

**Item 1. Cover Page**

**CORESTATES CAPITAL ADVISORS, LLC**

FORM ADV – PART 2.A. INFORMATION

April 29, 2013

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**This brochure provides information about the qualifications and business practices of CoreStates Capital Advisors, LLC (the “Firm”). If you have any questions about this brochure, please contact us at (267) 759-5000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about the Firm, including a copy of its Form ADV Part 1, is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**The Firm is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The Firm’s registration with the SEC does not imply a certain level of skill or training.**

## **Item 2. Material Changes**

The Firm has made several changes to its Brochure since its last annual update on February 7, 2013, including the following material changes:

### **Item 1: Cover Page**

The Firm has updated this Item by changing its address. The Firm's new address is 1010 Stony Hill Road, Suite 315, Yardley, PA 19067.

### **Item 4: Advisory Business**

The Firm has updated this Item by adding "institutional clients" and "operating companies" to the list of recipients of the Firm's services.

The Firm has updated this Item by moving the description of its relationships with various affiliates to Item 10.

### **Item 5: Fees and Compensation**

The Firm has updated this Item by revising the range of asset-based fees it charges its clients.

The Firm has also added information to this Item by generally disclosing fees the Firm and its affiliates receive in connection with the management of certain other companies.

### **Item 6: Performance-Based Fees and Side-By-Side Management**

The Firm has updated this Item by more fully describing the conflicts of interest it faces in connection with charging certain clients performance-based fees and engaging in side-by-side management of client accounts.

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

The Firm has updated this Item by moving the description of its relationships with various affiliates from Item 4 to this Item 10.

The Firm has updated this Item by removing the reference to CoreStates Opportunistic Income Fund, LP, a private investment fund that was wound up and whose corporate existence has been terminated.

The Firm has updated this Item by further describing its relationships with affiliates by discussing the relationships between the Firm and several related entities: Canal House Partners, LLC, Core Matters, LLC, Nassau Capital Partners, LLC, River House Partners, LLC, Sanibel Sundial Partners, LLC, TIO Series I, LLC, TIO Series II, LLC, and TIO Series III, LLC.

The Firm has updated this Item by further describing its relationship with 1015 Asset Management, LLC and 1015 Partners, LP.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Firm has updated this Item to reflect changes made to its Code of Ethics relating to the restrictions it imposes on its employees' personal securities transactions.

### **Item 17: Voting Client Securities**

The Firm has updated this Item by updating its address for the submission of written requests for the Firm's policies and procedures as they relate to proxy voting.

### **Item 18: Financial Information**

The Firm has updated this Item by disclosing information related to its financial condition.

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#### **Item 4. Advisory Business**

**General Information.** The Firm is an investment adviser registered with the SEC and notice filed in various states. The Firm first registered as an investment adviser under Advisers Act with the SEC in November 2005. The Firm's registration with the SEC does not imply a certain level of skill or training.

The Firm is wholly owned by William T. Spiropoulos, its President and Chief Executive Officer.

**Advisory Services.** As of December 31, 2012, the Firm manages approximately \$170,000,000 of assets on a discretionary basis, and provides non-discretionary management and consulting services with respect to additional client assets of approximately \$335,000,000 for a total of approximately \$505,000,000. The Firm's advisory services are described in detail below.

**Discretionary Investment Management Services.** The Firm generally manages its clients' portfolios by allocating each client's assets among various securities on a discretionary basis applying one or more of its investment strategies, as appropriate. In allocating each client's assets, the Firm exercises discretionary authority and buys, sells, exchanges and/or transfers securities in accordance with the relevant investment strategy.

The Firm does not have authority to open accounts on behalf of its clients, but typically recommends the services of Charles Schwab & Co., Inc. ("Schwab") or Fidelity Brokerage Services, LLC ("Fidelity").

Features of the Firm's account management services include the following:

1. ***Investment Policy Statement.*** Each new client completes an Investment Policy Statement (an "IPS"). The IPS forms the basis of the Firm's understanding of the client's financial circumstances, goals, and acceptable risk levels.
2. ***Initial Interview.*** An initial interview is conducted with each new client to discuss his or her financial circumstances, goals, and acceptable risk levels. If the client so desires, he or she may request that the Firm adhere to any reasonable restriction on the management of the client's account.
3. ***Individual Treatment.*** The client's account is then managed on the basis of the client's financial circumstances, investment objectives and restrictions.
4. ***Consultation.*** A Firm representative who is knowledgeable about the client and his or her account is made available at any time to consult with the client regarding the status and management of his or her account.
5. ***Notice of Transactions.*** The Firm ensures that each client is provided with notice of all transactions in his or her account from Schwab or Fidelity (or such other custodian as the client may engage) as if the client had maintained a similar account outside of the program.
6. ***Monthly Statement.*** The Firm ensures that each client is provided with a monthly statement from Schwab or Fidelity (or such other custodian as the client may engage) containing a description of all activity and investment positions in the client's account.
7. ***Ability to Impose Restrictions.*** As noted above, each client has the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Firm not to purchase certain securities or types of securities on behalf of the client. For the sake of the Firm and the client, the Firm requires clients to make such restrictions in writing.
8. ***No Pooling.*** Each client's beneficial interest in a security does not represent an undivided interest in all the securities held by Schwab, Fidelity, or any other custodian, but rather represents a direct and beneficial interest in the securities which comprise each client's account.
9. ***Separate Account.*** A separate account is maintained for each client with Schwab, Fidelity, or such other custodian as the client may engage.
10. ***Ownership.*** Each client retains indicia of ownership of the account, including, without limitation, (i) the right to withdraw securities or cash, (ii) the power to exercise or delegate proxy voting responsibilities, and (iii) the receipt of transaction confirmations and other statements.

Securities transactions are generally conducted without regard to a client's individual tax ramifications. As further discussed in Item 12, below, in order to meet its fiduciary duties to all of its clients, the Firm endeavors to allocate

investment opportunities among its clients on a fair and equitable basis.

The Firm usually allocates each client's assets managed on a discretionary basis among mutual funds, exchange traded funds, individual debt and equity securities and options. The Firm may also recommend the use of third-party Independent Managers (as defined below) if the use of such managers is consistent with the investment objectives of the client.

*Non-Discretionary Investment Management Services.* The Firm may provide non-discretionary investment management services to clients relative to: (1) variable life/annuity products that they may own and (2) their individual employer sponsored retirement plans. In so doing, the Firm either directs or recommends the allocation of the client's assets among the various fund sub-accounts that comprise the variable life/annuity product or the retirement plan. The client's assets are then maintained by either the insurance company that issued the variable life/annuity product owned by the client or by the custodian designated by the sponsor of the client's retirement plan.

The Firm can implement its services only after a client has arranged for and furnished the Firm with all information and authorizations related to accounts with an appropriate financial institution. While the Firm generally recommends that clients open such accounts at Schwab or Fidelity, such financial institutions could also include a broker-dealer chosen by the client, a different broker-dealer recommended by the Firm, a trust company or a bank (collectively referred to herein as "Financial Institutions").

The Firm's clients may incur certain charges imposed by the Financial Institution and other third parties such as fees charged by an Independent Manager (as defined below), custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the client's account as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, added differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to the Firm's fee for its investment management services.

*Third-Party Manager Selection Services.* The Firm may also recommend that certain clients authorize the active discretionary management of a portion of their assets by certain independent investment managers either directly or through a wrap fee program (each such third party, an "Independent Manager"), based upon the stated investment objectives of the client. The terms and conditions under which a client engages an Independent Manager are set forth in separate written agreements between (1) the client and the Firm, and (2) the client and the designated Independent Manager or wrap fee program sponsor. In such an arrangement, the Firm continues to render advisory services to the client relative to the ongoing monitoring and review of account performance, for which the Firm receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Manager.

Factors that the Firm considers in recommending an Independent Manager include the client's stated investment objectives and the management style, performance, reputation, financial strength, reporting, pricing, and research of the Independent Manager. The investment management fees charged by the designated Independent Manager, together with the fees charged by any wrap fee program sponsor and corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, the Firm's investment advisory fee. As discussed above, the client may incur additional fees beyond those charged by the Firm, the designated Independent Manager, any wrap fee program sponsor (if applicable), and any corresponding broker-dealer and custodian.

In addition to the Firm's written disclosure statement (Part 2A and Schedule 2B of Form ADV), the client also receives the written disclosure statement of the designated Independent Manager and any wrap fee program sponsor (if applicable). Certain Independent Managers may impose more restrictive account requirements than, and billing practices that vary from, those of the Firm. In such instances, the Firm may alter its corresponding account requirements and billing practices to accommodate those of the Independent Manager or wrap fee program sponsor.

If the Firm refers a client to an Independent Manager whose fees include the Firm's compensation and the client engages such Independent Manager, the Firm is compensated directly by the Independent Manager. Any such fee is paid solely from the Independent Manager's investment management fee or the program fee of the wrap fee program (as appropriate), and does not result in any additional charge to the client.

Clients are encouraged to promptly notify the Firm if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the Firm's management services.

Neither the Firm nor a client may assign their Agreement without the other's consent. Transactions that do not result in a change of actual control or management of the Firm shall not be considered an assignment of the Agreement by the Firm.

A copy of the Firm's written disclosure statement, Part 2 of Form ADV, is provided to each client prior to or contemporaneously with the execution of the Agreement. Any client who has not received a copy of the Firm's written disclosure statement at least forty-eight (48) hours prior to signing the Agreement shall have five (5) business days after signing the agreement to terminate the Firm's services without penalty.

*Services to Private Investment Funds.* The Firm manages three private investment funds. As a general matter, only investors who meet certain income or net worth thresholds may invest in the private investment funds managed by the Firm, and the Firm must only discuss these private investment funds with prospective investors whom the Firm reasonably believes meet such thresholds.

*Consulting Services.* The Firm may provide certain of its clients with consulting services (which may include matters unrelated to investments).

In performing its services, the Firm does not independently verify any information received from the client or from the client's other professionals (e.g., the client's attorney or accountant) and is expressly authorized to rely on such information. The Firm may recommend its own services or the services of other professionals to implement its recommendations. Clients will be advised that a conflict of interest exists in the event that the Firm recommends its own services. A client is under no obligation to act upon any of the Firm's recommendations under a consulting engagement or to engage the services of any such recommended professional, including the Firm itself. A client retains absolute discretion over all such implementation decisions and is free to accept or reject any of the Firm's recommendations. Moreover, each client is advised that it remains the client's responsibility to promptly notify the Firm if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the Firm's previous recommendations or services.

## **Item 5. Fees and Compensation**

In the event a prospective client determines to engage the Firm to provide investment management services, the Firm shall do so on a fee basis determined by the services it provides.

Advisory fees paid to the Firm are for the Firm's investment management services only and are negotiable. These fees do not include, for example, transaction commissions and the fees charged by third parties, such as accountants and attorneys, who provide the client with accounting and legal advice. The fees also do not include administrative and account maintenance fees charged by the custodian of a client's account. The Firm's brokerage practices are discussed in further detail in Item 12.

Prospective clients should be aware that in addition to the Firm's management fees, each mutual fund in which a client's assets are invested also pays its own advisory fees and other internal expenses which already have been deducted from the fund's reported performance. Depending on the fund, a client may be able to invest directly in the shares issued by the fund without incurring any sales or third-party management fees.

In addition, there are tax effects pertaining to fund share redemptions made by the Firm on behalf of its clients. Redemptions are taxable events which may accelerate the recognition of capital gains and losses, and frequent redemptions may result in short-term, rather than long-term, capital gains and losses.

Asset-Based Fees. The Firm may charge an annual fee based upon a percentage of the market value of the assets being managed. The Firm's asset-based annual fee is prorated and deducted from clients' accounts monthly, in advance, based upon the market value of the assets on the last day of the previous month. The annual fee charged by the Firm varies (between 0.20% and 2.60%) depending upon the market value of the assets under management and the type of investment management services to be provided. The Firm may, at its option, combine the values of related accounts for fee calculation purposes.

For the initial month of investment management services, the first month's fees are calculated on a prorated basis. The Agreement between the Firm and the client will continue in effect until terminated by either party pursuant to its terms. The Firm's annual fee is prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate, in a timely manner.

A client may make additions to and withdrawals from the account at any time, subject to the Firm's right to terminate an account. If assets are deposited into an account after the inception of a month that exceed \$5,000, the fee payable with respect to such assets is prorated based on the number of days remaining in the month. Clients may withdraw account assets on notice to the Firm, subject to the usual and customary securities settlement procedures. For partial withdrawals in excess of \$5,000 within a billing period, the Firm will credit its unearned fee towards the next month's fee. However, the Firm designs its portfolios as long-term investments and a client's withdrawal of assets may impair the achievement of that client's investment objectives.

Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. The Firm may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they may be subject to fees, including but not limited to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charges) and tax ramifications.

Performance-Based Fees. The Firm may also provide investment management services to qualified clients, including the private investment funds it manages, for a performance-based fee in accordance with the requirements set forth in applicable laws, rules, and regulations. Generally, for a new client to enter into an advisory agreement that provides for the payment of a performance-based fee to the Firm, the client must have a net worth of at least \$2 million, exclusive of their home, or have at least \$1 million of investments under management with the Firm. Certain existing clients may be eligible to enter an advisory agreement with the Firm that provides for a performance-based fee if they met earlier net-worth or portfolio size standards. For those clients, the Firm shall charge its fees based upon a percentage of the market

value of the assets being managed by the Firm (an “asset-based fee”) in addition to a fee based on the performance of the account (a “performance fee”).

If an individual qualified client decides to engage the Firm on a performance-based fee basis, the Firm shall charge a performance fee between five percent (5%) and twenty percent (20%) of the net performance of the account, subject to a high water mark. The Firm will also charge an asset-based fee which shall vary (between 0.50% and 2.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

The Firm’s annual asset-based fee shall be prorated and charged monthly, in advance, based upon the market value of the assets on the last day of the previous month. The Firm’s performance fee will be charged quarterly, in arrears, based on the net gains of the client’s portfolio at the end of the calendar period. Under this fee arrangement, there would be the potential for a conflict of interest in that the performance fee may be an incentive for the Firm to make investments that are riskier or more speculative in than would be the case absent a performance fee arrangement.

The Firm’s annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by each client. However, the Firm does not receive any portion of these commissions, fees, and costs.

Consulting Service Fees. The Firm may or may not charge a fee for these services. Any of the Firm’s consulting fees are negotiable, but generally range from \$150 to \$300 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the consulting services.

When the Firm charges a fee for consulting services, the client will generally be required to enter into a written agreement with the Firm setting forth the terms and conditions of the engagement and describing the scope of the services to be provided and the portion of the fee that is due from the client prior to the Firm commencing services. Generally, the Firm requires one-half of the consulting fees immediately upon entering the written agreement. The balance is generally due upon completion of the agreed upon services. Either party may terminate the agreement by written notice to the other. If the client were to terminate his or her agreement, the balance of the Firm’s unearned fees (if any), calculated on a prorated basis, would be refunded to the client. If such termination were to occur within five business days of entering into an agreement for such services, the client would be entitled to a full refund.

Entity Management Fees. The Firm or its affiliates may receive additional fees in connection with the management of certain private companies. These fees are further described in Item 10, below, and in full detail in each such company’s Private Placement Memorandum.



**Item 6. Performance-Based Fees and Side-By-Side Management**

The Firm charges performance-based fees to certain of its clients as more fully described in Item 5, above. This fee arrangement creates a conflict of interest for the Firm by creating an incentive for the Firm to select riskier investments for clients whom it charges a performance-based fee in the hope of sharing in any increases in such investments' value. The Firm endeavors to manage each client's account based on his or her individual investment needs and objectives regardless of the fee structure applied for advisory services.

The Firm also acknowledges that it engages in "side-by-side management" of client accounts—that is, the simultaneous management of a number of client accounts with varying fee structures. Side-by-side management creates a conflict of interest for the Firm by creating an incentive for the Firm to provide preferential treatment to clients whom it charges a performance-based fee. To ensure that the Firm treats all its clients fairly, the Firm generally aggregates client transactions in identical securities, averages transaction prices for client accounts, and allocates securities pro rata among its clients.

All other fees are disclosed in Item 5, above.

**Item 7. Types of Clients**

The Firm makes its advisory services available to a wide variety of clients including, but not limited to, individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, business entities, and private investment funds.

As a condition for starting and maintaining a client relationship, the Firm generally imposes a requirement for a minimum portfolio size of \$250,000. The Firm, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention, and pro bono activities. The Firm shall only accept clients with portfolios smaller than the minimum size if, in the sole opinion of the Firm, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. The Firm may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain Independent Managers may impose more restrictive account requirements than, or billing practices that vary from, those of the Firm. In such instances, the Firm may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers or any wrap fee program sponsor.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

**Methods of Analysis.** The Firm's methods of analysis include, without limitation, fundamental, technical and quantitative analysis.

*Fundamental Analysis.* Fundamental analysis consists of the evaluation securities based upon their issuer's historical and projected financial performance.

*Technical Analysis.* Technical analysis consists of the examination of technical moves in the prices of securities based upon peer securities or comparisons to an investment sector or index.

*Quantitative Analysis.* Quantitative analysis consists of the application of relatively complex mathematical and statistical tools to quantifiable data related to a security's price.

*Independent Managers.* The Firm may also recommend that clients authorize the active discretionary management of a portion of their assets by certain Independent Managers, based upon the client's stated investment objectives. The Firm shall continue to render services to the client relative to the discretionary selection of any Independent Managers as well as the monitoring and review of account performance and client investment objectives. The Firm also develops its own investment strategies to apply to client accounts.

**Investment Strategies and Risks.** Neither the Firm nor any of the Independent Managers it may recommend guarantee the results of the investment advice given. Significant losses can occur by investing in any security, or by following any investment strategy, including conservative investment strategies recommended or applied by the Firm or an Independent Manager. The Firm and the Independent Managers it recommends to its advisory clients generally use a number of investment strategies when formulating investment advice or managing client assets.

*Long-Only Equity.* A long-only equity strategy invests equity securities, which may include securities issued by domestic or foreign companies of varying size. The primary risk associated with long-only equity strategies is the potential for large drawdowns, both in the equities market generally and for any particularly large holdings in a given portfolio.

*Long/Short Equity.* A long/short equity strategy attempts to profit from both the purchase of equities expected to rise in value and the short sale of equities that are expected to decline in value. The primary risk associated with long/short equity strategies is that the short portion of a portfolio outperforms its long portion, which could create a potentially unlimited loss even in a rising equity market.

*Asset Allocation.* An asset allocation strategy attempts to maximize the long-term return of a given investor's portfolio given his or her individual risk tolerance and investing timeframe by diversifying the portfolio's assets into various asset classes. The primary risks associated with asset allocation strategies are that investors may not understand their risk tolerance at the outset of the strategy, that the investments made in each asset class may not share the risk and performance of the class itself, and that market activity may frequently cause a portfolio's allocation to diverge from its targets.

*Tactical Asset Allocation.* A tactical asset allocation strategy is similar to an ordinary asset allocation strategy, but in a tactical asset allocation strategy, the allocation of the portfolio's assets is dynamically adjusted in an attempt to exploit perceived or anticipated market trends and inefficiencies. Tactical asset allocation strategies share the risks associated with ordinary asset allocation strategies, with the additional risk that the dynamic adjustments may reduce returns or cause losses from frequent trading.

*Balanced Investment.* A balanced investment strategy seeks a combination of income and growth, typically by investing relatively equal amounts in fixed-income and equity securities. A balanced investment strategy generally shares the risks associated with its long-only equity and fixed-income portions, with the additional risk that the risk and return of one portion fail to complement those of the other as anticipated.

*Laddered Fixed Income.* A laddered fixed-income strategy attempts to reduce the risks related to fixed-income securities and manage cash flows by creating a portfolio of fixed-income securities with different maturities. The primary risks associated with any fixed-income strategies are that interest rates fluctuate, reducing the value of previously purchased fixed-income securities, and the risk that the issuer of a fixed-income security defaults.

*Currency Trading.* While individual currency trading, or Forex, strategies and techniques can vary dramatically, each seeks profits from the exchange of one country's currency for that of another. The primary risks associated with Forex stem from its speculative nature and the levels of leverage, or gearing, often used by currency traders. When a currency trader uses a high level of leverage, relatively small unfavorable price movements can cause large losses.

*Managed Futures.* A managed futures strategy is an alternative investment strategy typically involving long and short positions in futures contracts, government-issued securities, and options on futures contracts. The primary risks associated with managed futures strategies are similar to those that affect currency trading: managed futures strategies are speculative, and they often employ a high level of leverage with the result that small price movements can create large losses.

*Multi-Strategy.* A multi-strategy investment strategy, by definition, uses a number of different investment strategies in an attempt to protect a portfolio from volatility and reduce the risks associated with any one particular investment strategy. In addition to the risks associated with each individual strategy it uses, a multi-strategy portfolio faces the risk that the strategies fail to complement one another as anticipated by the manager.

**Item 9. Disciplinary Information**

The Firm does not have any disciplinary information to report regarding itself or any of its management persons.

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

##### **Dual Registrations.**

*Broker-Dealer/Registered Representative.* As described below, Mr. William T. Spiropoulos is the sole owner of Nassau Capital Partners, LLC (“NCP”). Provided that NCP’s application for registration as a broker-dealer is approved, Mr. Spiropoulos will apply for registration as a registered representative thereof.

*Commodities/Associated Person.* None of the Firm’s management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing types of entities.

*Other Affiliates.* The Firm is under common control with Core Matters, LLC (“CM”); CoreStates Capital, LLC (“CC”); CoreStates Realty Group, LLC (“CRG”); CoreStates Realty Trust, LLC (“CRT”); and Nassau Capital Partners, LLC (“NCP”).

CC and CRT are dormant entities and currently conduct no business.

CRG serves as the managing member of three private companies: Canal House Partners, LLC (“CHP”), River House Partners, LLC (“RHP”) and Sanibel Sundial Partners, LLC (“SSP”). The Firm’s recommendation to its advisory clients to invest in any of the foregoing entities creates a material conflict of interest because the Firm’s affiliate, CRG, will receive fees in connection with such an investment. The Firm addresses this conflict of interest by fully describing all such fees in each entity’s Private Placement Memorandum.

As described above, NCP is pursuing registration as a broker-dealer, but currently conducts no business. To the extent that NCP becomes an operational registered broker-dealer, and the Firm recommends to its advisory clients that they purchase securities through NCP, a material conflict of interest will exist because NCP will likely receive fees in connection with such a transaction. If it arises, the Firm will address this conflict of interest by fully disclosing any fees it or NCP will receive in connection with such a transaction.

CM is pursuing registration as an insurance agency, but currently conducts no business.

The Firm manages three private investment funds: Delphi Alpha Fund, LLC; Delphi Beta Fund, LLC; and Delphi Delta Fund, LLC (together, the “Delphi Funds”). The Firm’s recommendation to its advisory clients to invest in any of the Delphi Funds creates a material conflict of interest because the Firm, as manager of each of the Delphi Funds, will receive fees in connection with such an investment. The Firm addresses this conflict of interest by fully describing all such fees in the Delphi Funds’ Private Placement Memorandum.

The Firm also serves as the manager of three privately-held unit investment trusts: TIO Series I, LLC; TIO Series II, LLC; and TIO Series III, LLC (together, the “Southport Lane Entities”). The Firm’s responsibilities as manager of the Southport Lane Entities include general administrative duties such as arranging and coordinating the filing of tax returns and arranging accounting and valuation services.

The Firm may enter into agreements with other investment management firms whereby it agrees to participate in the formation and management of investment funds and pools such as the private investment funds named above. Under these arrangements, the Firm forms the investment entity, acts as its general partner or managing member and provides day-to-day operational support services. The other investment management firms that partner with the Firm perform portfolio design and implement strategies they believe are appropriate to meet the objectives of the fund or pool. The Firm and the managers split the fees generated by these investment “products.” All clients are encouraged to carefully read these funds’ private placement memoranda for details about the nature of the investments, service providers and associated fees. Because the Firm receives fees as the operating manager for these “products,” a conflict of interest exists when it recommends an investment in them to its clients.

Two of the Firm’s employees, Messrs. William H. Bromley and Ian A. Foster, own 1015 Asset Management, LLC (“1015

Management”), an unregistered investment management firm. 1015 Management manages a private investment fund, 1015 Partners, LP (the “1015 Fund”). To the extent the Firm recommends that clients invest in the 1015 Fund or otherwise utilize the services of 1015 Management, a material conflict of interest exists because Messrs. Bromley and Foster will receive fees from such an investment or arrangement. Furthermore, Delphi Beta Fund, LLC (“Delphi Beta”), a private investment fund managed by the Firm, owns an equity interest in the 1015 Fund, so to the extent the Firm recommends that clients invest in Delphi Beta, a material conflict of interest exists because Messrs. Bromley and Foster will receive fees from such an investment. The Firm addresses these conflicts by disclosing their existence. These conflicts of interest are further discussed in Item 11, below.

### **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Code of Ethics. In accordance with Rule 204A-1, the Firm has adopted a Code of Ethics. The Firm's Code of Ethics addresses a number of topics including, among other things, general standards of business conduct and Firm-imposed restrictions on its employees' personal securities transaction, gift-giving and political contributions. The provisions of the Firm's Code of Ethics are generally intended to ensure that the Firm and its employees adhere to legal and ethical rules related to the Firm's solicitation and treatment of its advisory clients and the Firm's and its employees' activities in the securities markets. The Firm will provide a complete copy of its Code of Ethics to any advisory client or prospective advisory client. Advisory clients and prospective clients may request a copy of the Firm's Code of Ethics by mail or telephone. The Firm's address and telephone number are provided in Item 1, above.

Interested Transactions. As a general matter, the Firm's Code of Ethics forbids its employees from recommending that an advisory client enter into a securities transaction in which the employee has a material financial interest without making a full disclosure of the following facts:

- Any direct or indirect beneficial ownership of any of the issuer's securities;
- Any contemplated transaction by the employee in the securities;
- Any position held by the employee with the issuer or its affiliates; and
- Any present or anticipated business relationship between the employee and the issuer of the securities or its affiliates.

*Managed Companies.* As described in greater detail in Item 10, above, the Firm and its affiliates manage a number of private investment funds and operating companies (each, a "Managed Company"). Because the Firm or an affiliate of the Firm receives fees in connection with the management of each Managed Company, the Firm has a material financial interest in the Managed Companies' securities, and the Firm faces a material conflict of interest when it recommends that its advisory clients purchase such securities. To address this material conflict of interest, the Firm provides prospective investors in each of the Managed Companies with a copy of such Managed Company's Private Placement Memorandum, which fully describes the fees the Firm or its affiliate receives from each Managed Company.

*1015 Partners, LP.* Further, Delphi Beta Fund, LLC (the "Delphi Beta Fund"), a private investment fund managed by the Firm, owns an equity interest in 1015 Partners, LP (the "1015 Fund"). Both the Delphi Beta Fund and the 1015 Fund are discussed in further detail in Item 10, above. When the Firm recommends the purchase of securities issued by that particular fund, there is a conflict of interest because (i) that fund owns shares issued by the 1015 Fund and (ii) Messrs. William H. Bromley and Ian A. Foster will receive additional fees from such an investment. The Firm addresses this conflict of interest by disclosing this conflict of interest to investors in the Delphi Beta Fund.

Restrictions on Employees' Personal Securities Transactions. Subject to the terms of the Firm's Code of Ethics, the Firm permits its employees to buy or sell securities that the Firm recommends to its advisory clients. The Firm's Code of Ethics imposes two primary restrictions on its employees' personal securities transactions: pre-clearance requirements and blackout periods.

*Pre-clearance.* The Firm requires its employees to pre-clear personal securities transactions in which the employee intends to purchase securities (i) in an initial public offering or (ii) in a private or limited offering.

*Blackout Periods.* The Firm forbids its employees from purchasing or selling, directly or indirectly, any security on a day during which any advisory client has a pending "buy" or "sell" order in the same security until such order is executed or withdrawn. The Firm does permit its employees to enroll their personal securities accounts in the investment strategies it offers to its advisory clients, with the effect that a Firm employee's personal account receives the same treatment as an advisory client's account with respect to order aggregation as described in further detail in Item 6, above. These restrictions are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.



## **Item 12. Brokerage Practices**

**Custodial Recommendations.** The Firm does not exercise discretion to select brokerage firms on behalf of its clients, but does generally recommend that its clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab") or Fidelity Brokerage Services, LLC ("Fidelity") (together, the "Custodians"), registered broker-dealers, members SIPC, to maintain custody of client assets and to effect trades for their accounts. The primary factors on which the Firm bases its recommendation of the Custodians are the overall quality of their services to clients, including execution, and the cost to clients of their services.

For the Firm's clients' accounts maintained in their custody, the Custodians generally do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities that are executed through them or that settle into their accounts. The Firm's clients may elect to pay for trading costs by per trade commissions or by a flat annual asset-based fee. Clients are encouraged to carefully consider whether the expected volume of transactions in their accounts justifies use of the asset-based commission method.

Except as provided for in any applicable wrap fee program, the brokerage commissions and/or transaction fees charged by the Custodians or any other designated broker-dealer are exclusive of and in addition to the Firm's fees for its investment management services. Factors which the Firm considers in recommending the Custodians, or any other broker-dealer, to clients include the broker-dealer's financial strength, reputation, execution, pricing, research, and service. The Custodians enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges and provide access to certain institutional money managers.

The commissions and/or transaction fees charged by the Custodians may be higher or lower than those charged by other broker-dealers. The commissions paid by the Firm's clients shall comply with the Firm's duty to obtain "best execution." However, a client may pay a commission that is higher than that which another qualified broker-dealer might charge to effect the same transaction where the Firm determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services including, among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while the Firm will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

**Research and Soft Dollars.** The Custodians make available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts, which may create an incentive for the Firm to recommend the Custodians based on the Firm's interest rather than our advisory clients' interests. Some of these other products and services assist the Firm in managing and administering clients' accounts. These may include software or other technology that provides access to client account data (such as trade confirmations and account statements); facilitates trade execution (and allocation of aggregated trade orders for multiple client accounts); provides research, pricing information and other market data; facilitates payment of the Firm's fees from its clients' accounts; and assists with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of the Firm's accounts, including accounts not maintained with the Custodians. The Custodians also make available to the Firm other services intended to help the Firm manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. While as a fiduciary, the Firm endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at a Custodian may be based in part on the benefit to the Firm of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by them, which may create a conflict of interest.

**Brokerage for Client Referrals.** The Firm receives no referrals from a broker-dealer in exchange for using that broker-dealer, including the Custodians.

**Directed Brokerage.** If the client requests the Firm to arrange for the execution of securities brokerage transactions for

the client's account, the Firm shall direct such transactions through broker-dealers that the Firm reasonably believes will provide best execution. The Firm shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its clients in light of its duty to obtain best execution.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist the Firm in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The Firm's receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest.

The client may direct the Firm in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Firm will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by the Firm (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, the Firm may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties. Other than for the services described above, the Firm and its Representatives do not direct transactions and the commissions they generate (soft dollars) to brokerage firms or other parties to receive research or other benefits. Should an advisory client choose to direct brokerage to a broker-dealer other than the Custodians, the Firm may be unable to achieve most favorable execution of that advisory client's transactions, with the effect that directing brokerage may cost advisory clients more money. The Firm is independently owned and operated and not affiliated with Schwab or Fidelity. The Firm evaluates the reasonableness of the cost of the Custodians' services to clients, including any commissions, in relation to the cost of similar services provided by competitive firms.

Aggregation of Client Transactions. Transactions for each client generally will be effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. The Firm generally does (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among the Firm's clients pro rata according to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm's Advisory Affiliate(s) may invest, the Firm shall generally do so in accordance with applicable rules promulgated under the Investment Advisers Act of 1940 (the "Advisers Act") and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. The Firm shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro-rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

**Item 13. Review of Accounts**

For those clients to whom the Firm provides investment management services, the Firm monitors those portfolios as part of an ongoing process. The Firm also conducts regular account reviews with its clients on at least an annual basis, and may also contact a client to conduct an account review in response to a significant event in a client's life, such as a major medical event. Account reviews may be written or verbal. During account reviews, the Firm encourages its clients to discuss their needs, goals, and objectives with the Firm and to keep the Firm informed of any changes thereto. The member of the Firm who serves as a client's primary contact generally performs that client's account review. These individuals are listed in the brochure supplements in the Firm's Form ADV Part 2.B.

For those clients to whom the Firm provides consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by Mr. William T. Spiropoulos, the Firm's President and Chief Executive Officer, or an individual he designates.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. The Firm also provides its advisory clients with access to current reports over the internet and prepares written reports for clients upon request. These reports may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a monthly or quarterly basis.

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

Outside Compensation. The Firm does not receive any economic benefits for providing investment advice or other advisory services to our advisory clients from anyone other than our advisory clients themselves.

Solicitation Arrangements. If a client is introduced to the Firm by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee. Any such referral fee shall be paid solely from the Firm's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor shall provide the client with a copy of the Firm's written disclosure statement which meets the requirements of Rule 206(4)-3 promulgated by the SEC under the Advisers Act and a copy of the solicitor's disclosure document containing the terms and conditions of the solicitation arrangement, including compensation.

Any affiliated solicitor of the Firm shall disclose the nature of his or her relationship to prospective clients at the time of the solicitation, and any non-affiliated solicitor will provide all prospective clients with a copy of the Firm's written disclosure document at the time of the solicitation.

**Item 15. Custody**

The Firm does take custody of client funds or securities by virtue of its management of certain private investment funds and operating companies. The Firm must arrange for each company to be audited by an independent auditor each year and for a copy of the audit to be provided to each investor of each such company.

The Firm does not take custody of its clients' other accounts, which receive the safekeeping services provided by the brokerage firm processing the securities transactions ordered by the Firm.

To the extent a client receives any account or other investment ownership statement from the Firm, the Firm recommends the client carefully compare the information on the report to the information on the client's monthly account statements provided by the account's custodian.

**Item 16. Investment Discretion**

The Firm is generally granted discretionary authority to manage the assets in its clients' accounts. This means that after receiving discretionary authority from a client in writing, the Firm may select, purchase, sell or exchange securities in the amounts and at the times the Firm wishes to. Such authority also allows the Firm to select brokers to process transactions.

The Firm's advisory clients over whose accounts the Firm exercises discretionary authority appoint the Firm as attorney-in-fact and grant the Firm a limited power-of-attorney through the execution of the Firm's standard Discretionary Investment Management Agreement.

Although the Firm's clients customarily do not, they may place reasonable restrictions on the Firm's management of their accounts, as more fully described in Item 4, above.

**Item 17. Voting Client Securities**

If its advisory client so desires, the Firm will vote proxies on his or her behalf. The Firm uses ProxyEdge, a suite of electronic proxy voting services provided by Broadridge Financial Solutions, Inc., to vote client proxies.

The Firm has issued standing instructions to ProxyEdge to vote client proxies according to the recommendation of each issuer's management. In the event that an issuer's management does not make a recommendation for a particular proxy, ProxyEdge alerts the Firm and Mr. William T. Spiropoulos, the Firm's President and Chief Executive Officer, or his delegate will determine how to vote client proxies.

In certain situations, a client or its representative may provide the Firm with a statement of proxy voting policy. In these situations, the Firm will seek to comply with such policy to the extent it would not be inconsistent with the Firm's fiduciary responsibility.

Because the Firm generally relies on a third-party proxy voting service to vote client proxies in accord with the issuer's management's recommendations, the Firm does not ordinarily encounter conflicts of interest with respect to the voting of client proxies.

As a general matter, the Firm does not normally take any action on behalf of its clients in any legal proceedings, including bankruptcies or class action lawsuits, related (1) to securities currently or previously held in clients' accounts or (2) to the issuers of such securities.

To obtain information on how the Firm has voted a client's proxies or to request a copy of the Firm's policies and procedures as they relate to proxy voting, or to demand that the Firm vote a client's proxies in a certain manner, clients may submit a written request to the following address:

CoreStates Capital Advisors, LLC  
ATTN: Graham D. Foster  
1010 Stony Hill Road, Suite 315  
Yardley, PA 19067

**Item 18. Financial Information****Financial Statements.**

Because the Firm does not receive fees of more than \$1,200 six months or more in advance, it has not attached any financial statements.

**Precarious Financial Condition.**

Rule 206(4)-4 promulgated by the SEC under the Advisers Act requires an investment adviser to disclose to current and prospective clients all material facts regarding its financial condition if, among other things, (i) the adviser's financial condition is reasonable likely to impair its ability to meet its contractual commitments to its clients or (ii) if the adviser has discretionary authority over or custody of client assets.

While the Firm does not believe its financial condition will impair its ability to meet its contractual commitments to its clients, the Firm does exercise discretionary authority over and maintain custody of its clients' assets.

As a general rule, an investment adviser is considered to be in a precarious financial position if (i) it is unable to pay its bills as due, (ii) its assets have fallen below any relevant government-imposed net capital requirements, or (iii) it is insolvent, meaning that the investment adviser's assets are less than its liabilities.

The Firm is not subject to any government-imposed net capital requirements. While the Firm is able to pay its ordinary expenses from operations, it has been unable to meet certain of its other financial obligations. And because its assets are less than its liabilities, Firm is currently insolvent.

The Firm's unaudited financial statements for the 2011 and 2012 fiscal years show the following:

	2011	2012
Net Income	\$109,200.73	\$104,419.80
Total Assets	\$859,335.85	\$568,629.93
Total Liabilities	\$647,904.37	\$1,828,410.65

From July 2012 on, the Firm has realized lower-than-projected revenues in part due to the waiver or reduction of fees charged by the Firm to clients whose accounts were affected by the bankruptcy of Peregrine Financial Group, Inc. From January 2013 on, the Firm has realized lower-than-projected revenues in part due to the termination of two of its investment adviser representatives and the resultant departure of many of their personal clients. The Firm has experienced higher-than-projected expenses in part due to legal costs associated with the aforementioned employee departures.

The significant increase in the Firm's total liabilities from December 31, 2011 to December 31, 2012 reflects the conversion of a former passive owner's equity interest to debt.

**Bankruptcy.**

The Firm has not been the subject of a bankruptcy petition in the past ten years.