

Famed growth-stock picker Louis Navellier's top names nearly tripled the market for 23 years. He told us his top tech stock in 2 key areas — and the only pot company he likes.

Jay Marley, August 20, 2021

Louis Navellier compares his investing style to a particularly ruthless football coach: No matter how well something has performed for him, if it slips a bit or something a little better comes along, he's going to make a change.

"You lose a step and we'll throw you off the team," he said. "What we'll do is we'll trim the stocks that are getting too volatile, and we'll sell good stocks to buy better stocks."

That kind of approach doesn't always make sports fans happy, but investors are a little less sentimental. More importantly, they're not likely to argue with Navellier's results.

The growth investor, author, and founder of Navellier and Associates has been using a combination of fundamental investing and quantitative analysis to identify the best stocks on the market for more than two decades.

According to data from the firm, \$100,000 invested according to Navellier's Growth Investor Buy List in December 1997 and updated along with it would have turned into \$1.77 million as of July 21, while the same amount invested in the S&P 500 itself would be worth about \$734,000.

"We have eight-factor tried and true fundamental model. It's sales growth, earnings stability, earnings momentum, cash flow, return on equity, margin expansion, analyst earnings revisions, earnings surprises, things like that," he said in an exclusive interview with Insider. "And then internally, we figure out which are the best factors."

The goal is to find stocks that aren't just cruising along with the momentum of the market. Navellier is suspicious of investing on a purely thematic basis but says there are some technology trends that are showing up consistently as a result of the approach he and his firm use.

He said those were **chipmakers** and **productivity enhancers**. While the COVID-19-related chip shortages are driving up prices for semiconductors in general, he said a couple of companies stood out because of their connection to products like artificial intelligence, cars, and next-generation TVs.

"The Cadillacs are TSM, Taiwan Semiconductor, and UMC, United Microelectronics," he said. "We love Kulicke & Soffa."

Productivity enhancement is a broader theme that includes everything from shopping and marketing companies to 5G. Navellier said Zoom and DocuSign were "here to stay" even after the pandemic is over, and the mobile-advertising company Digital Turbine is a particular favorite.

"They build these interactive websites that companies hire them to build," he said. "It's basically a smart website with AI built in" and helps them complete sales to customers who might otherwise click away.

Cybersecurity also fits into the concept and is represented by names like Fortinet, CrowdStrike, and Cloudflare. He added that Cambium Networks, Aviat Networks, and Clearfield were top picks in 5G.

The cannabis space embodies a lot of Navellier's suspicion of thematic, emotional, and story-driven investing. He said it was a space where investors are lured in with the prospect of quick riches — often by firms selling thematic exchange-traded funds.

"If you can have an emotional investment, and you can have a basket of stocks, ETF firms are eager for that," he said. "The only pot stock I like is this thing called GrowGeneration, and they don't grow pot. They sell the systems to grow hydroponically."



Louis Navellier has made a reputation as a top growth investor, as his strongest picks have been beating the market for two decades. Navellier & Associates