



**NAPLES GLOBAL  
ADVISORS**



**VERO BEACH  
GLOBAL ADVISORS**

Registered Investment Advisor

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**This brochure provides information about the qualifications and business practices of Naples Global Advisors, LLC. and its affiliate, Vero Beach Global Advisors, LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Kerry Geroy, at 239-776-7900 or via email to [k.geroy@naplesglobaladvisors.com](mailto:k.geroy@naplesglobaladvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Naples Global Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 158544.**

**Naples Global Advisors, LLC is registered with the SEC as an investment adviser; however, such registration does not imply a certain level of skill or training.**

## **Item 2 – Material Changes**

This Firm Brochure, dated March 1, 2024, provides you with a summary of NGA’s advisory services and fees, background and credentials of firm professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things.

This brochure provides our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information. We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated March 21, 2023:

- ♦ There were no material events or changes.

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#### **Item 4 - Advisory Business**

Naples Global Advisors, LLC (“NGA”) is an SEC-registered investment advisory firm and was organized in 2011 as an employee-owned investment firm with its principal place of business in Naples, Florida. NGA has an affiliated location in Vero Beach, Florida doing business as Vero Beach Global Advisors (“VBGA”).

Together with the affiliated office, the firm offers services through our network of investment advisor representatives (“Advisor Representatives or IARs”). IARs may have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials or client statements. The IARs are under the supervision of Naples Global Advisors, LLC, and the advisory services of the IAR are provided through Naples Global Advisors, LLC.

Both NGA and VBGA (“Firm”) seek to provide discretionary investment management services to individual and institutional clients. Prior to implementation of an investment strategy, the Firm strives to gain a thorough understanding of a client's investment objective, time horizon, and tolerance for risk. The Firm also reviews a client's investment history and analyzes the personal circumstances and family dynamics that might impact the execution of the agreed upon investment strategy.

The Firm's core equity investment philosophy is best summarized as being global, multi-cap value. Implementation is via an internal research process that relies initially on quantitative screening methods that seek to identify attractively valued companies based on fundamental characteristics including consistent profitability and a disciplined capital structure. The implementation of the investment strategy is primarily accomplished through ownership of individual securities that represent a wide range of capitalizations (micro to large cap) and an open geographical platform (domestic and foreign).

The Firm also provides core fixed income strategies that emphasize a diversified grouping of publicly traded fixed income securities, which are primarily considered investment grade. In practice, a majority of the Firm's clients maintain exposures to both key asset classes, equity and fixed income, although there are clients that request dedicated equity and dedicated fixed income mandates.

#### **Item 5 - Fees and Compensation**

The Firm's revenues are generated exclusively from advisory fees and are transparent to clients. Advisory fees are based on a percentage of assets under management. The custodian separately may impose certain fees related to custodial services provided to client accounts. Such fees may be tied to security transactions or a flat fee determined by the custodian. Additionally, the custodian may impose or deduct other expenses or fees such as foreign security taxes, American Depositary Receipts (“ADR”) fees, fees for trading certain mutual funds and charges for wire transfers, as representative examples. Additionally, securities traded on foreign exchanges may incur added transactional expenses or brokerage commissions that will vary by country and by exchange.

The fees paid to the Firm for advisory services are identified distinctly and are separated from custodial charges. Custodians typically have expenses inside their money market instruments that are reflected as a reduction of net yield. Also, other expenses and fees may be embedded inside Exchange Traded Funds (“ETFs”), and mutual funds.

The Firm's typical annualized advisory fees are based on the following schedule:

<u>Annual Fee</u>	
0-\$2,000,000	1.0%
\$2,000,000-\$4,000,000	0.8%
\$4,000,000-\$5,000,000	0.6%
\$5 million – \$50,000,000	0.5%
\$50 million - \$100 million	0.4%
>\$100 million	0.3%

The applicable fee schedule may differ from client to client and affiliate to affiliate, but the general advisory structure and source of fees collected remain consistent. Fees are generally deducted directly from a client's account on a monthly basis. However, alternative arrangements may be accommodated on a case-by-case basis. The advisory fees are determined using an end-of-month valuation, in arrears, at the indicated level. Individuals with multiple accounts, as well as families, may be grouped together for relationship pricing, often providing for a lower overall tiered rate. In cases where an investment advisory relationship begins after the first day of a billing period, or terminates prior to the last day, fees are prorated for the period.

The Firm may charge for services that are considered beyond usual and customary or otherwise deemed extraordinary. Such other matters that are not routine in the conduct of an investment advisory relationship subject to charges may include consultation on non-investment management matters, analysis and advice relating to assets and holdings not managed by the Firm, other than periodic bill payment and the management of assets titled in the name of an irrevocable trust.

The Firm does not recommend the use of margin for investment purposes; however, NGA may facilitate the establishment of a margin feature on a client's behalf through the respective custodian. In some instances, a client may direct the use of margin for investment or non-investment access to liquidity. In any instance where margin is activated in a client account, the NGA investment management fee payable will be assessed gross of margin. This is because the nature and character of the underlying investable assets has not changed. However, with a margin balance, the market value of the client's account and corresponding fee payable by the client to NGA will be increased. Where investment management fees are assessed gross of margin, a conflict of interest exists as the Firm has an incentive to use margin to increase its fees.

When deemed to be in the client's best interest, the Firm will recommend that clients engage NGA to rollover their retirement accounts or move retirement assets to the Firm's management. Such a recommendation creates a conflict of interest if the Firm will earn a new (or increase its current) advisory fee as a result of the transaction. No client is under any obligation to rollover a retirement account to an account managed by the Firm.

The client agreement allows for cancellation in writing at any time by either the client or the Firm for any reason. There are no termination fees, although management fees earned up to the date of termination will be prorated and charged to the account or billed to the client.

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

The Firm does not utilize performance-based fees.

### **Item 7 - Types of Clients**

The Firm provides discretionary investment management services to the following types of clients:

- High net worth individuals
- Individuals (other than high net worth)
- Retirement Accounts, principally IRAs.
- Corporations
- Trustees
- Charitable Organizations

The targeted relationship minimum valuation is \$1 million. Family or related accounts may be bundled together to attain the stated relationship minimum. There may be exceptions to this guideline when there is the future opportunity to reach the threshold, or in a situation where the minimum annual advisory fee is met or when an alternative agreement is reached with the client.

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

The Firm's investment philosophy is built on the following three key tenets:

- The Firm strives to first understand a client's objectives and capacity for risk. The Firm seeks to then effectively manage the risk/return equation through proper asset allocation.
- The Firm strives to build logically diversified portfolios using a global opportunity set of securities that are vetted and assembled using a fundamental valuation discipline.
- The Firm's discretionary portfolios are administered with a view toward absolute returns, principal stability, and with a healthy respect for the ever-changing dynamics of global economies, the capital markets, and a client's personal circumstances.

The analytical process for equity selection is centered on identifying and compiling a well-diversified group of publicly traded global businesses that are undervalued based on fundamental characteristics. The key equity characteristics used in the initial screening process include high and consistent return on equity ("ROE"), low levels of debt, low relative valuation, and a history of sharing profitability with equity holders. This is first accomplished with quantitative screens that

allow for identification of a manageable grouping of stocks that can then be analyzed more fundamentally. Once vetted and ultimately identified for inclusion in the portfolios, a diverse (by sector, geography, and capitalization) collection of publicly traded businesses is then assembled on an account-by-account basis and actively monitored for progress.

Below are the types of publicly traded securities that are typically represented in Firm client portfolios:

### **Equities**

- U.S. equity markets: varied capitalizations (individual large, mid, small, and micro-cap equities)
- International and Emerging markets
- Closed End Equity Funds and Exchange Traded Funds
- Real Estate Investment Trusts
- Infrastructure
- Natural Resource linked securities (Timber, Energy MLP's & Commodity Companies)

### **Fixed Income**

- Core, U.S. Government, and U.S. Government Agency
- Investment grade Corporate bonds and Municipal bonds
- High yield Corporate bonds and Municipal bonds
- Preferred and hybrid debt securities
- Closed End Funds (EMD & High Yield)
- Exchange Traded Funds

### **Cash Equivalents**

- U.S. Government Securities Funds
- Money Market mutual funds
- Bank Certificates of Deposit
- Custodian offered sweep accounts

### **Risk of Loss**

Investing in the capital markets involves an inherent level of risk. The Firm strives to understand a client's goals, objectives, and tolerance for risk prior to constructing and implementing an investment program. However, given the nature and history of the capital markets, there is the possibility of principal loss. While the risk of principal loss has historically been greater with equity-oriented portfolios, fixed income portfolios also bear the risk of principal loss stemming from credit risk, duration risk, and illiquidity risk.

Additionally, no guarantees can be provided that the stated return goals will be attained, and historical performance results are not a guarantee of future returns.

The Firm does not invest in hedge funds, private equity or other non-traded securities. The firm's focus is on utilizing the array of existing publicly traded securities where marketability and daily valuation are more readily accurate and available. The Firm does invest in securities that are, at

times, thinly traded in both the domestic and foreign markets, but the Firm's advisory personnel strives to be mindful of the added risk that thinly traded securities pose as client portfolios are assembled.

The Firm's core investment philosophy centers on a security's valuation: relative to peers, the market, and its historical metrics. The Firm's belief is that value-oriented investment disciplines have historically placed the odds of success in the client's favor. In summary the Firm feels that paying attention to security valuations, maintaining global diversification, insisting on dividends as a check on earnings authenticity, keeping turnover low, and minimizing expenses are all components that reduce volatility and ultimately risk. While these factors do not eliminate market risk, the belief is that they are logical and understandable risk mitigations.

The Firm feels that maintaining the primary research responsibility in-house, at the portfolio manager level, also serves to moderate risk and increase client comfort. There is an efficiency of time gained for the client, company specific conviction is attained, and a proximity to the client's risk tolerance is more readily addressed. Also, the Firm's preference for utilizing individual securities, as opposed to outside funds or external managers, provides for greater tax and trading control.

The external custodial platforms allow for favorable trade execution, trade efficiency, transparency and low transactional costs; all part of a value-oriented philosophy that places the interest of the client first. Newly funded portfolios are most typically worked into the market over a period of time to take advantage of market dislocations and reduce principal volatility.

As a global investment manager there are additional risks associated with the portfolio management process. These include, but are not limited to, higher transaction costs for direct foreign trades, challenges regarding the timing of execution, foreign taxation, currency risks, uncertain liquidity and political risk.

### **Item 9 - Disciplinary Information**

The Firm and its employees have not been subject to any disciplinary action or sanctions with regards to business conduct or practices from clients, the SEC, or other law enforcement bodies.

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

The Firm has no other industry affiliations or activities.

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

The Firm has adopted a Code of Ethics pursuant to Rule 204A-1 of the Advisers Act. The Code of Ethics is for all employees, and it outlines the standards of required business conduct with the following tenets serving as the foundation:

- The Firm's employees have a fiduciary duty that at all times places the clients' interest first.



- The Firm's employees should avoid any actual or perceived conflicts that might compromise their fiduciary responsibility.
- The Firm's employees are prohibited from trading securities, either personally or on behalf of others, while in the possession of material non-public information that is either directly or indirectly obtained.

All employees of the Firm are required to sign the Code of Ethics statement annually as an acknowledgement of their fiduciary responsibility to clients. The Firm's fiduciary duties include, but are not limited to, the necessity to provide full and fair disclosure of any conflict of interest, a duty of loyalty to the client and to the Firm, and always providing suitable recommendations that are based on the client's objective. The Code of Ethics includes provisions that deal with client confidentiality, prohibitions of insider trading, disclosure of personal security trading, and gift and entertainment guidelines.

Employees of the Firm are allowed to invest in individual securities for their personal portfolios. These securities may include firm recommended securities, however, the Code of Ethics requires that employees may not take advantage of any information that they may have concerning the Firm's current or pending strategies. This is inclusive of avoiding transactional front running.

The Firm's Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting us at the telephone number or email address listed on the cover of this Brochure.

## **Item 12 - Brokerage Practices**

The Firm's trading procedures prohibit unfair trading practices and are designed to avoid conflicts of interest with a client's portfolio. The Firm customarily utilizes the client custodian broker or dealer for transactions in client portfolios, both for equity and fixed income trading. With the execution of any client trade the typical key objective is obtaining best trade execution, which is defined as a combination of net price and trade impact. Other factors may play into the broker dealer selection including the source of a trade idea, the capacity for providing long-term market liquidity, and a research capacity that benefits all clients. Receipt of soft dollars, products, or services other than trade execution or research are not factors in allocating brokerage.

As a multi-asset class manager of global equity and fixed income securities there are other considerations that become part of the trade execution equation. These may include the level of historical spreads, expected timing of a trade, trade confidentiality, historical settlement experience, along with the financial soundness and reputation of the executing broker. All these factors surround the trade process, but because the Firm does not participate in soft dollar rebates there is a reduced risk of any perceived conflict as it relates to client trades.

The Firm will at times group transactions together to efficiently trade a security in larger blocks. Trades are then allocated on a pro-rata basis that seeks to prohibit any account favoritism. Clients will generally receive the same average price in any grouped trade. The Firm may allocate any partial execution in a manner determined in good faith to be a fair and equitable. It is the Firm's policy not to sell assets from the portfolio of one account to another except in situations where

specific bond swaps may be to the mutual advantage, and never a disadvantage to either party, of each of the affected portfolios.

### **Item 13 - Review of Accounts**

The Firm's Portfolio Managers and Advisors develop specific goals and objectives with each client prior to implementing an investment program. Portfolio Managers are charged with monitoring account holdings and overall valuations on a daily basis. Actual portfolio asset allocation may vary from time-to-time within established objective ranges and even beyond upper and lower targets, depending on investment market valuation swings and portfolio manager judgement. Cash balances are also analyzed on an on-going basis.

The Investment Review Committee consists of the Chief Executive Officer and Chief Investment Officer and other key employees. The Firm's Investment Review Committee meets on a monthly basis to review investment guidelines and overall policies for all investment management accounts. Portfolios are formally reviewed when they are first established and rotationally thereafter at least annually to ensure the accounts are being invested in accordance with the stated objectives. Any exceptions are identified, and resolution tactics determined. Strategic and tactical decisions are also discussed at these monthly meetings but typically occur more frequently as market conditions dictate. More practically, portfolios are continuously monitored with ultimate responsibility given to the Portfolio Manager for strategy implementation and adjustments based on the market environment and each client's individual circumstances.

Clients of the Firm are provided access (electronically or by mail) to statements each month by their custodian (Schwab or Fidelity) and have daily access for account viewing over the internet. In addition, the Firm provides separate quarterly reports showing performance and relevant index returns. We also strive to meet with clients periodically, or as requested, to review results and update records regarding material changes impacting objectives.

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

The Firm does not pay referral fees.

### **Item 15 - Custody**

The Firm does not custody any client securities or portfolios. Clients choose their own qualified and independent custodian. The custodians send electronic or physical statements each month directly to the client reflecting total holdings, total valuation, as well as trading and transactional activity. The Firm has a reasonable belief that the custodian is providing statements to clients in accordance with Rule 206 under the Investment Advisers Act of 1940, as amended.

Although the Firm does not hold client assets, we are deemed to have custody for purposes of amended Rule 206(4)-2 of the Advisers Act, in a limited number of client accounts, for one or more of the following reasons:

- ♦ The Firm is authorized by its clients to debit our management fees directly from client accounts; and

- ♦ The Firm has authorization to direct payments from client accounts held by a custodian primarily due to the courtesy service of bill payment, including tax payments made on behalf of certain clients as they request or as initiated through standing instructions to third-party providers.

Because the Firm is deemed to have custody of certain accounts, the Firm is required to an annual surprise examination by an independent public accounting firm. The results of this annual audit are provided to the SEC.

### **Item 16 - Investment Discretion**

The Firm usually operates under full discretion for its investment management services. However, for all clients this discretion is exercised within the bounds of a written client investment objective statement. As well, it is not unusual that there are tax or legal constraints, and/or unique considerations, which may override a portion of the discretion for individual assets or segments of the portfolios. These considerations are acknowledged in the required investment objective statement that is signed by the client at the beginning of the relationship and updated periodically.

### **Item 17 - Voting Client Securities**

The Firm has adopted written policies and procedures that are intended to comply with Rule 206(4)-6 of the Advisers Act. The Firm seeks to always vote proxies in the best interest of shareholders. While often the proxy vote will follow management's recommendations, there are situations that occur that will result in the Firm's vote being in opposition to existing management, either in whole or in part. At its core, the Firm's policy is to encourage corporate actions that will enhance shareholder value, and this may be with either a short term or long-term perspective, depending on the particular circumstance.

As a global investment firm, the Firm holds shares of foreign companies as ADR's as well as locally registered shares. The voting rules in foreign markets can be restrictive for trading securities around a particular shareholder vote and the Firm will at times prefer to maintain liquidity in the shares versus exercising the proxy vote. These situations will be vetted on a case-by-case basis.

At times the client might retain the right to vote proxies. In those instances, the custodian sends the proxies directly to the client or other arrangements can be made.

#### **Proxy Voting Records:**

The Firm is responsible for establishing formal proxy voting policies and procedures, and for maintaining records for proxy voting. Those records will be made available to clients at their request.

### **Item 18 - Financial Information**

Registered investment advisers are required in this brochure to provide you with certain financial information or disclosures about the Firm's financial condition. Naples Global Advisors and Vero