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FIRM BROCHURE AND BROCHURE SUPPLEMENT

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This firm brochure and brochure supplement provides information about the qualifications and business practices of South Street Advisors, LLC. If you have any questions about the contents of this firm brochure and brochure supplement, please contact us by telephone at 212-292-7803 or by electronic mail at ssa@southstreetadv.com. The information in this brochure has not been approved or verified by the United State Securities and Exchange Commission or by any state securities authority.

Additional information about South Street Advisors, LLC is available on the website maintained by the Securities and Exchange Commission at www.adviserinfo.sec.gov.

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FIRM BROCHURE

Item 4—Advisory Business

South Street Advisors, LLC is based in New York City and was formed in 1998 after the dissolution of a predecessor company, Carver Cross & Carhart. Our founding principal, Thomas Carhart, owned 50% of Carver Cross & Carhart, which was formed in 1996.

South Street Advisors was established to provide investment services tailored to the specific financial requirements of not-for-profit organizations and high net-worth individuals. Our only business is asset management. We do not participate in wrap-fee programs.

In 2009, Stephen Owen joined South Street Advisors as a principal. Mr. Owen was previously employed for 23 years as a senior portfolio manager and a managing director at Brown Brothers Harriman & Co. Mr. Carhart owns 59.5% of South Street Advisors, while Mr. Owen owns 40.5%.

South Street provides financial advice to its clients, which includes setting an investment objective and related asset-allocation mixture that reflects the short-term, mid-term, and long-term return expectations and the risk profile of the client. In addition to financial advice, we offer clients discretionary management of:

- U.S. portfolios of medium and large capitalization equity issues;
- U.S. balanced portfolios of common stocks and intermediate-term fixed-income securities;
- U.S. balanced portfolios with international equity exposure;
- U.S. intermediate term fixed-income portfolios; and
- Short-term fixed-income portfolios.

In some instances, such as commodities and emerging-market equities, we use exchange-traded funds to meet our investment targets. Otherwise, all of our portfolios are managed on a separate account basis, holding individual securities.

We tailor our advisory services to the individual needs of our clients. At the beginning of a client relationship, we agree upon an investment objective for the client that reflects his or her return expectations and risk tolerance. We then set a target asset mixture based on the investment objective. Working with each client, we align target levels with a range of upper and lower percentage limits for the permitted asset category.

Our clients may impose individual restrictions on our advisory services, such as prohibiting investments in commercial banks or industrial polluters.

All of our assets are managed on a discretionary basis. As of December 31, 2017, we had approximately \$515,002,633 in assets under management.

Item 5—Fees and Compensation

We receive an advisory fee based on a percentage of our clients' assets under management. This fee is graduated and declines as the value of the portfolio increases, as follows:

- 1.00% per annum on the first \$5 million;
- 0.75% per annum on the next \$5 million;
- 0.50% per annum per annum on the excess over \$10 million.

This is the only compensation that we receive for our services. Our fees are negotiable.

Our clients have the choice of having our fees deducted from their portfolios or billed to them and paid by check or wire transfer. Our clients currently use both methods. Most clients are billed quarterly in advance, but several pay quarterly in arrears.

Our clients pay third-party fees for custody and brokerage. Custody fees range between 6/100 and 15/100 of 1.0%, depending upon the custodian. Brokerage commissions for equity securities range between six and eight cents per share, depending on the broker-dealer. One custodian charges a fee of \$4.95 per transaction only.

Item 6—Performance—Based Fees and Side-by-Side Management

We do not receive any performance-based fees.

Item 7—Types of Clients

South Street Advisors provides investment advice to a variety of clients, both individual and institutions. Individual accounts form the highest percentage of our assets under management, followed by U.S. non-profit endowments and private foundations. Approximately 12.0% of our clients are institutions and not-for-profit organizations, while the other 88.0% are wealthy families and individuals.

Our minimum account size is U.S. \$1,000,000. We reserve the right to change or waive our minimum account size.

Item 8—Methods of Analysis, Investment Strategies, and Risk of Loss

Under our investment philosophy, asset allocation is an important determinant of investment returns. We have a systematic and disciplined approach to asset allocation based on expected rates of return for equities, bonds, cash equivalents, and alternative investments.

Each month, one of our principals prepares a forecast of expected rates of return for each asset class. The projected return for each asset category is based on:

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- For equities, the expected two-year forward earnings growth capitalized by the yield on the ten-year Treasury bond, plus a risk premium for common stocks; and
 - For bonds, the expected change in yield on the ten-year Treasury bond over the same time frame.

In our dynamic investing process, equity securities are evaluated continuously, according to specific quantitative financial criteria that we believe to be reliable predictors of future investment returns. Each month, we screen a database of 10,000 U.S. and foreign companies according to certain investment criteria.

At the outset of this process, we divide our database into five tiers of market capitalization. Each company is assigned to a tier and evaluated against a set of peers. Specifically, we first compare the price of the securities of each company against the expected two-year forward earnings growth, and we then compare the expected two-year forward earnings growth against the peer-group average. The projected earnings growth of the security must exceed the peer-group average, but its price and its forward earnings multiple must fall below the average. Finally, its current operating profit margin must be at least 1.2 times its five-year average. We then conduct extensive fundamental business analysis of the three or four companies that meet these strict financial criteria; this makes up the second stage of our screening process. Among other factors, we evaluate the management of a company, its position in its markets, its growth prospects, and its financial condition.

While we are active bond managers, interest-rate anticipation (meaning the expected direction of interest rates) represents the cornerstone of our fixed-income analytical process. Our focus on interest-rate movement emphasizes duration positioning against the interest-adjusted average maturity of the fixed-income markets above either the yield curve or sector management.

We manage the duration of bond holdings based on our outlook for interest rates over a six-month horizon. Duration is either shortened or lengthened using this forecast. We also position clients in the area of the yield curve that we expect to earn the highest rates of return over the next six months. Finally, we switch between the U.S. government, corporate, and mortgage-backed sectors, depending on whether yield spreads are likely to narrow or widen.

All portfolios are also subject to risk measurement metrics specific to each asset class. Asset-allocation guidelines are set for each investment category, and levels must fall within these ranges or be reduced.

In the equity component of our client accounts, we consider the beta of each equity holding and its impact on the overall risk of the component. We calculate the beta for our common equity holdings on a monthly basis to ensure that it conforms to our current policy. The beta of the equity component should not exceed 1.2 times that of the agreed-upon benchmark index.

In the fixed-income component, we review credit ratings on a monthly basis to identify potential downgrades and to affirm an overall rating of at least a single A.

Interest-rate risk is constantly monitored through our portfolio accounting system, which calculates duration for individual issues and the segment as a whole. Duration should not exceed approximately 20% of the duration of the benchmark index. To ensure adequate diversification, fixed-income sector weightings are measured against the percentage exposure of each segment within the index.

Notwithstanding the use of these risk measurement tools, our clients bear the risk of principal loss on funds invested in the securities markets.

Item 9—Disciplinary Information

There are no and never have been any legal or disciplinary actions taken against our firm or its officers or staff.

Item 10—Other Financial Industry Activities and Affiliations

Our chief compliance officer is a registered representative of a broker-dealer in her capacity as chief compliance officer of the broker-dealer. The broker-dealer is not affiliated with South Street Advisors. Our chief compliance officer does not purchase or sell securities in connection with her duties for the broker-dealer.

In addition, our chief compliance officer is a lawyer who practices through a professional services corporation. In addition to the broker-dealer, she serves as chief compliance officer for several other investment advisors and money managers.

We believe that these arrangements create no material conflicts of interest. If we believe that a conflict of interest is material, we discuss the conflict with the client involved in advance and obtain his or her assent.

Item 11—Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

South Street Advisors has a code of ethics, which is distributed to and followed by every employee. Each employee is requested to provide a written acknowledgment annually of receipt of the code of ethics. We will provide a copy of our code of ethics to any client or prospective client upon request.

Under our code of ethics, each employee is expected to act in the client's best interest, to comply with securities laws and regulations, and to avoid relying on nonpublic information to make decisions regarding the purchase and sale of individual securities. In addition, employees must seek the best execution possible for securities transactions and must avoid profiting from client relationships.

All personnel must clear reportable personal transactions in advance with our chief compliance officer. Shares of mutual funds are the primary type of securities that are not reportable. The chief compliance officer is not generally required to preclear her personal transactions because she has no direct or indirect control over her personal accounts that hold securities other than mutual-fund shares.

Item 12—Brokerage Practices

Other than for accounts that have brokerage directed by a client, a majority of our brokerage transactions are executed through Convergenx on behalf of Westminster Research. Westminster Research acts as our soft-dollar agent in paying for research, analytical, and security-pricing services. We also execute trades through Wells Fargo as soft-dollar payment for research. All of the services received conform to the safe-harbor provisions of section 28(e) of the Securities Exchange Act of 1934 and are used exclusively in our analytical and investment decision-making processes.

If we did not use soft dollars to pay for these services, the scope of information available to us might be limited. We receive a benefit when we use client brokerage commissions to obtain research and other products and services because we do not have to produce or pay for the research, products, or services. We have no incentive to select or recommend broker-dealers based on our interest in receiving the research and other products or services.

We seek the best execution possible for our clients. We direct our brokerage to one agent that then is responsible for compensating our various service providers. Consequently, we do not tie brokerage commissions to specific research that we may be interested in receiving.

Because commission rates vary from broker-dealer to broker-dealer, there may be instances in which our clients are charged a higher rate in return for soft-dollar benefits. Soft-dollar benefits are used to service all client accounts, since our brokerage activities are limited.

The products paid for with soft-dollar commissions include pricing services (such as NYSE, NYSE Amex Equities, NASDAQ, and options services) and informational databases used in our screening and evaluation process (such as Factset, Bloomberg, and First Call). Of these services, Bloomberg and Factset provide us with third-party investment research.

In placing an order, the number of shares to be bought and sold is calculated for each client and, for non-directed accounts, aggregated into a single block trade. An order is placed with the broker-dealer with instructions as to how it should be executed (such as to enter the order quickly if the security is highly liquid and stable or more slowly if the security is illiquid or trading erratically).

A client is permitted to direct brokerage to the broker-dealer of his or her choice. Orders for clients who have directed brokerage are placed with the directed broker-dealers immediately after the non-directed order is entered. A directed order may not

receive as favorable execution as the non-directed order. Since directed orders are not aggregated, they may be subject to higher commission costs.

Item 13—Review of Accounts

Accounts are reviewed on a quarterly basis by one of the two principals prior to our sending an evaluation to the client. The principal reviews the performance of individual segments against the agreed-upon benchmark, checks the asset allocation of the portfolio, and identifies the factors contributing to the account's return.

We may review accounts on other than a quarterly basis. These reviews generally occur when our monthly outlook for the securities markets changes significantly, or we plan on implementing a change in asset allocation, or both. Accounts are reviewed to determine if a change is appropriate based on reinvestment and tax implications for the client.

One of the principals provides each client with a written appraisal of his or her portfolio on a quarterly basis. The appraisal includes the asset allocation of the portfolio and investment returns compared against the agreed-upon quantitative benchmark. The evaluation analyzes performance, summarizes the reasoning behind changes in the portfolio, and provides a review of and outlook for the securities markets. We also strive to meet with our clients in person at least annually to discuss their portfolios and any changes in their investment objectives, financial needs, or risk tolerances.

Item 14—Clients Referrals and Other Compensation

We do not presently have referral arrangements with any individual. In the past, the compensation of each agent was based on a percentage of our investment management fee. Each agent would notify the prospective client in advance in writing that the agent would receive compensation from us for the referral. The terms of our arrangement were shared with the prospective client, who acknowledged in writing his or her understanding.

Item 15—Custody

Because we often deduct management fees directly from client accounts, we are technically considered to have custody of client assets. Our clients receive account statements directly from independent custodians on at least a quarterly basis, received through the mail or made available electronically. We do not send custodial account statements to our clients.

Item 16—Investment Discretion

We have discretionary authority to direct and supervise the investment, trading, and reinvestment of the cash and securities held in client portfolios. We manage our portfolios within a set of investment guidelines that vary according to client requirements. Before we assume discretionary authority, a client executes our investment management agreement, which includes a comprehensive power of attorney related to investment decision-making.

Item 17—Voting Client Securities

We have authority to vote client securities. Under our proxy-voting procedures, one of the two principals reviews each proxy and related descriptions of each proposal from the company or its shareholders. We typically vote with management on business-related issues, but we also vote for proposals that bolster shareholder rights, link compensation to actual performance targets, and prevent management from solidifying its position through voting restrictions and open-ended terms.

No client has ever instructed us as to how to vote on a particular issue. Should a client wish us to cast a ballot in a particular way, we would require written instructions regarding the vote.

We address conflicts of interest by placing the interests of our clients first. Our proxy-voting policy is meant to protect the interests of our clients and not the objectives of management.

Our clients may request from us information about how we have voted the proxies for their accounts.

Item 18—Financial Information

There is no financial condition that is likely to impair our ability to meet our contractual commitments to our clients. We have not been the subject any bankruptcy petition at any time.

Item 19—Requirements for State-Registered Advisors

This item is not applicable to South Street Advisors, LLC.

BROCHURE SUPPLEMENT

Item 2—Education Background and Business Experience

Thomas Carhart

Born 1952

B.A., Antioch College

M.B.A., Columbia University

Mr. Carhart founded South Street Advisors in 1998 and has served as a principal and its chief executive officer since its inception. Prior to founding the firm, he was a principal in Carver Cross & Carhart, a predecessor firm founded in 1996. Prior to his association there, Mr. Carhart was associated with Brown Brothers Harriman & Co. beginning in 1986. There he supervised a department that provided U.S. and global investment-management services to overseas investors. Under his direction, assets under management in his department increased from \$200 million to \$1.2 billion. Before earning his M.B.A., Mr. Carhart spent two years at Carlisle Decoppet & Co. as a trader on the floor of the New York Stock Exchange. He has long experience in managing

equity and fixed-income portfolios, especially for not-for-profit organizations, wealthy family groups, Japanese insurance companies, and European mutual funds. Mr. Carhart is a director of Arts for Art, a New York based not-for-profit.

Stephen Owen

Born 1963

B.A., Duke University

Mr. Owen joined South Street Advisors as a principal in 2009. Prior to joining the firm, he served from 2002 to 2008 as a senior portfolio manager and a managing director at Brown Brothers Harriman & Co. There he oversaw the non-U.S. investment management activities of the firm and supervised its international department of 24 employees, who were responsible for \$7 billion in assets under management. Mr. Owen's responsibilities at Brown Brothers included the management of \$800 million in U.S. equity securities and the evaluation and oversight of alternative investments, including private-equity and hedge funds. Mr. Owen has over 25 years of experience managing the investments of private clients and institutions based in the U.S. and abroad. He is fluent in several languages, including French and Spanish.

Item 3—Disciplinary Information

Neither Mr. Carhart nor Mr. Owen has been involved in legal or disciplinary matters.

Item 4—Other Business Activities

Mr. Carhart is vice president of Baronne Services, a management company for oil and gas partnerships owned by his family.

Item 5—Additional Compensation

No one who is not a client provides any economic benefit to Mr. Carhart or Mr. Owen for providing advisory services.

Item 6—Supervision

As chief executive officer of South Street Advisors, Mr. Carhart communicates frequently with Mr. Owen regarding firm operations, including the management of client portfolios (including the monitoring of cash levels), the solicitation of new clients, and the computation and presentation of performance information. Mr. Carhart may be reached at 212-292-7803.

Item 7—Requirements for State-Registered Advisors

This item is not applicable to South Street Advisors.