

# Tactical ETF Strategy



**INVESTMENT OBJECTIVE:** A total return approach seeking to produce returns in different market environments while exhibiting less downside volatility than the S&P 500.

**INVESTMENT APPROACH:** The Tactical ETF Strategy identifies attractive ETFs that demonstrate a potential edge in their structure and investment thesis to hold long term. The strategy focuses on balancing a blend of diversified ETFs and can also tactically trade the SPDR S&P 500 (SPY) and the ProShares Short S&P 500 (SH). A portion of the portfolio may invest opportunistically or remain in cash. This strategy is designed for a long-term investor looking for a diversified total return strategy.

- The ETF universe is continuously screened for funds that fit the strategy mandates:
  - No leverage
  - Diversified
  - Unique investment idea/strategy
  - Smart beta/ETF construction
  - High liquidity of underlying components.
- Typically holds 2-8 mid-to-mega cap\* ETFs. This range may be adjusted depending on market conditions and available attractive investment opportunities.
- ETFs may be selected that are inversely correlated to hedge against specific ETF downturns.
- Ongoing portfolio maintenance through technical analysis and investment team meetings to discuss weights and holdings.

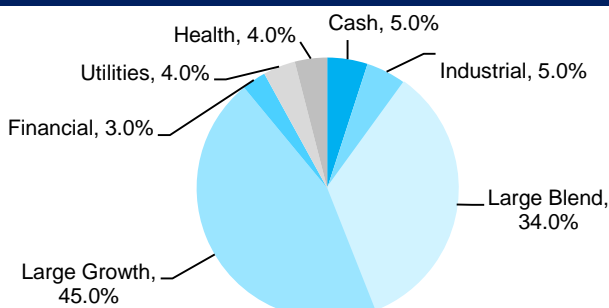
*\*Mid-cap: company typically with a market capitalization between \$2 billion and \$10 billion; mega-cap: company typically with a market capitalization in excess of \$200 billion.*

- Systematic approach to identify attractive ETFs to hold long term in the portfolio.
- Flexibility to be long, short, or neutral on the market.
- Tactical approach to opportunistically capture returns in different market environments.
- Takes a neutral or cash position when no opportunity is signaled.
- Employs both fundamental and technical analysis in portfolio construction.
- Diversified, multi-strategy portfolio that combines different ETFs with unique investment ideas.
- Not a high frequency traded portfolio; seeks to be tax efficient for the client.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Net Returns	
													Tactical ETF	S&P500 TR
2017	0.89%	3.05%	-0.55%	0.87%	1.51%	-0.55%	2.09%	1.09%	0.35%	2.64%			11.92%	16.91%
2016	-2.97%	-0.15%	2.86%	-1.37%	1.76%	1.24%	1.53%	-0.58%	-0.26%	-1.72%	1.50%	1.20%	2.92%	11.96%
2015	-1.28%	3.23%	-0.80%	-0.02%	0.61%	-2.34%	0.05%	-5.81%	-4.22%	4.87%	0.45%	-1.89%	-7.36%	1.38%
2014	-1.27%	2.88%	-0.05%	-0.72%	1.09%	1.50%	-1.39%	2.57%	-1.61%	0.47%	1.67%	-0.11%	5.01%	13.69%
2013											2.62%	2.41%	5.09%	5.66%

The performance shown is of a strategy consisting of all discretionary accounts using this investment strategy. There is a \$30,000 minimum account size required for inclusion in the strategy. 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 commissions and expenses. 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. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

## Sector Allocation



## Portfolio Composition

Cash	5.0%
Financial	3.0%
Health	4.0%
Industrial	5.0%
Large Blend	34.0%
Large Growth	45.0%
Utilities	4.0%

## Statistics (Net of Fees)

Standard Deviation (Monthly):	2.02%
Standard Deviation (Annualized):	6.99%
Downside Deviation (Monthly):**	1.53%
Downside Deviation (Annualized):**	5.31%
Sharpe Ratio (Monthly):**	-0.02
Sharpe Ratio (Annualized):**	-0.08
Sortino Ratio (Monthly):**	-0.05
Sortino Ratio (Annualized):**	-0.17
Alpha (Monthly):***	-0.20%
Alpha (Annualized):***	-2.35%
Beta:***	0.67
Correlation Coefficient:***	0.91
R-squared:***	0.83

October Return:	2.64%
YTD Return:*	11.92%
Average Monthly Return:	0.36%
Highest Month:	4.87%
Lowest Month:	-5.81%
% of Positive Months:	56.25%
Maximum Drawdown:	-12.04%
Longest Winning Streak:	4 Months
Longest Losing Streak:	3 Months

Compounded Monthly Return:	0.34%
Compounded Annual Return:	4.17%
Cumulative Return:	17.76%

\*YTD Through October 2017 \*\*Based on Risk Free Rate (RFR) at 3.0% \*\*\*Calculated Against S&P 500 TR

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Elite's direct individual clients are charged 1% management fee only with no performance fee. White or private labeling fees are as follow:

## 1: Adhesion and Investnet/Placemark

Elite's fee schedule for White Labeled services where independent third party investment managers utilize intermediaries responsible for trading and allocations:

- Up to \$100M = 0.30% – 0.35% Annually
- Over \$100M = Breakpoints Negotiable

## 2: Interactive Brokers (IB)

Elite's fee schedule for White Labeled services where independent third party investment managers utilize Elite's investment platform/infrastructure through IB and Elite is responsible for trading and allocations:

- Up to \$100M = 0.60% Annually
- Next \$50M = 0.55% Annually
- Anything over \$150M = 0.50% Annually

## 3: Strategy Licensing Agreement—We provide trade signals to the RIA

- Up to \$100M = 0.40% Annually
- Next \$50M = 0.35% Annually
- Anything over \$150M = 0.30% Annually

**Fariba Ronnasi** - Ms. Fariba Ronnasi, president and founder of Elite Wealth Management, Inc. has headed the strategic management of numerous high net worth individuals. Prior to establishing the firm in October of 2004, Fariba worked as Managing Director for the Private Wealth Division of Columbia Management Company and was responsible for expanding the Private Portfolios Group on the West Coast.

Previously, Fariba was a Business Development Manager for Citicorp in its Private Banking Division. Prior to joining Citicorp, she worked as the Senior Private Banking Manager at Keycorp and established the Technology group for the Private Bank. She has 23 years of solid experience in the field of finance and investment management. Ms. Ronnasi has a BA and MBA in Finance with a minor in Economics from Seattle University and currently holds a Series 65 license.

**Yinmo Wang** - Yinmo Wang conducts financial analysis on the firm's trading strategies. He wrote the trading algorithm for several of the firm's strategies and implements their trading schema, including the continued evaluation of their efficacy. Mr. Wang previously designed in-house funds for clients and evaluated performance reporting for Financial Concepts Unlimited and prior to that, performed finance and accounting functions in support of the CFO at Systems Plus. Mr. Wang received a B.S. in International Finance from Fudan University in Shanghai; an MBA from Montreux Switzerland; a M.S. Finance (MSF) and a M.S. Engineering Management (MSEM) and Systems Engineering (MSSE) from the George Washington University. Yinmo Wang has over 20 years of experience in the industry and is a CFA charterholder.

**Kevin Lennil** - Kevin Lennil manages several portfolios for the firm and has 10+ years of experience in the investment industry and high volume trading in the options market. He managed his own RIA firm, Exagroup, from 2009-2013 before the firm was purchased by Elite Wealth Management and subsequently joined the Elite team in 2014 as a full time employee. Mr. Lennil developed the algorithm for the Tactical Long/Short strategy and currently holds Series 65 and Series 3 licenses.



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#### **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.

From January 2014 to September 2014, the Tactical ETF Strategy held a significant portion of the portfolio (40-45%) in cash in order to launch a mutual fund, which negatively affected overall performance.

Statistics Definitions can be viewed at <http://elitewm.com/analytics>.

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