

## FORM ADV PART 2A: Firm Brochure

### ELITE WEALTH MANAGEMENT, INC.

1014 Market Street, Suite 1000 - Kirkland, WA 98033

CRD Number 132122

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This Brochure provides information about the qualifications and business practices of Elite Wealth Management, Inc. (“**Elite**”). If you have any questions about the contents of this Brochure, please contact us at +1 425 828 4300 or by email at [Fariba.Ronnasi@Elitewm.com](mailto:Fariba.Ronnasi@Elitewm.com). You may also visit our website at [www.elitewm.com](http://www.elitewm.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Elite is a registered investment adviser. Registration of an Investment Adviser does not imply that Elite or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business. The oral and written communications of an Investment Adviser provide you with information about which you determine to hire or retain an Investment Adviser.

Additional information about Elite Wealth Management, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2 - Material changes**

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This Form ADV 2A has been updated to enhance disclosure of the use of an affiliated firm's fund offerings.

Beginning in January 2012, Elite's calculation of its assets under management includes the value of private funds that Elite recommends to its clients, including those funds sponsored by Lattice Capital Management LLC.

#### Item 4 - Advisory Business

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Elite Wealth Management, Inc. (“**Elite**”, the “**Firm**”, “**we**”, “**us**” or “**our**”) is a corporation formed under the laws of the State of Washington in 2004. Elite provides investment advisory services through its Investment Advisor Representatives (“**IARs**”) to a variety of client accounts (each a “**client**” and collectively, the “**clients**”). We integrate the goals and objectives of the client using assumptions that they provide to us in order to develop our investment strategies for each client. Normally an in-depth risk tolerance questionnaire is completed by the client as part of the discovery process. Recommendations to accomplish the client’s goals based on the information provided by the client are then shared with each client and implemented if approved.

Once an investment account is established, management of the account is done through an interactive process with the client. Depending upon the needs of the client, each client is encouraged to meet with their investment advisor representative at least quarterly, semi-annually, or annually.

##### Appointment of a Sub-Investment Advisers

In addition to recommending direct investments in equity securities and exchange traded funds (“**ETFs**”) to the clients, Elite will frequently enter into a sub-advisory agreement with independent investment advisers selected by Elite. In connection with this arrangement, the independent investment advisers shall have full power and authority to invest and reinvest all of the assets of the client in such securities and other instruments as the investment advisor, in its sole and absolute discretion deems to be in the best interest of the client. Advisor shall be responsible for any fees payable to any such Sub-Advisors.

##### Investment Supervisory Services:

In some situations Elite will select individual securities and form investment portfolios to match the investment objectives as stated by the client. The client is responsible for all transaction and exchange costs associated with the portfolio. Some of these individually managed portfolios will use exchange traded funds as investments.

As appropriate for the investment objectives of the client, Elite may recommend and purchase a shares or partnership interests in funds offered by Lattice Capital Management LLC and where Lattice is also the General Partner of those funds. Lattice Capital Management LLC is affiliated with Elite by ownership and operations. Please refer to the Lattice Capital Management LLC ADV Part 2A and the respective funds Private Placement Memorandum for a complete disclosure of strategies, fees, risks and other pertinent information.

##### Financial Planning

Some clients are provided a written plan that includes a personal balance sheet and certain projections. All reports, financial statement projections and analyses are intended exclusively for your use in developing and implementing your financial plan. In view of this limited purpose, the statements should not be considered complete financial statements. Accordingly, you should understand that such statements cannot be used to obtain credit or for any purpose other than developing your personal financial plan. We will not audit (examine), review or compile such statements and, accordingly we will not express an opinion or other form of assurance on them, including the reasonableness of assumptions and other data on which any prospective financial statements are based. It is likely that there will be differences between projected and actual results because events and circumstances frequently do not occur as expected and such differences may be material.

Our analyses will be highly dependent on certain economic assumptions that you must make about the future. Therefore, another important step in the process is establishing your familiarity with historical data regarding key assumptions such as inflation and investment rates of return, as well as an understanding of how significantly these assumptions affect the results of our analyses. We may counsel you as to the consistency of your assumptions with relevant historical data, but we will not express any assurance as to the accuracy or reasonableness of your specific data and assumptions. You are ultimately responsible for the assumptions and personal data upon which our procedures and projections are based.

#### Assets under Management

Elite's calculation of its assets under management includes the value of private funds that Elite recommends to its clients, including those funds sponsored by Lattice Capital Management LLC. In its investment advisory agreement with clients, Elite agrees to provide on-going management services for the private fund investments that Elite recommends to its clients. Elite has on-going responsibility to select or make private fund recommendations, based upon the financial circumstances and investment objectives of its clients, and is responsible for arranging the purchase or sale of these private funds if such recommendations are approved by the client. Elite continually evaluates the private fund's investments and recommends appropriate allocation changes to clients based on any changes to a client's financial circumstances and investment objectives. Accordingly Elite has included the value of private fund investments recommended by Elite in its calculation of its assets under management. As of January 1, 2012 Elite manages client assets, on a discretionary basis, of approximately \$153,000,000.00

Fariba Ronnasi is Elite's President and CCO and is a 100% owner of the Firm.

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

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Elite offers services on a fee-only basis. The typical management fee structure is as follows:

Asset Management Fees - based upon assets under management as follows:

- Fixed Income 1.00%
- Equity 1.00%.
- Elite Selects 1.5%

There is a \$75 minimum management fee per account, annually. This is the general fee schedule; the fees applicable to your account will be provided in your Investment Management Agreement. Fees may be negotiable at the discretion of the Firm.

Portfolios will be valued on the last day of the calendar quarter. Client portfolios are billed in advance, before services are performed. This method is described in more detail in the written investment advisory agreement.

In cases when the advisory agreement does not span the full billing period, fees are prorated from the date of inception. Fees are not rebated if an account is terminated prior to the end of the billing period. The Advisor or Client may terminate the investment advisory agreement at any time with written notice to the advisor at their main office given in Part I, question 2A of Form ADV I. Fees are negotiable.

#### Hourly Fees

In some cases we will perform services for clients where the cost of the service is based upon the amount of time to complete the service at an hourly rate. The rate per hour would depend upon the level of complexity of the service and personnel used on the engagement. The rate would normally not exceed \$400 per hour. The tasks and services to be performed would be described in an engagement letter that is signed by the client and Elite that describes the hourly rate, an estimate of time to complete the project and the procedure for refund or partial billing if the engagement is terminated before completion.

In addition to our fees, Clients are responsible for asset management fees paid to Custodians and broker-dealers. These fees are disclosed in the disclosure document or agreements with the TPMM and/or in account opening documents.

#### Mutual Fund Fees/Exchange Traded Fund Fees

The above-referenced fees charged by Elite do not include brokerage commissions and other costs related to the execution of transactions on behalf of Clients. Such costs will be paid by advisory Clients in addition to the fees discussed above. Moreover, mutual funds and exchange traded funds that are held by advisory Clients will bear their own internal transaction and execution costs, as well as directly compensate their investment managers along with internal administrative services. Some mutual funds pay 12b-1 fees, Distribution Fees, and or Shareholder Service Fees to firms that offer such mutual funds to their Clients. These charges affect the Net Asset Value of these mutual fund shares and are thus indirectly borne by mutual fund shareholders such as an Elite Client.

Some mutual fund companies have imposed a redemption fee. A redemption fee is another type of fee that some funds charge their shareholders when shares are sold or redeemed within a short period of time from the purchase of the mutual fund shares. Although a redemption fee is deducted from redemption proceeds just like a deferred sales load, it is not considered to be a sales load. Unlike a sales load, which is generally used to compensate, a redemption fee is typically used to defray fund costs associated with a shareholder's redemption and is paid directly to the fund, not to a broker. The SEC generally limits redemption fees to 2%. In most cases, the mutual funds will use the "first-in, first-out" (FIFO) method to determine the holding period. Under this method, the date of the redemption will be compared with the earliest purchase date of shares held in the account. While it is not the general practice of Elite to sell client's securities in a period that would generate a redemption fee, it should be anticipated that Elite might do so if in its opinion the sale is in the client's best interests, or mutual fund shares must be redeemed to pay fees from the account.

A complete explanation of these charges is contained in the prospectus and "Statement of Additional Information" for each mutual fund. You can get a prospectus from the mutual fund company (through its website or by telephone or mail). Your Investment Advisory Representative can also provide you with a copy.

#### Lattice Capital Management Funds

As appropriate for the investment objectives of the client, Elite may recommend and purchase a shares or partnership interests in funds offered by Lattice Capital Management LLC and where Lattice is also the General Partner of those funds. Lattice Capital Management LLC is affiliated with Elite by ownership and operations. These funds typically charge a 2% annual management fee and a performance fee in addition to other administrative fees. Please refer to the Lattice Capital Management LLC ADV Part 2A and the respective funds Private Placement Memorandum for a complete disclosure of strategies, fees, risks and other pertinent information.

This presents a conflict of interest as by affiliation the common ownership of Elite and Lattice receive management fees charged by Elite and the management fees and performance

fees charged by Lattice for positions where Elite has recommended and used Lattice funds. This conflict is managed by supervision by the Principals of Elite on client accounts to ensure that positions taken in Lattice funds meet the client's investment objectives and that the fiduciary duty of Elite to its clients is fully met.

#### Real Estate Investment Due Diligence

Elite or its President, Fariba Ronnasi, may from time-to-time perform due diligence on Direct Participation programs. The fee charged is normally based upon the value of the investment.

### **Item 6 - Performance Fees**

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Fees are not based on a share of the capital gains or capital appreciation of managed securities. However, Elite may employ certain types of investments that do charge a performance fee in which Elite in most cases does not participate. However, an affiliated adviser of Elite, Lattice Capital Management does earn performance fees as disclosed in Item 5 of this brochure. For any investments that charge performance fees, refer to their offering or private placement memorandum for an explanation and amounts of the performance fees.

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

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Our clients include individuals, including high net worth individuals, pension and profit sharing plans, trusts, estates or charitable organizations and corporations and business entities.

The minimum initial investment is \$100,000. The minimum account size is \$100,000.

#### **Types of Investments**

We integrate the goals and objectives of each client using assumptions that they provide to us in order to develop our investment strategies for each client. Normally an in-depth risk tolerance questionnaire is completed by the client as part of the discovery process. Recommendations to accomplish the client's goals based on the information provided by the client are then shared with each client and implemented if approved.

Once an investment account is established, management of the account is done through an interactive process with the client. Depending upon the needs of the client, each client is encouraged to meet with their investment advisor representative at least quarterly, semi-annually, or annually.

We offer advice on investments including, but not limited to, equity securities, warrants, corporate debt, commercial paper, certificates of deposit, variable annuities, mutual fund shares, United States government securities, option contracts on securities and interests in partnerships investing in real estate.

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

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Elite uses fundamental analysis. The main sources of information used by Elite include:

- Financial newspapers and magazines
- Research materials prepared by others
- Annual reports, prospectuses, filings with the SEC
- Company press releases

Investment strategies used to implement investment advice include:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Short sales
- Margin transactions
- Option writing, including covered options, uncovered options or spreading strategies

## **Risk Factors**

*Note: All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Although Elite advises assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful. The investor should be prepared to bear the risk of loss.*

## **Market Risks**

Competition. The securities industry and the varied strategies and techniques to be engaged in by the Adviser are extremely competitive and each involves a degree of risk. The Adviser will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Market Volatility. The profitability of the Adviser substantially depends upon it correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Adviser cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Adviser's Investment Activities. The Adviser's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Adviser. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of the Adviser to realize profits.

Material Non-Public Information. By reason of their responsibilities in connection with other activities of the Adviser and/or its affiliates, certain principals or employees of the Adviser and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Adviser will not be free to act upon any such information. Due to these restrictions, the Adviser may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.



Accuracy of Public Information. The Adviser selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by the issuers or through sources other than the issuers. Although the Adviser evaluates all such information and data and sometimes seeks independent corroboration when it's considered appropriate and reasonably available, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Investments in Undervalued Securities. The Adviser intends to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Adviser's investments may not adequately compensate for the business and financial risks assumed.

### **Investment Risks**

Portfolios may invest substantially all of their available capital principally in securities, engages in short sales of securities and trades in options (including covered and uncovered puts and calls and over-the-counter options) and other derivative instruments, private securities and money market instruments. Markets for such instruments fluctuate and the market value of any particular investment may vary substantially. In addition, such securities may be issued by unseasoned companies and may be highly speculative. The Fund's portfolio may not generate any income or appreciate in value.

Portfolio Turnover. The investment strategy of the Portfolios may require active trading of the portfolio, and as a result, turnover and brokerage commission expenses may significantly exceed those of other investment entities of comparable size.

Small Cap Companies. The Portfolios may invest a portion of its assets in the stocks of companies with small market capitalizations. While Elite believes these investments often provide significant potential for appreciation, those stocks involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

Lack of Diversification. The Portfolio portfolios may not be widely diversified among sectors, industries, geographic areas or types of securities. Further, the portfolios may not necessarily be diversified among a wide range of issuers. Accordingly, the portfolios may be subject to more rapid change in value than would be the case if the Investment Vehicles were required to maintain a wide diversification among companies or industry groups.

Short-Sales. Elite may sell securities short. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the portfolios. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Options and Other Derivative Instruments. Elite may invest, from time to time, in options and other derivative instruments, including, but not limited to, the buying and selling of puts

and calls on some of the securities held by Elite. The prices of many derivative instruments, including many options and swaps, are highly volatile. The values of options and swap agreements depend primarily upon the price of the securities, indexes, commodities, currencies or other instruments underlying them. Price movements of options contracts and payments pursuant to swap agreements are also influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Options on highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Hedging Transactions. Investments in financial instruments such as forward contracts, options, commodities and interest rate swaps, caps and floors, other derivatives, and other investment techniques are commonly utilized by investment funds to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, interest rates and/or the equity markets or sectors thereof. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. The Adviser is not obligated to establish hedges for portfolio positions and may not do so.

Leverage. The Portfolio will use leverage by engaging in short sales, entering into swaps and other derivatives contracts and other leveraging strategies. Such leverage increases the risk of loss and volatility. In addition, the use of leverage requires the pledging of assets as collateral. Margin calls or changes in margin requirements can cause the Portfolio to be required to pledge additional collateral or liquidate the Portfolio holdings, which could require the portfolio to close positions at substantial losses that would not otherwise be realized.

Market or Interest Rate Risk. The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities falls. If the Adviser holds a fixed income security to maturity, the change in its price before maturity may have little impact on the Adviser's performance; however, if the Adviser has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the Adviser.

Fixed Income Call Option Risk. Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, the Adviser is exposed to reinvestment rate risk – the Adviser will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Adviser purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, the Adviser is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security.

Investments in Non-U.S. Investments. From time to time, the Adviser may invest and trade a portion of its assets in non-U.S. securities and other assets (through ADRs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.
- Foreign securities and other assets often trade in currencies other than the U.S. dollar, and the Adviser may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the Adviser's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Adviser's investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of the Adviser's foreign currency holdings. If the Adviser enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if the Adviser enters forward contracts for the purpose of increasing return, it may sustain losses.
- Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

Lack of Liquidity. The Portfolio may invest in thinly traded and relatively illiquid securities or those securities may not be traded at the time the Portfolio invest or may cease to be traded after the Portfolio invests. The Portfolio also may acquire significant positions in some securities. In such cases and in the event of extreme market activity, the Portfolio may not be able to liquidate its investments promptly if necessary. In addition, the Portfolios sales of thinly traded securities could depress the market value of those securities and thereby reduce the Portfolios profitability or increase its losses. Such circumstances or events could affect the Portfolios gain or loss materially and adversely.

Risk of Default or Bankruptcy of Third Parties. The Adviser may engage in transactions in securities, commodities, other financial instruments and other assets that involve counterparties. Under certain conditions, the Adviser could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities, other financial instruments and/or other assets were to become illiquid.

## Regulatory Risks

Strategy Restrictions. Certain institutions may be restricted from directly utilizing investment strategies of the type in which the Adviser may engage. Such institutions, including entities subject to ERISA, should consult their own advisors, counsel and accountants to determine what restrictions may apply and whether an investment in the Adviser is appropriate.

Trading Limitations. For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Adviser to loss. Also, such a suspension could render it impossible for the Adviser to liquidate positions and thereby expose the Adviser to potential losses.

Conflicts of Interest: In the administration of client accounts, portfolios and financial reporting, the Adviser faces inherent conflicts of interest which are described in this brochure. Generally, the Adviser mitigates these conflicts through its Code of Ethics which provides that the client's interest is always held above that of the Firm and its associated persons.

Supervision of Trading Operations. The Adviser, with assistance from its brokerage and clearing firms, intends to supervise and monitor trading activity in the portfolio accounts to ensure compliance with firm and client objectives. Despite the Adviser's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in portfolio accounts.

Depending on the nature of the investment management service selected by a client and the securities used to implement the investment strategy, clients will be exposed to risks that are specific to the securities in their particular investment portfolio.

Reliance on Management and Key Personnel. Investors have no right or power to take part in the management of Elite. Accordingly, no investor should invest with Elite unless such investor is willing to entrust all aspects of management to Elite. The investment performance of Elites portfolios depends largely on the skill of key personnel of Elite, including, in particular, its sub advisors. If key personnel were to leave Elite, it might not be able to find equally desirable replacements and the performance of the Elite portfolios could, as a result, be adversely affected.

## Security Specific Risks

Liquidity. Liquidity is the ability to readily convert an investment into cash. Securities where there is a ready market that is traded through an exchange are generally more liquid. Securities traded over the counter or that do not have a ready market or are thinly traded are less liquid and may face material discounts in price level in a liquidation situation. The Portfolios may invest in thinly traded and relatively illiquid securities or those securities may not be traded at the time the Portfolios invest or may cease to be traded after the Portfolios invest. The Portfolios also may acquire significant positions in some securities. In such cases and in the event of extreme market activity, the Portfolios may not be able to liquidate its investments promptly if necessary. In addition, the Portfolios sales of thinly traded securities could depress the market value of those securities and thereby reduce the Portfolios profitability or increase its losses. Such circumstances or events could affect the Portfolios gain or loss materially and adversely.

Currency. Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Lack of Registration. LP interests have neither been registered under the Securities Act nor under the securities or "blue sky" laws of any state and, therefore, are subject to transfer restrictions.

Withdrawal of Capital. The ability to withdraw funds from LP interests is usually restricted in accordance with the withdrawal provisions contained in an Offering Memorandum. In addition, substantial withdrawals by investors within a short period of time could require a fund to liquidate securities positions and other investments more rapidly than would otherwise be desirable, possibly reducing the value of the fund's assets and/or disrupting the fund's investment strategy.

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

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management. Elite has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

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

Fariba Ronnasi, President and CCO of Elite Wealth Management, Inc. is Director of Investor Relations and CCO at Lattice Capital Management, LLC, an affiliated company. Lattice Capital Management, LLC and Elite share office space and certain employees which may at times create conflicts of interest and limit investment activities.

Fariba Ronnasi is the Managing Member of Pirouz LP, a partnership that invests in illiquid private placements.

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

#### **Code of Ethics Pursuant to Rule 204A-1**

We recognize and believe that (i) high ethical standards are essential for its success and to maintain the confidence of its clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of clients come first; and (iii) it has a fiduciary duty to its clients to act solely for their benefit. All Elite employees must put the clients' interests before their own personal interests and must act honestly and fairly in all respects in dealings with clients. All Elite employees must also comply with all federal securities laws.

#### **Participation or Interest in Client Transactions**

From time-to-time the interests of the principals and employees of Elite may coincide with those of a client. Individual investments may be bought, held or sold by a principal or employee of Elite that is also recommended to or held by a client. If potential insider information is inadvertently provided or learned by a principal or employee, it is the policy of Elite to strictly prohibit its use.

It is our policy to permit the Firm, its employees and IARs to buy, sell and hold the same securities that the IAR also recommend to clients. It is acknowledged and understood that Elite performs investment services for various clients with varying investment goals and risk profiles. As such, the investment advice may differ between clients and investments made by Elite IARs. Elite has no obligation to recommend for purchase or sale a security that Elite, its principals, affiliates, employees or IARs may purchase sell or hold. When a decision to liquidate a security from all applicable accounts, priority would always be given to the client's orders before those of a related or associated person to the advisor. Elite has procedures dealing with insider trading, employee related accounts, "front running" and other issues that may present a potential conflict when such purchase, sales or recommendations are made. In general, these policies and procedures are intended to eliminate, to the extent possible, the adverse effect on clients of any such potential conflicts of interest.

As stated above, we have a Code of Ethics designed to prevent violations of securities rules and will provide a copy to clients upon their request.

#### Individual Real Estate Projects

The owner of Elite, Fariba Ronnasi, has in the past and may in the future invest in real estate through an LLC along with several clients. Ms. Ronnasi or Elite does not solicit clients of Elite to invest in this investment. Ms. Ronnasi is neither the manager of or advisor to the real estate project nor was she the sponsor or organizer of the LLC; rather she is a passive investor alongside others, some of who are coincidentally clients of Elite for investment advisory services covering other investments.

#### Investment in Start-up Companies/Private Placements

From time to time Ms. Ronnasi may personally come across opportunities to invest in start-up companies/private placements, and may invest in these companies alongside others, some of who are coincidentally clients of Elite for investment advisory services covering other investments. Fariba Ronnasi is the Managing Member of Pirouz, an LLC established for such investments and she receives no compensation for this role.

#### Allocation of Limited Investment Opportunities

Investment opportunities are allocated to qualified clients based upon the investment's suitability and the client's risk tolerance, financial goals and investment time horizon. In the case of Direct Participation Programs where the availability may be limited and there often is minimum investment amount and a closing date specified by the program, notification of the opportunity will be made among qualified clients on a rotating alphabetical basis and investments allocated on a first to respond basis.

#### **Personal Trading**

We have adopted a Code of Ethics governing personal trading by its employees. Among other requirements, the Code of Ethics requires employees who have access to client portfolio information or Elite's non-public securities recommendations to report their personal securities transactions and holdings to Elite, and Elite is required to review such reports. All Elite employees are required to pre-clear their personal trades and the CCO shall conduct a quarterly review of such trades.

Additionally, all Elite employees must complete an Initial Holdings Report and Annual Holdings Report confirming the existence and location of any Covered Accounts, as defined by the Code of Ethics.

Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Fariba Ronnasi (CCO) by email at [Fariba.Ronnasi@Elitewm.com](mailto:Fariba.Ronnasi@Elitewm.com), or by telephone at +1 425 828 4300.

## **Item 12 - Brokerage Practices**

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Elite or one of the sub-advisers appointed by Elite, may buy and sell securities for some of its clients' accounts via a limited power of attorney granted by the client. There are no restrictions placed upon Elite that limit which security may be purchased or sold on behalf of the client or the amount of any security purchased, sold or held in a client's account unless specifically identified in writing in the client's statement of investment policy or client service agreement.

Although it is not common practice, if we believe it is in the best interest of the client(s), we may choose to execute a transaction away from the custodian chosen by the client.

Neither Elite nor its representatives will have the authority to withdraw funds or to take custody of client funds or securities except for normal quarterly investment management fees.

### **Order Aggregation**

Elite may purchase and/or sell the same security for many accounts, even though each Client account is individually managed. When possible, Elite may also aggregate the same transaction in the same securities for many Clients for whom Elite has discretion to direct brokerage. Clients in aggregated transactions each receive the same price per unit, although they may pay differing brokerage commissions depending upon the nature of their directed brokerage arrangement, if any.

If more than one price is paid for securities in an aggregated transaction, each client in the aggregated transaction will receive the average price paid for the block of securities in the same aggregated transaction for the day. If Elite is unable to fill an aggregated transaction completely, but receives a partial fill of the aggregated transaction, Elite will allocate the filled portion of the transaction to clients based on....

### **Brokerage Discretion**

We may suggest that clients use a particular custodian and/or broker-dealer. The criteria for suggesting a broker/dealer include reasonableness of commissions, and other costs of trading, ability to facilitate trades, access to client records, computer trading support, and other operational considerations. These factors will be reviewed from time to time to assure the best interests of the client are upheld.

### **TD Ameritrade**

Advisor participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services.



There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Elite or its President Fariba Ronnasi may be compensated from direct participation programs that Elite recommends its clients to invest in.

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**Item 13 - Review of Accounts**

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We will review client accounts on at least an annual basis to compare the client's account performance to their stated goals.

Elite will attempt to contact the client at least quarterly, and will make written inquiry regarding changes in the client's financial situation and needs or investment objectives. In addition, Elite will attempt to meet with the client at least annually to review any changes in the client's financial situation, needs or investment objectives, as well as the performance of the programs managed by the third party investment adviser(s).

The client will receive statements regarding their account, its holdings, transactions and fees at least quarterly. Account custodians or money managers may prepare and distribute the statements from the custodian of the particular client account.

Elite does not manage, oversee or report upon a client's investment in Direct Participation Programs or any investment not specifically listed on the monthly statement from the account custodian unless specifically agreed to in writing by the Client and Elite.

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

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Elite may, from time to time, enter into written agreements with certain individuals and entities who will act as solicitors of accounts for Elite. Each solicitor must enter into a



written agreement with Elite and will receive a portion of the total fee paid to Elite for managing the account. The client is not charged any additional amount in advisory fees as a result of these arrangements. An additional disclosure statement, listing compensation to be paid to solicitors, is provided to the Client prior to or at the signing of Elite's Investment Advisory Agreement.

Elite may receive client referrals from the custodian through its participation in a specific referral program run by the custodian. As explained above, the custodian is a discount broker-dealer independent of and unaffiliated with Elite and there is no employee or agency relationship between them. The custodian has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. The custodian does not supervise Elite and has no responsibility for Elite's management of client portfolios or Elite's other advice or services.

Elite pays the custodian an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Elite ("**Solicitation Fee**"). Elite will also pay the custodian the Solicitation Fee on any advisory fees received by Elite from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Elite on the recommendation of such referred client. Elite will not charge clients referred by the custodian any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to the custodian to its clients. For information regarding additional or other fees paid directly or indirectly please contact Fariba Ronnasi.

Elite's relationship with the custodian raises potential conflicts of interest. The custodian will most likely refer clients to investment advisors that encourage their clients to custody their assets at the custodian and whose client accounts are profitable to the custodian. Consequently, in order to obtain client referrals from the custodian, we may have an incentive to recommend to clients with substantial assets managed by Elite be held in custody with the custodian and to place transactions for such client accounts with the custodian. In addition, Elite has agreed not to solicit clients referred to it from the custodian, to transfer their accounts from the custodian or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Elite will always seek best execution of trades for client accounts.

Please see Item 12 above regarding Additional Compensation. As explained, Elite or its President Fariba Ronnasi may be compensated from direct participation programs that Elite recommends its clients to invest in.

#### **TD Ameritrade**

Advisor may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Advisor may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Advisor and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Advisor and has no responsibility for Advisor's management of client portfolios or Advisor's other advice or services. Advisor pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays

to Advisor (“Solicitation Fee”). Advisor will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Advisor from any of a referred client’s family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Advisor on the recommendation of such referred client. Advisor will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Advisor’s participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Advisor may have an incentive to recommend to clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Advisor has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Advisor’s participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

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**Item 15 - Custody**

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The amended and revised Rule 206(4)-2 of the Advisers Act sets forth extensive requirements regarding possession or custody of client funds or securities. The Rule requires advisers that have custody of client securities or funds to implement a set of controls designed to protect those client assets from being lost, misused, misappropriated or subject to financial reverses.

Advisers with custody of client funds and securities must maintain them with “Qualified Custodians.” “Qualified Custodians” under the amended rule include banks and savings associations and registered broker-dealers.

Elite may in some cases be authorized to deduct fees by direct debit, and therefore be deemed to have custody of client funds. However, Elite does not maintain direct custody or possession of any of its client’s funds or securities and has a custodial arrangement with any independent custodian (as discussed above). Through this arrangement the custodian will provide among other things, clearing, custodial and record keeping services. Clients will receive account statements from the qualified custodian and should carefully review those statements

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**Item 16 - Investment Discretion**

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We obtain discretionary investment authority over all assets we manage pursuant to powers of attorney granted by our investment management agreements.

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**Item 17 - Voting Client Securities**

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It is the policy of Elite not to assume the duty to vote proxies for securities held by clients in managed accounts. In clients' accounts directly managed by Elite, the client will retain the right and obligation to vote any proxies solicited by or with respect to securities held in their account, including any shares of mutual funds or assign that right to a third party. Clients will receive their proxies or other solicitations directly from the custodian. Clients may contact Elite with questions about a particular solicitation.

In the situation where the client or Elite has chosen a Third Party Money Manager to perform the day-to-day portfolio management, the responsibility to vote the proxies normally rests with the Third Party Money Manager unless that right has been retained by the client.

Clients may obtain a copy of Elite's Policies by contacting Fariba Ronnasi, Elite's President and Chief Compliance Officer ("CCO"), at +1 425 828 4300 or by email at Fariba.Ronnasi@Elitewm.com.

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**Item 18 - Financial Information**

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We are not required to provide a balance sheet in response to this item and are not subject to any financial condition that is reasonably likely to impair our ability to meet our financial obligations to our clients.

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**Business Continuity**

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Elite has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

**Disasters**

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

**Alternate Locations**

Alternate locations are identified to support on-going operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

**Summary of Business Continuity Plan**

A summary of the business continuity plan is available upon request from the Chief Compliance Officer.

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**Information Security Program**

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Elite maintains an information security program to reduce the risk that your personal and confidential information may be breached.