

**Item 1 – Cover Page**

NAV Management LLC  
Form ADV Part 2A – Brochure and  
Form ADV Part 2B – Brochure Supplement  
Updated: July, 2015

8 Baldwin Court  
Whippany, NJ 07981  
(201) 467-8300

This Brochure provides information about the business practices of NAV Management LLC and the qualifications of its advisors. It is available, free of charge, to all clients and prospective clients of the firm by contacting Michael Lu at (201) 467-8300.

The purpose of this brochure is to provide you with information about the firm that may help you make a decision on whether or not to retain our services.

NAV Management LLC (“NAV”, “We”, or “Us”) is a Registered Investment Advisor in the State of New Jersey. The information in this Brochure has not been approved or verified by the State of New Jersey or by the Securities and Exchange Commission or by any other State securities authority, and registration as an investment advisor does not imply any specified level of skill or training.

## **Item 2 – Material Changes**

This is an update completed July, 2015 to comply with requests for clarification made by the State of New Jersey.

The Form ADV Part 2A and 2B will be made available each year to all clients by March 31<sup>st</sup>, and will be offered to prospective clients prior to engagement of our services, along with our firm's Investment Management Agreement. We will further provide clients and prospective clients with a new brochure as necessary based on material changes to or new information about our firm. Material changes for this annual update are as follows:

Item 19 has been added to this Form ADV Part 2A. It includes additional information as required by the State of New Jersey.

## **Item 3 -Table of Contents for Form ADV Part 2A**

*(Form ADV Part 2, Brochure Supplement, starts on page 12)*

### **Contents**

Item 1 – Cover Page.....	1
Item 2 – Material Changes .....	2
Item 3 -Table of Contents for Form ADV Part 2A .....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	5
Item 6 – Performance-Based Fees and Side-By-Side Management .....	6
Item 7 – Types of Clients.....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9 – Disciplinary Information .....	6
Item 10 – Other Financial Industry Activities and Affiliations .....	7
Item 11 – Code of Ethics .....	7
Item 12 – Brokerage Practices.....	7
Item 13 – Review of Accounts.....	8
Item 14 – Client Referrals and Other Compensation.....	9
Item 15 – Custody.....	9
Item 16 – Investment Discretion .....	10
Item 17 – Voting Client Securities.....	10
Item 18 – Financial Information .....	10
Item 19 – Requirements for State-Registered Advisers.....	11

## **Item 4 – Advisory Business**

### **A. Advisory Firm**

NAV Management LLC was founded in 2008 by Michael Lu. The company reformed in 2014 to be able to offer Advisory services.

### **B. Advisory Services**

#### *Investment Management*

NAV provides investment management services that include the development of an investment policy that is unique to each client, presentation and implementation of investment recommendations, and ongoing supervision and management of client investment assets. Other services include tax-related management and reporting, periodic rebalancing, semi-annual and annual reviews with clients, quarterly newsletter and periodic market commentary communications, and annual performance reporting. NAV does not provide tax or legal services.

#### *Financial Planning*

In addition to investment management services, NAV provides financial planning services to clients, which may include goal-based planning, cash-flow management, and *general* advice regarding mortgages, insurance, estate planning, tax planning, etc.. Financial planning services are typically offered to investment management clients at no additional charge.

### **Customized Portfolios**

NAV tailors individual client portfolios in the following ways:

- ☐ We review a client's personal risk tolerance and time horizon, and then allocate investments among stocks, bonds and cash in order to optimize the trade-off between risk and return for that particular client.
- ☐ We review a client's liquidity needs to make sure they have sufficient cash on hand to fund either regular or unexpected portfolio withdrawals.
- ☐ We gather information about each client's tax situation to make sure that we are achieving the best possible investment returns on an after-tax basis.
- ☐ We make accommodations for investments that a client may hold that is outside of our normal set of recommendations. We also make accommodations for those clients who wish to engage in Socially Responsible Investing by researching and using SRI-strategy mutual funds.

### **C. Wrap Fee Programs**

NAV does not participate in Wrap Fee programs.

## E. Discretionary Management

NAV manages most client accounts on a discretionary basis, which means that clients do not approve transactions prior to their execution.

## Item 5 – Fees and Compensation

A. Advisory fees are charged quarterly in advance. The fee is calculated by taking the quarter-end portfolio value, assigning the following rate schedule, and then dividing by four to arrive at a quarterly fee amount. The annual rates are:

<b><u>Assets Under Management</u></b>	<b><u>Fee</u></b>
First \$0 - \$250,000	2.00%
Next \$250,001 - \$500,000	1.75%
Next \$500,001 - \$1,000,000	1.50%
Next \$1,000,001 and above	1.00%

The specific manner in which fees are charged by NAV is established in the client's Investment Management Agreement. Lower fees for comparable services may be available from other sources.

Advisory fees include the provision of financial planning services at no additional charge. NAV may from time to time, at its discretion, provide stand-alone financial planning services to individuals who do not retain our investment management services. Clients may elect to pay fees directly by check, or authorize NAV to automatically debit fees from client accounts.

B. The fees listed above are in addition to any fees charged by the account custodian or costs associated with the implementation of the investment plan. These costs may include brokerage commissions, transaction fees, mutual fund operating expenses, custodial fees, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. NAV does not receive any portion of these commissions, fees or costs, and seeks to minimize them on clients' behalf whenever possible.

Item 12 further describes the factors that NAV considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

C. Investment Advisory contracts may be terminated at any time for any reason with written notice at the will of the client or NAV Management LLC. NAV will refund any prepaid, unearned fees, and any earned but unpaid fees will be promptly due and payable. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee,

calculated based on a 30-day month, 360-day year calendar. Refunds will be paid by check and sent via U.S. mail within 30 days of receipt of termination notice.

E. NAV and its advisors do not receive compensation from the sale of securities or any compensation other than client fees as described above.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

NAV does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

NAV provides investment management and financial planning services to high net worth individuals, families, trusts, corporate pension and profit-sharing plans, and charitable institutions.

NAV does not have a mandatory minimum account size.

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

NAV follows the principles of asset allocation to construct broadly diversified investment portfolios that are designed for the long-term and are based on each client's personal circumstances (goals, time horizon, risk tolerance, tax considerations). We strive to keep expenses and investment costs low, and primarily use no-load, low-cost mutual funds and exchange-traded funds when implementing investment portfolios. We seek to minimize the effect of taxes through asset location and tax-efficient investment vehicles.

Although we do a great amount of work to determine in advance a client's risk tolerance, it is important to understand that investing money involves many risks, including the risk of loss of principal, and clients should be prepared to bear this risk. We cannot guarantee any particular investment outcome.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of NAV or the integrity of our management. NAV has received no legal or disciplinary action.

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

NAV does not outsource financial planning services.

We have no material relationship or arrangement with any of the following: broker-dealers, municipal or government securities dealers, investment companies or other pooled investments, closed-end investment companies or unit investment trusts, hedge funds or offshore funds, other investment advisors or financial planners, futures commission merchants, commodity trading advisors, banking or thrift institutions, accountancy firms, law firms or insurance agencies.

## **Item 11 – Code of Ethics**

NAV has adopted a Code of Ethics for the firm describing our high standard of business conduct and fiduciary duty to our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at NAV must acknowledge the terms of the Code of Ethics annually, or as amended.

The owners and advisors of NAV follow the same investment strategy for their personal assets as is recommended to clients and, as a result, have ownership interest in many of the same mutual fund investments. Employee trading is continually monitored in order to reasonably prevent conflicts of interest between NAV and its clients.

NAV's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Michael Lu at (201) 467-8300.

## **Item 12 – Brokerage Practices**

NAV does not require that clients establish brokerage accounts with any other financial institutions to maintain custody of clients' assets and to effect trades for their accounts. NAV is independently owned and operated and not affiliated with other financial institutions. These

services generally are available to independent investment advisors on an unsolicited basis, at no charge to them.

For NAV's clients' accounts maintained in its custody, other financial institutions generally do not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed.

NAV do not receive compensation directly or indirectly from any source other than fees paid to us by our clients.

## **Item 13 – Review of Accounts**

A. All client accounts are reviewed according to a set schedule, as follows:

*Quarterly Review:* NAV reviews electronic data file containing all client account transactions and positions. Accounts are monitored and reconciled to the custodian on a daily basis.

*Semi-Annual Review:* All accounts are reviewed every six months in relation to their target portfolio weights, market movements, changes in fund recommendations, and shifts in target asset allocations.

*Annual Review:* In addition to the above, we seek to meet with clients at least once per year in order to stay informed regarding their personal situation and to determine whether the established Investment Policy remains appropriate. All portfolios are rebalanced at least once per year. *Upon Client Request:* In addition to the above, we periodically review client accounts in relation to new information presented by the client or in order to provide information requested by the client.

All reviews, whether initiated by Client or Advisor, are performed by NAV Management LLC.

B. Factors that may trigger a review in addition to those listed above include withdrawals from a client portfolio, additions to a client portfolio, changes to our tactical investment strategies, changes to our approved list of mutual funds, and extreme market conditions that would trigger a rebalancing of the portfolio prior to the next six-month review date.

C. All Investment Management clients receive monthly account position and transaction statements from the account custodian. In addition, NAV provides quarterly consolidated performance reports and portfolio statements, along with a reporting of fees charged. Investment Management clients also receive annual and since-inception performance reports at their annual review date. Clients may elect to have reports delivered electronically (via e-mail and website access) or via U.S. mail.

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

It is NAV's policy that the firm will not engage in any compensation arrangements for client referrals.

## **Item 15 – Custody**



Clients receive monthly statements from the custodian that holds and maintains clients' investment assets. Many clients elect to receive these statements electronically to review their accounts.

NAV urges all clients to carefully review these statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

In addition to comparing account values and securities transactions, NAV urges clients to review our billing statements sent each quarter with the amount of fees actually deducted from client accounts.

## **Item 16 – Investment Discretion**

NAV manages most client accounts on a discretionary basis, which means that the client does not approve transactions prior to their execution.

At the establishment of the advisory relationship, we collaborate with new clients on the preparation of a client-specific investment policy and then draft an Investment Policy Statement, which describes the client's personal financial situation, long-term return objectives, risk-tolerance, and any special constraints on the portfolio, such as significant tax exposure, a need for liquidity, or a desire for socially responsible screening. The Investment Policy Statement also describes our investment approach and contains an allocation of assets among cash, bonds and stocks from which we will not diverge beyond set tolerance levels (usually 5%). We will only invest in mutual funds and exchange-traded funds – any other types of securities, such as individual bonds, stock options, etc. will be with client agreement and documented in the Investment Policy Statement prior to the execution of any transactions.

As a result of the above policies, decisions made by us are typically limited to the specific securities to be bought or sold, and the amount and timing of those transactions.

## **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, NAV does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. NAV may provide advice to clients regarding the clients' voting of proxies.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. NAV has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

NAV does not collect management fees, of any amount, six months or more in advance.

## **Item 19 – Requirements for State-Registered Advisers**

### **A. Education Standards and Business Background**

Advisory persons associated with NAV must, at a minimum, possess a Bachelor's degree and/or five years of appropriate business experience, in addition to all required licenses, and have, or be pursuing, one of the following professional designations: Certified Financial Planner (CFP®) or Chartered Financial Analyst (CFA).

#### ***Michael Lu, Principal, was born in 1975***

##### **Education:**

- Certificate in Portfolio Management, New York University, 2011
- Master in Business Administration, Belford University, 2004

##### **Relevant Business Background:**

- Principal, NAV Management LLC since 2008.
- Vice President, Premier Relationship Manager, HSBC Securities 2012-2014

B. Michael Lu is not actively engaged in any business other than providing investment and financial planning advice.

C. Michael Lu do not receive performance-based fees or commissions.

D. Michael Lu has not been involved in any event related to wrongdoing or dishonest or unethical practices, nor been found liable in a civil, self-regulatory organization or administrative proceeding.

E. Michael Lu do not have any relationships or arrangements with issuers of securities not listed in Item 10C.

F. All material conflicts of interest are disclosed regarding NAV and our representatives which could be reasonably expected to impair the rendering of unbiased and objective advice.

**Item 1- Cover Page**

**Form ADV Part 2B – *Brochure Supplement***

Michael Lu

NAV Management LLC

8 Baldwin Court  
Whippany, NJ 07981  
(201) 467-8300

Updated: July, 2015

This Brochure Supplement provides information about Michael Lu that supplements the NAV Management LLC Brochure. You should have received a copy of that Brochure. Please contact Michael Lu at (201) 467-8300 if you did not receive NAV's Brochure or if you have any questions about the contents of this supplement.

Additional information about Michael Lu is available on the FINRA's website at [www.finra.org](http://www.finra.org).

***Michael Lu, Principal, was born in 1975***

## **Item 2- Educational Background and Business Experience**

Advisory persons associated with NAV must, at a minimum, possess a Bachelor's degree and/or five years of appropriate business experience, in addition to all required licenses, and have, or be pursuing, one of the following professional designations: Certified Financial Planner (CFP®) or Chartered Financial Analyst (CFA).

The Certified Financial Planner (CFP®) designation is issued by the Certified Financial Planner Board of Standards, Inc. To obtain this designation, holders must have a bachelors degree or higher from an accredited university and have at least three years of full-time personal financial planning experience. A candidate for the designation must complete a CFP Board registered educational program (or hold another relevant professional designation) and complete a comprehensive CFP certification exam. Once awarded the CFP® designation, the holder must complete 30 hours of continuing education every two years.

Education:

- Certificate in Portfolio Management, New York University, 2011
- Master in Business Administration, Belford University, 2004

Relevant Business Background:

- Principal, NAV Management LLC since 2008.
- Vice President, Premier Relationship Manager, HSBC Securities 2012-2014

## **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

## **Item 4- Other Business Activities**

Michael Lu is not engaged in any business activities other than the provision of investment management and financial planning services.

## **Item 5- Additional Compensation**

Michael Lu does not receive commissions, performance based fees or any other compensation other than fees paid directly by clients to NAV Management LLC.

## **Item 6 - Supervision**

Michael Lu is the Principal of NAV Management LLC and is not supervised by any other employees.

**Item 7- Requirements for State-Registered Advisers**

- A. Michael Lu has not been involved in any arbitration or judiciary proceedings.
- B. Michael Lu has not been the subject of a bankruptcy petition.