the strategy typically holds 8 to 10 ETFs. The strategy uses sine waves to measure the “wave heights” of the market. These sine waves produce signals that indicate when the portfolio should move in and out of ETFs and cash. This strategy is more moderate than other similar Navellier strategies and may have higher defensive allocations. The primary performance benchmark is a blended benchmark comprised of the S&P 500 (45%), MSCI World ex U.S. (30%), and U.S. Aggregate Bond Index (30%).

***Navellier Dynamic Libertas 30 Portfolio:*** The Navellier Dynamic Libertas 30 Portfolio is a global balanced, defensive portfolio that has the potential to invest in domestic equity sector ETFs, international ETFs, fixed income ETFs, ETFs representing alternative investments, and takes defensive positions by investing in a cash equivalent, such as money market funds. The strategy can raise up to 100% cash when conditions warrant. All ETFs in the universe are ranked based on a weighted, quantitative multi-factor model relative to the S&P 500 and to cash to determine timing, allocation, positioning, and overall portfolio risk. Based on the model ranking, the strategy typically holds 8 to 10 ETFs. The strategy uses sine waves to measure the “wave heights” of the market. These sine waves produce signals that indicate when the portfolio should move in and out of ETFs and cash. This strategy is more aggressive than other similar Navellier strategies and may have lower defensive allocations. The primary performance benchmark is a blended benchmark comprised of the S&P 500 (45%), MSCI World ex U.S. (30%), and U.S. Aggregate Bond Index (30%).

***Navellier High Dividend Income Portfolio:*** The Navellier High Dividend Income Portfolio is designed to hold REIT and Limited Partnership securities that are selected based upon their propensity to offer attractive income and total return potential. In many cases, these types of investments typically have K-1 tax reporting requirements associated with them, so investors should consult with their personal tax professional prior to using the strategy. The strategy typically holds approximately 40-60 securities. The primary performance benchmark is the Russell 3000 Index.

### **Navellier Tactical Strategies**

Navellier pays a licensing fee to Helix Technology Ltd. to provide investment recommendations for the Navellier Tactical strategies. (Please refer to Item 4, Advisor Services, for further information.)

***Navellier Tactical U.S. Equity Sector Plus Portfolio:*** The Navellier Tactical U.S. Equity Sector Plus Portfolio is a tactical, defensive strategy designed for investors who seek an allocation within the U.S. equity markets. The portfolio invests in five equity sector ETFs and under certain circumstances takes defensive positions by investing in three bond ETFs staggered along the yield curve – the portfolio can have a 100% allocation to these bond ETFs. The portfolio uses a proprietary analytical system incorporating sine waves to help identify when to switch between stock and bond ETFs. The primary performance benchmark is the S&P 500 Index.

***Navellier Tactical U.S. Equity Sector Plus featuring AlphaDEX® Portfolio:*** The Navellier Tactical U.S. Equity Sector Plus featuring AlphaDEX® Portfolio is a tactical, defensive strategy designed for investors who seek an allocation within the U.S. equity markets. The portfolio invests in five AlphaDEX® equity sector ETFs and under certain circumstances takes defensive positions by investing in three bond ETFs staggered along the yield curve –



the portfolio can have a 100% allocation to these bond ETFs. The portfolio uses a proprietary analytical system incorporating sine waves to help identify when to switch between stock and bond ETFs. The primary performance benchmark is the S&P 500 Index.

**Navellier Tactical Global Allocation Plus Portfolio:** The Navellier Tactical Global Allocation Plus Portfolio is a tactical, defensive strategy designed for investors who seek broad diversification across major asset classes in a single account. The portfolio invests in five equity sector ETFs, two international ETFs, two ETFs representing alternative investments, three fixed income ETFs, a S&P 500 SPDR, and under certain circumstances takes defensive positions by investing in three additional bond ETFs staggered along the yield curve – the portfolio can have a 100% allocation to these bond ETFs. The portfolio uses a proprietary analytical system incorporating sine waves to help identify when to switch between stock and bond ETFs. The primary performance benchmark is a blended benchmark comprised of the S&P 500 (45%), MSCI World ex U.S. (30%), and U.S. Aggregate Bond Index (30%).

**Navellier Tactical Global Allocation Plus featuring AlphaDEX® Portfolio:** The Navellier Tactical Global Allocation Plus featuring AlphaDEX® Portfolio is a tactical, defensive strategy designed for investors who seek broad diversification across major asset classes in a single account. The portfolio invests in five AlphaDEX® equity sector ETFs, two AlphaDEX® international ETFs, two ETFs representing alternative investments, three fixed income ETFs, a S&P 500 SPDR, and under certain circumstances takes defensive positions by investing in three additional bond ETFs staggered along the yield curve – the portfolio can have a 100% allocation to these bond ETFs. The portfolio uses a proprietary analytical system incorporating sine waves to help identify when to switch between stock and bond ETFs. The primary performance benchmark is a blended benchmark comprised of the S&P 500 (45%), MSCI World ex U.S. (30%), and Barclay's U.S. Aggregate Bond Index (30%).

### **Covered Call Strategies**

A “covered call” strategy is one in which an investor writes a call option contract while at the same time owning an equivalent number of shares of the underlying stock. Writing call options generates income in the form of the premium paid for the option to buy the stock at a certain price and date. If the stock is purchased simultaneously with writing the call contract, the strategy is commonly referred to as a “buy-write.” If the shares are already held from a previous purchase, it is commonly referred to as an “overwrite.” In either case, the stock is generally held in the same brokerage account from which the investor writes the call, and fully collateralizes, or “covers,” the obligation conveyed by writing a call option contract. By writing the call option, the stock's owner is selling a contract to the buyer of the call option, giving him or her the right to purchase the stock at a given price by a specified date. If the current market value of each security rises above the strike price in the contract, then the buyer will exercise the option and the stock must be forfeited at the specified price by the writer. Additionally, it is important that investors understand that by writing (selling) calls on a portfolio, they are selling a portion of the stock's ability to appreciate. This means that the portfolio will not experience the same appreciation in a rising market as a portfolio without the covered call strategy. If the option expires while the stock's current market value is less than the strike price, then the writer will keep the income generated from writing the options. The goal of a covered call strategy is to manage the portfolio to achieve the premium income while forfeiting the least amount of stock appreciation. This strategy is considered the most basic and most widely used strategy combining the flexibility of listed options with stock ownership.

Note that option trading involves a number of inherent risks and is not suitable for everyone. Investors considering options should consult with a tax advisor. Investors should be sure to read the option Clearing Corp.'s Option Disclosure document provided by their brokerage firm or advisor carefully before investing.

Navellier offers four (4) covered call strategies:

**Navellier Covered Call Income Portfolio:** The Navellier Covered Call Income Portfolio is designed for investors and seeks to achieve returns greater than its blended benchmark while controlling risk and generating income using a covered call strategy. To generate greater income potential, the portfolio will generally write covered calls on *all* equity positions in the portfolio and will generally focus on higher dividend-paying companies. Note that option trading involves a number of inherent risks and is not suitable for everyone. Investors considering options should consult with a tax adviser. Investors should read the option Clearing Corp.'s Option Disclosure document provided

by their brokerage firm or adviser carefully before investing. This is a “concentrated” portfolio that typically holds 20 to 30 stocks. Because the portfolio will hold varying amounts of cash generated by the receipt of premiums from call writing, the portfolio is not comparable to any single equity benchmark. Cash holdings may vary as widely as 5% to 50%. Navellier deems it reasonable to use a blended benchmark for performance comparison purposes consisting of a blend of the Russell 1000 Index (65%) and the 3-month T-bill (35%).

**Navellier Covered Call Growth Portfolio:** The Navellier Covered Call Growth Portfolio is designed for investors and seeks to achieve returns greater than its blended benchmark while controlling risk and generating income using a covered call strategy. To generate greater growth potential, the portfolio will generally write covered calls on only *a portion* of the equity positions in the portfolio and will generally focus on higher dividend-paying companies. Note that option trading involves a number of inherent risks and is not suitable for everyone. Investors considering options should consult with a tax adviser. Investors should read the option Clearing Corp.’s Option Disclosure document provided by their brokerage firm or adviser carefully before investing. This is a “concentrated” portfolio that typically holds 25 to 30 stocks. Because the portfolio will hold varying amounts of cash generated by the receipt of premiums from call writing, the portfolio is not comparable to any single equity benchmark. Cash holdings may vary as widely as 5% to 50%. Navellier deems it reasonable to use a blended benchmark for performance comparison purposes consisting of a blend of the Russell 1000 Index (65%) and the 3-month T-bill (35%).

**Navellier Concentrated Covered Call Income Portfolio:** The Navellier Concentrated Covered Call Income Portfolio is designed for investors and seeks to achieve returns greater than its blended benchmark while controlling risk and generating income using a covered call strategy. Because the portfolio is non-diversified and highly concentrated in only a few stocks, the portfolio has a significant risk of partial or complete loss of an investor’s capital. To generate greater income potential, the portfolio will generally write covered calls on *all* equity positions in the portfolio and will generally focus on higher dividend-paying companies. Note that option trading involves a number of inherent risks and is not suitable for everyone. Investors considering options should consult with a tax adviser. Investors should read the option Clearing Corp.’s Option Disclosure document provided by their brokerage firm or adviser carefully before investing. This is a “concentrated” portfolio that typically holds 8 to 15 stocks. Because the portfolio will hold varying amounts of cash generated by the receipt of premiums from call writing, the portfolio is not comparable to any single equity benchmark. Cash holdings may vary as widely as 5% to 50%. Navellier deems it reasonable to use a blended benchmark for performance comparison purposes consisting of a blend of the Russell 1000 Index (65%) and the 3-month T-bill (35%).

**Navellier Concentrated Covered Call Growth Portfolio:** The Navellier Concentrated Covered Call Growth Portfolio is designed for investors and seeks to achieve returns greater than its blended benchmark while controlling risk and generating income using a covered call strategy. Because the portfolio is non-diversified and highly concentrated in only a few stocks, the portfolio has a significant risk of partial or complete loss of an investor’s capital. To generate greater income potential, the portfolio will generally write covered calls on only *a portion* of equity positions in the portfolio and will generally focus on higher dividend-paying companies. Note that option trading involves a number of inherent risks and is not suitable for everyone. Investors considering options should consult with a tax adviser. Investors should read the option Clearing Corp.’s Option Disclosure document provided by their brokerage firm or adviser carefully before investing. This is a “concentrated” portfolio that typically holds 7 to 15 stocks. Because the portfolio will hold varying amounts of cash generated by the receipt of premiums from call writing, the portfolio is not comparable to any single equity benchmark. Cash holdings may vary as widely as 5% to 50%. Navellier deems it reasonable to use a blended benchmark for performance comparison purposes consisting of a blend of the Russell 1000 Index (65%) and the 3-month T-bill (35%).

## **Risk of Loss**

Investing in securities involves risk of loss, including the potential for partial or complete loss of funds invested, that clients should be prepared to bear.

**Small Capitalization Stock Risk:** The Fundamental ‘A,’ Small-to-Mid Cap Growth, Small Cap Growth, Mid Cap Growth, International Select, Global Small Cap, All Cap Core, Power Dividend, and Vantage portfolios all invest in smaller cap stocks that may trade fewer shares than larger cap stocks. The liquidity risk among these types of stocks may increase the risk associated with these portfolios. Some of our investment portfolios are designed to invest heavily in stocks that may have limited trading volume and thus greater volatility.

**Foreign Investing Risk:** Investing in foreign companies, including direct investments and through depositary receipts (such as American Depositary Receipts) poses additional risk since political and economic events unique to a country or region will affect those markets and their issuers. While depositary receipts provide an alternative to directly purchasing the underlying foreign securities in their respective national markets and currencies, investments in depositary receipts continue to be subject to many of the risks associated with investing directly in foreign securities. Investing in non-U.S. securities including ADRs involves significant risks, such as fluctuation of exchange rates, that may have adverse effects on the value of the security. Securities of some foreign companies may be less liquid and prices more volatile. Information regarding securities of non-U.S. issuers may be limited.

**Emerging Markets Risk:** Emerging markets may be more likely to experience political turmoil or rapid changes in market or economic conditions than more developed countries. In addition, the financial stability of issuers (including governments) in emerging market countries may be more precarious than in other countries. As a result, there will tend to be an increased risk of price volatility associated with investments in emerging market countries, which may be magnified by currency fluctuations relative to the U.S. dollar.

**ETF Risk:** We may invest in exchange traded funds (“ETFs”) and some of our investment strategies are generally fully invested in ETFs. Like traditional mutual funds, ETFs charge asset-based fees, but they generally do not charge initial sales charges or redemption fees and investors typically pay only customary brokerage fees to buy and sell ETF shares. The fees and costs charged by ETFs held in client accounts will not be deducted from the compensation the client pays Navellier. (Please refer to Item 5, Fees and Compensation, for further information on ETF fees.) ETF prices can fluctuate up or down, and a client account could lose money investing in an ETF if the prices of the securities owned by the ETF go down. ETFs may be subject to additional risks:

- ETF shares may trade above or below their net asset value;
- An active trading market for an ETF’s shares may not develop or be maintained;
- The value of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track;
- The cost of owning shares of the ETF may exceed those a client would incur by directly investing in the underlying securities; and
- Trading of an ETF’s shares may be halted if the listing exchange’s officials deem it appropriate, the shares are delisted from the exchange, or the activation of market-wide “circuit breakers” (which are tied to large decreases in stock prices) halts stock trading generally.

**Industry/Sector Concentration Risk:** Our investment process may result in portfolios that are overweighted in certain industry sectors and industry groups. As with any concentrated portfolios, these portfolios will be subject to greater volatility and risk with respect to the securities in the portfolios than more diversified portfolios. Concentrated portfolios may be unsuitable for some investors.

**Options Risk:** During the option period, in return for the premium on the option, the covered call writer has given up the opportunity to profit from a price increase in the underlying security above the exercise price. In addition, as long as the writer’s obligation as a writer continues, the writer retains the risk of loss should the price of the underlying security decline. An option writer has no control over when it may be required to fulfill its obligation as a writer of the option. Once an option writer receives an exercise notice, the writer cannot effect a closing purchase transaction to terminate the obligation under the option and must deliver the underlying securities at the exercise price.

**MLP Risk:** Some of our portfolios invest in MLPs, and while MLPs have attractive features, there are potential risks an investor should consider prior to investment in such securities:

- **Commodity Price Risk** – MLPs can be subject to commodity price risk when there is a decline in exploration, transport, and processing of energy products related to volatile energy prices.
- **Correlation Risk** – While MLPs have historically low correlation to other asset classes, there has been a measureable increase since the financial crisis of 2008. This pattern has been present in other times of severe equity market stress.

- Limited Liquidity – While liquidity has improved with investment vehicles like mutual and closed end funds, the ability to buy and sell is still somewhat constrained when compared to traditional investments such as equities.
- Tax liability for tax exempt investors.

Other potential risks with MLPs include changes in the regulatory climate for energy-related activities, tax law changes, supply disruptions, environmental accidents, and terrorism. Interest rate risk may increase the potential cost of financing projects and affect the demand for MLP investments; this translates into lower valuations.

**Commission Account Risk:** Accounts that are commission-based as opposed to accounts that use a fee in lieu of commissions (i.e., “wrap fee”) are likely to have fewer stocks included in the accounts due to increased trading costs. Clients are further advised that these highly concentrated portfolios will have an even higher degree of risk than portfolios that do not have commission-based trading expenses, and will likely have greater trading costs than wrap fee accounts.

#### ITEM 9. DISCIPLINARY INFORMATION

We are required to disclose any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

#### ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

##### Financial Activities or Affiliations

**Navellier International Strategies:** Our Navellier International strategies track model portfolios we receive from Henry James International Management. Henry James International Management, Inc. is the entity owned by James O’Leary. Mr. O’Leary has been the portfolio manager of the Navellier international strategies since their inception. We participate in an arrangement with Henry James International Management where we receive model portfolios pursuant to a contractual agreement. We exercise investment discretion regarding client accounts in these strategies. (Please refer to Item 4, Advisory Business, and Item 8, Methods of Analysis, Investment Strategies and Risk of Loss, for further information regarding the Navellier International strategies.)

**Navellier Tactical Strategies:** Our Navellier Tactical strategies track model portfolios we receive from Helix Technology Ltd. We participate in an arrangement with Helix Technology Ltd. where we receive model portfolios pursuant to a model manager agreement. We exercise investment discretion regarding client accounts in these strategies. (Please refer to Item 4, Advisory Business, and Item 8, Methods of Analysis, Investment Strategies and Risk of Loss, for further information regarding the Navellier Tactical strategies.)

**Defensive Alpha:** Our Navellier Defensive Alpha strategy tracks a model portfolio we receive from The Langsen Group. We participate in an arrangement with The Langsen Group where we receive model portfolios pursuant to a model manager agreement. We exercise investment discretion regarding client accounts in these strategies. (Please refer to Item 4, Advisory Business, and Item 8, Methods of Analysis, Investment Strategies and Risk of Loss, for further information regarding the Defensive Alpha strategy.)

**Sub-Advisory Relationship:** We are the sub-advisor to the following mutual funds:

- Touchstone Large Cap Growth Fund (symbol TEQAX), an investment company
- RiskX Funds, Rx Fundamental Growth Fund (symbol FMFGX), an investment company
- American Independence International Alpha Strategy Fund (symbol IIESX), an investment company.

At all times, we endeavor to put our clients’ interests first as part of our fiduciary duty as a registered investment adviser. We take the following steps to address these conflicts:

- We disclose to clients the existence of all material conflicts of interest, including the potential for Navellier and our employees to earn compensation from advisory clients in addition to Navellier's advisory fees;
- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- We collect, maintain, and document accurate, complete, and relevant client background information, including the client's financial goals, objectives, and risk tolerance;
- Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- We require employees to seek prior approval for any outside employment activity so that we can ensure any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify any conflicts of interest continue to be properly addressed; and
- We educate employees regarding the responsibilities we have as a fiduciary.

**Advisory Newsletters:** Mr. Navellier supplies several financial advisory newsletters market commentary and model portfolios that may discuss/recommend companies that also may be appropriate for investment by the Navellier's clients. We have adopted the following policies and procedures with respect to the potential conflict that may arise between managing client assets and Mr. Navellier offering and selling a financial advisory newsletter (Navellier is not the owner/publisher of the newsletter; it is owned by Investor Place Media ("IPM")):

1. We may trade for our clients in securities that are included in the newsletters. However, despite this policy, we are aware of the conflicts of interest that may arise when trading securities for advisory clients that are recommended in the newsletters. We will, at all times, act in the best interest of our advisory clients.
2. Mr. Navellier will only cover securities in the newsletters he believes fit within the objectives of certain model portfolios that are developed solely for the newsletters. He will not cover securities solely because Navellier has made investments on behalf of our advisory clients in a particular issuer.
3. Noting that the investment parameters of newsletter subscribers may differ from those of Navellier's clients, it is possible that Mr. Navellier may act on behalf of Navellier's clients in a manner contrary to the recommendations provided to newsletter subscribers.

(Please refer to Item 12, Brokerage Practices, for further information on the timing of transactions relative newsletter publications.)

## **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics and Personal Trading**

As required by SEC rules, Navellier has adopted a Code of Ethics that sets forth high ethical standards of business conduct required of all our employees. Navellier and our employees owe a fiduciary duty of loyalty, fairness, and good faith to our clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics permits employees to trade in securities, including those that could be recommended to clients. This activity can create actual or potential conflicts of interest. To address these actual or potential conflicts of interest, our Code of Ethics contains significant safeguards designed to protect clients from abuses in this area. For example, employees must receive prior approval for most securities transactions. Employees generally may not purchase or sell securities that are part of an investment action, including those for an affiliated Investment Company, unless the transaction is *de minimus* (e.g., transactions involving a relatively small number of shares of a company with a large market capitalization and high average daily trading volume). The Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by access persons.

Among other things, our Code of Ethics also requires prior approval of any acquisition of securities in limited offerings (e.g., private placements) or initial public offerings, policies prohibiting employees from using material non-public information to buy or sell securities (insider trading), disclosure of conflicts of interest, and policies for serving on boards of directors of issuing companies by investment personnel, receiving/giving gifts, and political contributions. Our Code also discusses oversight, enforcement, and recordkeeping provisions.

We will provide a copy of our Code of Ethics to any client or prospective client upon request. You may request a copy by emailing [tracis@navellier.com](mailto:tracis@navellier.com) or by calling us at 775-785-2300.

### **Participation or Interest in Client Transactions**

Navellier will, from time to time, seed a proprietary account for the purposes of establishing an investment strategy. Proprietary accounts may invest in the same securities as client accounts. It is our policy to treat proprietary accounts in the same manner as client accounts for the purposes of trading allocation. (Please refer to Item 12, Brokerage Practices, for further information.)

We are the investment sub-advisor to the Touchstone Large Cap Growth Fund (TEQAX). The fund may invest in the same securities as client accounts. It is our policy to treat the fund in the same manner as client accounts for the purposes of trading allocation. (Please refer to Item 12, Brokerage Practices, for further information.)

## **ITEM 12. BROKERAGE PRACTICES**

Navellier primarily manages discretionary accounts, and therefore, generally has complete authority to determine the securities and the amount of securities bought and sold. From time to time, we will work within a client's investment policy guidelines when we determine doing so is feasible. Because we engage in an investment advisory business and manage more than one account, there may be conflicts of interest over our time devoted to managing any one account and the allocation of investment opportunities among all accounts we manage. We attempt to resolve all such conflicts in a manner that is generally fair to all our clients.

### **Aggregation and Allocation of Transactions**

Although we individually manage client accounts, we often purchase and/or sell the same securities for many accounts. When possible, we aggregate the same transactions in the same securities for many clients who have the same brokerage firm or custodian. Similarly, when possible, we aggregate the same transactions in the same securities for many clients for whom we have discretion to direct brokerage. Clients in an aggregated transaction each receive the same price per share of unit, but if clients have directed brokerage to a particular broker-dealer, they may pay different commissions.

If more than one price is paid for securities in an aggregated transaction, each client in the aggregated transaction will typically receive the average price paid for the securities in the same aggregate transaction on that day. If we are unable to fill an aggregated transaction completely, but receive a partial fill of the aggregated transaction, we will normally allocate the partially filled transaction to clients based on an equitable rotational system.

Navellier may place orders for transactions in certain securities initially only for those accounts that are custodied at the banks or brokerage firms that permit us to place trades for accounts custodied at that firm with other brokerage firms. Accounts custodied at brokerage firms that do not give us discretion to select the brokerage firm may not be able to participate in the initial transaction and may not be able to participate in the same gains or losses as other clients whose accounts are not restricted. Some clients may not be able to participate in aggregated transactions for most issues and/or may be consistently traded toward the end of Navellier's trade rotation if we determine that including such a client in an aggregated transaction or in the normal trade rotation could adversely impact our broader client group. Such clients may regularly receive less favorable prices on account transactions.

After Navellier has determined which client accounts are able to participate in an aggregated transaction, typically the trading sequence follows a rotational system (by custodian) so that clients of each brokerage firm, bank custodian, or trust company will have an opportunity to participate in a transaction first. The actual client trade allocation sequence within each custodial group in the rotation is usually made on a pro rata basis. This rotational trading mechanism and random allocation process of client transactions aims to provide, over the long-run, fair treatment for each client account.

Some clients with highly particularized investment policies or restrictions may not be able to participate in aggregated transactions for certain issues and may only be invested in such issues after we have established guideline compliance with respect to the acceptability of the issue and permissible amounts. Such clients may receive a less favorable price on such transactions.

We invest in equity securities of foreign issuers listed on U.S. stock exchanges in the form of American Depositary Receipts (ADRs). Risks associated with equity securities of foreign issuers may be greater than those of domestic equities. (Please refer to Item 8, Methods of Analysis, Investment Strategies and Risk of Loss, for further information regarding the risks associated with foreign investments.)

### **Brokerage Discretion**

When Navellier has discretionary authority to select brokerage firms in placing orders to purchase and sell securities, our policy is to seek and secure the best execution, which includes both commissions and execution prices. In selecting broker-dealers to execute portfolio transactions, we will consider factors such as the price of the security; the rate of commission; the size and difficulty of the order; the reliability, integrity, financial condition, and general execution and operational capabilities of competing broker-dealers; the brokerage and research services they provide to us; and past referrals of new clients' accounts to us and anticipation of future referrals of clients.

Thus, we may direct commissions generated from some clients' transactions to compensate broker-dealers for referral of clients and as a means of encouraging future referrals of clients to us by the broker-dealer receiving the commissions. We may have an incentive to select a broker-dealer based on our interest in receiving client referrals, but we must believe that our objective of best execution is not being sacrificed. As a result of any of the above factors, a client may pay a higher commission than is available from other broker-dealers.

Over-the-counter purchases and sales can be transacted directly with the principal market makers except in those circumstances where, in our opinion, better prices and executions are available elsewhere. Navellier may not have discretionary authority to select the brokerage firm or the commission rates to be paid for Wrap Fee or Managed Account Program accounts we manage. In addition, some clients direct us to use a particular broker-dealer (i.e., a custodian broker-dealer, a Wrap Fee or Managed Account Program broker-dealer, a referring broker-dealer, or simply the client's personal choice). In all these cases, the client may pay a higher commission or receive smaller discounts than if we had discretion to choose a broker-dealer or may receive a worse price for the security than other clients for the same security.

Navellier may use step-out trades for aggregated orders for multiple accounts. A step-out trade is one in which we place the order for a transaction for one or more client accounts with a broker-dealer (the "Step-out Broker") other than the broker-dealer that the client has directed Navellier to utilize (the "Directed Broker"). The Step-out Broker executes the trade for the accounts without any commission. The Step-out Broker will report a net price, which may include a mark-up for executing the transaction. The brokerage firm shown on the confirmation for a step-out transaction for a client account with a directed broker is not the Step-out Broker, but the Directed Broker. The Directed Broker receives the compensation, if any, shown on the confirmation. This compensation is at whatever commission rate or wrap fee the client has negotiated. Thus, clients that participate in a step-out transaction may pay different transaction costs. In this manner, the Directed Broker receives the agreed upon commission or wrap fee, and the client obtains the execution at a favorable price.

## **Best Execution**

Navellier is aware of our responsibility to seek the “best execution” for client transactions. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker-dealer involves a number of considerations. Factors affecting brokerage selection include, but are not limited to, the overall direct net economic result to the portfolios (involving both price paid or received and any net commissions and other costs paid), the efficiency with which the transaction is effected, the ability to effect the transaction at all where a large block is involved, the availability of the broker-dealer to stand ready to execute possibly difficult transactions in the future, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker-dealers, and the financial strength and stability of the broker-dealer. Such considerations are judgmental, and we weigh them to determine the overall reasonableness of brokerage commissions paid. We make our best effort to determine the sources of best execution without having to demonstrate that such factors as noted above are of direct benefit to the client.

From time to time we will review the past performance of the exchange members, brokers, or dealers with whom we have placed orders to execute portfolio transactions in light of the factors discussed above. We may cease doing business with certain exchange members, brokers, or dealers whose performance may not have been competitive, or we may demand that such persons improve their performance before receiving any further orders. On the basis of information that is available, we believe that we can obtain competitive commission rates on portfolio transactions on an overall basis.

## **Trade Errors**

As a fiduciary, Navellier has the responsibility to effect orders correctly, promptly, and in the best interests of our clients. In the event any error occurs in the handling of any client transactions due to our actions, inaction, or actions of others, our policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting Navellier in any way. If the error is the responsibility of Navellier, any client transaction will be corrected, and we will be responsible for any client loss resulting from an inaccurate or erroneous order. If the error results in a gain for the client, the client will retain any gains resulting from the inaccurate or erroneous order except when the error results from a transaction that is not allowed in the client’s account, such as a short position or an overdraft/debit in the account. In such instances, the gains are typically placed in Navellier’s error account.

## **Research and Other Soft Dollar Benefits**

Section 28(e) of the Securities Exchange Act of 1934, as amended, provides that Navellier may pay a broker-dealer a commission in excess of the amount another broker might have charged for effecting the same transaction, in recognition of the value of the brokerage and research services provided by or through the broker-dealer.

When allocating brokerage business, we may give preference to broker-dealers that provide statistical research or other services to Navellier so long as we believe the objective of best execution is not being sacrificed. These research services provide a benefit to us since we do not have to produce or pay for the services. Research services may include:

- Advice, directly or through publications, writings, or data services, as to the value of securities and the advisability of investing in, purchasing, or selling securities and
- The availability of securities, economic factors and trends, portfolio strategy, and the performance of accounts.

Thus, we may be able to supplement our own information and consider the views and information of other organizations in arriving at our investment decisions.

Generally, research services are generated by third parties but are provided to Navellier through broker-dealers. The following describes the primary products and services we currently receive through soft dollar arrangements. The ratio of commissions necessary to pay for these services (soft dollar ratios) ranges from 1.11:1 to 1.25:1 or is calculated on a cost plus basis generally at \$0.02-0.05/share.



Brokers and research services provided through soft dollar arrangements:

- Cowen & Company, LLC: *Global Trading Analytics (GTA)*
- BNY ConvergeX Group: *Factset Data Systems*

At any given point-in-time, Navellier may have a soft dollar arrangement with one or more brokerage firms to receive research services where over a period of time, we are required to direct a minimum amount of brokerage commissions from client transactions to the brokerage firm. These arrangements change over time. When we have soft dollar arrangements with a brokerage firm, the brokerage firm may negotiate a substantial discount on brokerage commissions. However, it is possible the size of the commission discount may be less than the commission would be without the soft dollar arrangement. Clients may be able to recapture for themselves the benefit of the cost of soft dollars that result from brokerage commissions their accounts pay instead of having Navellier use these commissions for our benefit to pay for research services. We may use research services for the benefit of all our accounts and not just accounts whose transactions generated the commissions used to pay for research services. It is possible that the accounts whose transactions paid for the research services may not benefit from the research services.

The information that is received may reduce our normal and customary research activities if it is useful. When we place orders to execute portfolio transactions, we may cause our accounts to pay a member of an exchange, broker, or dealer an amount of commission for effecting a securities transaction in excess of the amount of commission another member of an exchange, broker, or dealer would have charged for effecting the same transaction if we determine in good faith that the amount of commission is reasonable in relation to the value of the brokerage and research services provided by the member, broker, or dealer when viewed in terms of the particular transaction or our overall responsibilities with respect to the accounts to which we exercise investment discretion. The receipt of brokerage and research services from any member, broker, or dealer executing transactions for Navellier's clients will not result in a reduction of our customary and normal research activities, and the value of this information is, in our view, indeterminable. Nevertheless, we may deem the receipt of the research an economic benefit, and although customary, may create a conflict of interest between Navellier and our clients.

### **Timing of Transactions Relative to Newsletter Publications**

Louis Navellier has a business relationship with Investor Place Media ("IPM") and supplies IPM with investment commentary and model portfolios for investment newsletters published by IPM. While Navellier is not the publisher of the newsletters, these newsletters may discuss/recommend companies that may also be appropriate for investment by Navellier's clients. When trading securities of companies that are discussed/recommended in the newsletters, in keeping with our fiduciary duty owed to advisory clients, Navellier will generally transact in the securities prior to the release of the newsletters. (Please refer to Item 10, Other Financial Industry Activities and Affiliations, for further information on the newsletters.)

## **ITEM 13. REVIEW OF ACCOUNTS**

### **Account Review**

Navellier assigns one or more portfolio managers to each account or investment product. Each account is reviewed on a regular basis, at least quarterly. Most accounts are reviewed more often, for example when cash flows or investment actions occur. At initial setup, each account is assigned to a model portfolio based on the strategy in which the client has elected to invest. Portfolio managers and the Chief Investment Officer review the model portfolios that govern all like traded accounts at least weekly.

Various other teams review clients' accounts on a regular basis, including Compliance (led by the Chief Compliance Officer) and Trading (led by the Trading Supervisor), for cash flows, security weightings, and compliance with any specific account restrictions and guidelines.

For direct clients participating in the Private Client Group, we review clients' financial situation no less than annually to determine if adjustments are necessary for their portfolio allocations. (Please refer to Item 4, Advisory Business, for further information on the Private Client Group.)

### **Client Reports**

Reports are typically written but may be delivered electronically as requested by our clients. We may send separate account clients and their designated intermediaries monthly or quarterly performance, current holdings, transaction activity, brokerage commissions, and other reports as reasonably requested by clients. Additional client reporting may be available upon request. We typically do not provide account reporting to wrap fee program clients unless specifically requested.

### **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

We may direct trades to broker-dealers in return for marketing efforts on behalf of Navellier and referral of clients to us. We take appropriate steps to ensure and monitor such trades for best execution. (Please refer to Item 12, Brokerage Practices, for further information on how we direct brokerage.)

From time to time, Navellier compensates third persons for Client referrals. Such referral arrangements are generally governed by a written agreement between Navellier and the particular third party that (i) complies with the SEC's "cash solicitation" rule (Rule 206(4)-3); (ii) requires that Clients be provided with copies of Navellier's ADV Brochure, separate disclosure of the nature of the referral arrangement (including compensation features) applicable to the Client being referred and containing the information required by the Rule, and any other document required to be provided under applicable state law; and (iii) provides that the third party will not be paid compensation for any Client referral unless it is registered as an investment adviser or investment adviser representative to the extent required under federal law and the law of the state in which the referred Client resides. Navellier pays solicitors a portion of the fee paid by each Client they refer to Navellier. We do not charge solicited Clients fees greater than those charged to new Navellier Clients with similar portfolios managed by Navellier who were not introduced by a third party solicitor.

### **Additional Compensation**

Navellier may receive or have access to free or discounted products, services, or information based on our relationship with certain custodians or broker/dealers. These benefits include: receipt of duplicate trade confirmations and account statements; access to dedicated trading desk and service teams; ability to directly deduct investment advisory fees from client accounts; ability to submit orders electronically; receipt of publications pertaining to compliance, practice management, operations, and marketing; invitations to sponsored events, such as workshops and conferences, at a reduced cost or no cost; and discounts on products and services from third parties that may or may not be research-related. The benefits we receive are not provided on the basis of client transactions. Under no circumstances do any clients pay additional fees or commissions to Navellier or any broker/dealer for us to obtain these products or services.

### **ITEM 15. CUSTODY**

Under SEC Rule 206(4)-2 of the Advisers Act, because we may directly deduct advisory fees from client accounts as part of our billing process, we are deemed to have custody of client funds. (Please refer to Item 5, Fees and Compensation, for further information regarding these arrangements.) If we have authorization to directly debit advisory fees from client accounts, we will advise the client's custodian of the amount we will deduct from the client's account. On at least a quarterly basis, the custodian is required to send the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee we will deduct, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact Navellier directly if they believe there may be an error in their statement.

In the event we receive a check or monies belonging to a client, inevitably due to an error, our policy is to remit the check or monies to the client within three (3) business days.

Navellier does not have actual physical custody of client accounts or assets. Clients should receive at least a quarterly statement from the broker-dealer, bank, or other qualified custodian that holds and maintains their investment assets. We urge clients to carefully review their custodial statements versus any statements they may receive from Navellier.

## **ITEM 16. INVESTMENT DISCRETION**

Clients hire Navellier to provide discretionary asset management services. This discretionary authority allows Navellier to place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell.

Clients give Navellier discretionary authority when they sign a fee agreement with us, which includes a limited power of attorney provision for such discretion. In some instances, clients seek to limit our discretionary authority by imposing investment guidelines or restrictions on their account. All such limitations are to be agreed upon in writing. Clients may change/amend such limitations by providing us with written instructions.

We make every effort to manage restricted portfolios alongside our other clients with like accounts. However, it is possible that client accounts subject to restrictions may not be able to participate in aggregated trades and transactions for these accounts may be effected only after compliance with applicable limitations has been established. (Please refer to Item 12, Brokerage Practices, for further information.)

Wrap Program Managed Account clients may not enter into an agreement directly with Navellier. In such circumstances, Wrap Program Managed Account clients enter an agreement with the wrap sponsor or platform provider. The wrap sponsor engages Navellier in a written agreement that provides us with discretionary authority.

We may also enter non-discretionary arrangements where we provide a model portfolio, but we do not have authority to actually buy or sell the securities in clients' accounts. For these arrangements, we will have a written agreement with the party to whom we will provide the model portfolio.

## **ITEM 17. VOTING CLIENT SECURITIES**

### **Proxy Voting**

Navellier's fee agreement states that we will not vote proxies or shareholder actions for client accounts. However, we will, when requested in writing, vote proxies for client accounts. We will vote proxies for ERISA accounts unless instructed otherwise. Clients always have the right to vote proxies themselves. Clients can exercise this right by instructing us in writing how to vote proxies in their account.

In the cases where we are asked to vote proxies, we will vote proxies in the best interests of our clients and in accordance with our established policies and procedures. We will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document we created that was material to making a decision how to vote proxies, and a copy of each written client

request for information on how we voted proxies. If we have a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

We use a third-party service to provide administrative assistance in voting proxies, including certain recordkeeping and reporting functions.

Clients can instruct Navellier to vote proxies according to particular criteria (i.e., to always vote with management or to vote for or against a proposal to allow a so-called “poison pill” defense against a possible takeover). These requests must be made in writing. Clients can also instruct us on how to cast a vote in a particular proxy contest.

Clients may obtain a copy of our complete proxy voting policies and procedures and/or information on how we voted proxies relating to securities held in their accounts by contacting Traci Sinclair at 775-785-2300, writing to One East Liberty, Suite 504, Reno, NV 89501, or emailing [tracis@navellier.com](mailto:tracis@navellier.com). If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for its account(s), we will promptly provide this information to the client.

### **Class Actions and Other Litigation Matters**

As a matter of policy, we disclaim any responsibility or obligation to:

- Monitor for the initiation of any class action or other litigation involving any past or current holdings of client accounts;
- Advise about “Proofs of Claims” or settlement elections; or
- Prepare, file, or otherwise process “Proofs of Claims” or settlement elections, other than to confirm, upon a client’s request, past account holdings of specific securities.

Should a client notify us of a litigation matter and provide adequate advance notice, we will forward the requisite information in our possession. It will be the client’s responsibility to make whatever filings or elections necessary or wished. These services are not provided to third parties, which may include account custodians, claim administrators, actual or prospective “lead plaintiffs.”

### **ITEM 18. FINANCIAL INFORMATION**

Under no circumstances does Navellier require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual obligations. We have no such financial conditions to report.

We have not been the subject of a bankruptcy petition at any time during the past ten years.

### **ADDITIONAL INFORMATION**

Navellier prepares and distributes various marketing/advertising materials to existing and prospective clients that include information relating to the performance of our investment strategies. (See Item 8, Methods of Analysis, Investment Strategies, and Risk of Loss, for further information on our investment strategies.) For some of these investment strategies, the marketing/advertising materials include “hypothetical” or “back-tested” performance results.

Our investment strategies that show hypothetical/back-tested performance results within the marketing/advertising materials are:

- Navellier Tactical RevenueShares Strategic Allocation

- Navellier Tactical U.S. Equity Sector Plus
- Navellier Tactical U.S. Equity Sector Plus featuring AlphaDEX®
- Navellier Tactical Global Allocation Plus
- Navellier Tactical Global Allocation Plus featuring AlphaDEX®
- Navellier Dynamic Sentrum 10
- Navellier Dynamic Sentrum 20
- Navellier Dynamic Sentrum 30
- Navellier Dynamic Libertas 10
- Navellier Dynamic Libertas 20
- Navellier Dynamic Libertas 30

We encourage you to consider the following important facts regarding hypothetical/back-tested performance results. The hypothetical/back-tested performance results do not represent performance results an investor actually attained. There is no guarantee we will be successful achieving returns similar to the hypothetical/back-tested performance results, and in fact your returns may be significantly lower than the returns presented after actual fees are taken into account, including management fees, brokerage or transaction costs, or other administrative or custodian fees you may incur.

Hypothetical/back-tested performance results have many inherent limitations. The performance results should be considered Model Portfolio results and are mere "paper" or proforma performance results. There are material differences between these Model Portfolios and actual funded portfolios, research, and performance results. The Model Portfolios and the research results (1) may contain ETFs that are illiquid and difficult to trade; (2) may contain ETF holdings materially different from actual funded portfolios; and (3) may not reflect actual prices paid or received for actual funded trades or actual funded portfolios.

When reviewing the hypothetical/back-tested results, we encourage you to also consider the following factors:

- 1) Historical or illustrated results presented do not indicate future performance; investment in securities involves significant risk and has the potential for partial or complete loss of funds invested.
- 2) The results presented were generated during a period of mixed (improving and deteriorating) economic conditions in the U.S. and positive and negative market performance. We cannot assure that the favorable market conditions will occur again in the future. We have no data regarding actual performance in different economic or market cycles or conditions.
- 3) The results presented reflect the reinvestment of dividends and other income.
- 4) The performance results presented are for Model Portfolios, not actual funded portfolios, and may not reflect the impact that material economic and market factors might have had on our decision-making if we were actually managing clients' money, and thus present returns that are greater than what a potential investor would have experienced for the time period. The results are presented for informational purposes only. No real money has been invested in the Model Portfolios.
- 5) The Model Portfolio results, charts, and graphs presented in the marketing/advertising materials do not reflect the performance results of Navellier's actually funded and traded Investment Products.
- 6) In most cases, our clients' performance results will be materially lower than the results portrayed in the Model Portfolios.
- 7) The Model Portfolio results may or may not relate, or only partially relate, to the type of advisory services we currently offer.

## **PRIVACY POLICY**

### **Privacy & Security**

When you invest with Navellier & Associates, Inc., you share your nonpublic personal and financial information with us. We understand you are entrusting us to protect this information. We collect only the information necessary to provide you with the investment advisory services for which you hired us. This information is shared only with select business partners associated with the delivery of our products and services. These companies are not authorized to use or share the information for any purpose other than to help us serve you. We do not sell this information to any third party. If you have any questions about our privacy policy, please call (800) 887-8671, and we will be happy to assist you.

#### **Our policy is to limit how, and with whom, we will share information.**

We do not share information about you, or our former clients, with our affiliates or service providers or other third parties except on the limited basis permitted by law. Upon your written request, we may also share your nonpublic personal information to third-party service providers, such as accountants and lawyers, or family members. It is necessary for us to have your personal information so that we know how to contact you in order to answer questions or to respond to your requests for information from us.

#### **We do not sell lists of our clients.**

We do not sell lists of our clients nor do we disclose client information to marketing companies. We do not share information with other companies. The exception being those companies hired to provide specific services for us.

#### **We collect only the information necessary to deliver our products and services.**

We may collect nonpublic personal information about you that generally falls into one of the following categories:

- Information such as your address, Social Security number, date of birth, phone number, income, investable assets, and investment profile that you may provide on account applications or during your business relationship with us.
- Account information such as your investment choices, account balances, and transaction history.
- Information relating to your use of our website, such as your user name, password, email address, zip code, failed attempts to log in, the last time you logged in, and portfolio information you may have provided on our Stockgrader page.

#### **How we use the information we collect.**

We use the information we collect primarily to maintain your accounts and process your transactions and requests. When required by law, we may need to disclose personal information where such action is deemed necessary to comply with a current judicial proceeding, court order, or legal process served on the firm. We may also rely on the information you provide to help us better understand you and your investing needs. This allows us to offer relevant investment products and services that may be of interest to you and to help us with our research efforts, mailings, or other Navellier marketing or communications activities.

#### **Procedures to protect confidentiality and security of our clients.**

While no company can guarantee the security of your information, we take steps to protect information from unauthorized access, including reasonable administrative, physical, and technical safeguards designed to protect information about you. We also apply special measures for authentication of information you request or submit to us on our website, [www.navellier.com](http://www.navellier.com). Internally, we limit access to nonpublic personal and financial information about you to those Navellier personnel who need to know the information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards to protect your nonpublic personal and financial information. Additionally, we conduct periodic reviews of our computer systems, including security features.

#### **How you may obtain Proxy Voting information.**

Information on Navellier's Proxy Voting Policies & Procedures may be obtained by visiting our website at [www.navellier.com](http://www.navellier.com), or by contacting our office at (800) 887-8671.

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**How you can correct and update personal information.**

If you need to update or correct any personal information, you may contact us at (800) 887-8671.

**Offer to receive a current copy of our ADV Part 2A and 2B.**

This serves as notification of SEC Rule 204-2(a)(14) which states that all investment advisers must make available on an annual basis, to all existing clients, a copy of Form ADV Part 2A and 2B. If you would like to receive a free copy of our most current Form ADV Part 2A and 2B, please call us at (800) 887-8671 or write to us at:

Navellier & Associates – ADV Part 2A/2B  
Attn: Compliance  
One East Liberty, Suite 504  
Reno, NV 89501