



# ELITE WEALTH MANAGEMENT

## Equity Opportunity Strategy

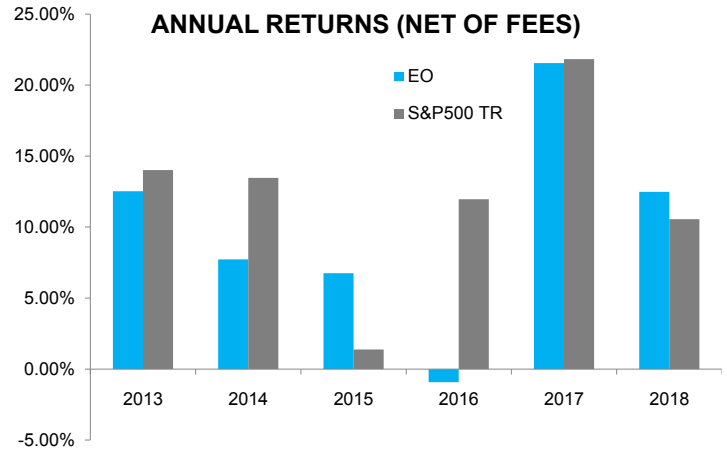
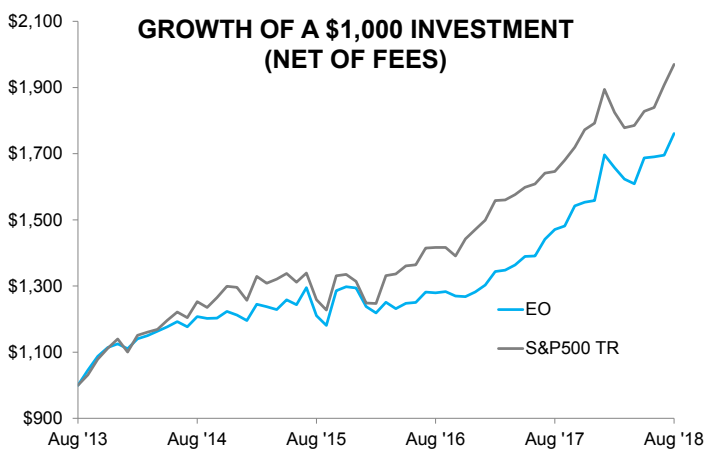
September 2018

**INVESTMENT OBJECTIVE:** The Equity Opportunity Strategy seeks to provide attractive risk-adjusted total returns relative to the S&P 500 by utilizing an in-depth, fundamental analysis to invest in a diversified portfolio of individual stocks.

**INVESTMENT APPROACH:** Diversified portfolio consisting of both growth and value stocks that are selected based on our conviction to hold the companies long term and their relative fundamental strength and market dominance in their respective sectors. The goal of this portfolio is to own the stocks of leading companies in different sectors that provide long term growth with lower beta than the broad market. Many of the names pay dividends and are considered to be the bellwethers of the market.

### STRATEGY STRENGTHS

- Through our investment process, we strategically select high quality stocks that are held long term in order to reduce turnover and short term gains.
- Tactical approach. We may trade the SPDR S&P 500 (SPY) and the ProShares Short S&P 500 (SH) in the portfolio.
- Potential to capture the upside in strong market environments while actively hedging the downside during periods of market volatility.
- Employs both fundamental and technical analysis in portfolio construction.



### MONTHLY PERFORMANCE (NET OF FEES)

Year													YTD	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	EO	S&P
2018	8.88%	-2.28%	-2.08%	-0.88%	4.85%	0.20%	0.30%	3.85%	-0.47%				12.48%	10.56%
2017	1.61%	3.16%	0.31%	1.16%	1.89%	0.10%	3.63%	2.06%	0.70%	4.12%	0.70%	0.33%	21.54%	21.83%
2016	-4.33%	-1.55%	2.62%	-1.55%	1.31%	0.23%	2.51%	-0.20%	0.29%	-1.04%	-0.15%	1.14%	-0.92%	11.96%
2015	-1.35%	4.10%	-0.60%	-0.70%	2.40%	-1.17%	4.14%	-6.54%	-2.44%	8.89%	0.93%	-0.28%	6.75%	1.38%
2014	-1.32%	2.68%	0.87%	1.17%	1.15%	1.30%	-1.29%	2.61%	-0.47%	0.08%	1.70%	-0.91%	7.72%	13.69%
2013									4.54%	3.99%	2.46%	1.02%	12.52%	14.01%

### EO PERFORMANCE STATISTICS (NET OF FEES)

Standard Deviation (Monthly):	2.61%	September:	-0.47%
Standard Deviation (Annualized):	9.04%	YTD:*	12.48%
Downside Deviation (Monthly):**	1.34%	Average Monthly:	0.96%
Downside Deviation (Annualized):**	4.65%	Highest Month:	8.89%
Sharpe Ratio (Monthly):**	0.27	Lowest Month:	-6.54%
Sharpe Ratio (Annualized):**	0.94	% of Positive Months:	65.57%
Sortino Ratio (Monthly):**	0.50	Maximum Drawdown:	-8.82%
Sortino Ratio (Annualized):**	1.74	Longest Winning Streak:	14 Months
Alpha (Monthly):***	0.16%	Longest Losing Streak:	3 Months
Alpha (Annualized):***	1.88%		
Beta:***	0.81	Compounded Monthly Return:	0.92%
Correlation Coefficient:***	0.85	Compounded Annual Return:	11.67%
R-squared:***	0.72	Cumulative Return:	75.26%

\*YTD Through September 2018 \*\*Based on RFR at 3.0% \*\*\*Calculated Against S&P 500

Past performance is not indicative of future results. Please refer to the Disclosure section for additional information.



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The performance shown is of a strategy consisting of all discretionary accounts using this investment strategy. There is a \$200,000 minimum account size required for inclusion in the strategy. The strategy may invest excessive cash in short-term U.S. Treasury versus holding cash in order to produce additional yield. New funds or accounts are added to the strategy upon the first full month of investment and closed funds or accounts are removed from the composite upon the last full month of investment.

**Past performance is no guarantee of future results.** Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided net of 1% management fees basis, reflecting the deduction of investment management fees, as well as brokerage or other commissions and costs. It is not possible to invest directly in an index. Index performance does not reflect charges and expenses and is not based on actual advisory client assets. Index performance does include the reinvestment of dividends and other distributions. In addition to management fees, brokerage commissions will be charged by the broker dealer and ETF management fees will be charged by the issuers of the ETFs the strategy invests in. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

**Risk Disclosure Statement:** All investments include a risk of loss that clients should be prepared to bear. The principal risks of the Elite Wealth Management strategies are disclosed in the publicly available Form ADV Part 2A. Exchange Traded Funds (ETFs) are subject to market risk, including the possible loss of principal. The value of the portfolio will fluctuate with the value of the underlying securities. ETFs trade like a stock, and there will be brokerage commissions associated with buying and selling exchange traded funds unless trading occurs in a fee-based account. ETFs may trade for less than their net asset value. Statistics Definitions can be viewed at <http://elitewm.com/analytics>.

**Equity and Market Risk:** The equity markets are volatile, and the value of securities, swaps, futures and other instruments correlated with the equity markets may fluctuate dramatically from day-to-day. Equity markets are subject to corporate, political, regulatory, market and economic developments, as well as developments that impact specific economic sectors, industries or segments of the market. Further, stocks in the S&P 500 Index may underperform other equity investments. Volatility in the markets and/or market developments may cause the value of an investment in an ETF to decrease. The value of investments in ETFs seeking investment results that correspond to the inverse (-1x) of the S&P 500 Index will generally decrease when market conditions cause the level of the S&P 500 Index to rise. While certain ETFs are intended to track the performance of the S&P 500 Index as closely as possible (i.e., to achieve a high degree of correlation with the S&P 500 Index), an ETF's returns may not match or achieve a high degree of correlation with the return of the S&P 500 Index due to expenses and transaction costs incurred in managing an ETF. In addition, it is possible that an ETF may not always fully replicate the performance of the S&P 500 Index due to the unavailability of certain Index securities in the secondary market or due to other extraordinary circumstances (e.g., if trading in a security has been halted).

**Short Sales:** Short selling transactions entail the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit, which could result in an inability to cover the short position and a theoretically unlimited loss. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the borrower might be compelled, at the least advantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. Further, purchasing securities on the open market to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

**Sources:** Yahoo Finance, Hedge Connection, Chicago Board of Exchange.

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