



**CoreCap Advisors, Inc.**  
[FORM ADV, PART 2A -- BROCHURE]

**This brochure provides information about the qualifications and business practices of CoreCap Advisors, Inc. ("CCA). If you have any questions about the contents of this brochure, please contact us at 888-296-3360. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about CCA is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for CoreCap is 158819.**

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The date of this Brochure is April 23, 2018

## Item 2 -- Material Changes

This Form ADV Part 2A makes certain changes to the prior Form ADV Part 2A of CoreCap Advisors, Inc. ("CCA").

In addition, CCA, along with in some cases its affiliated broker-dealer, CoreCap Investments, Inc., anticipates that it will continue to provide services as a Financial Institution, as that term is defined under the Best Interests of Client Exemption (the "BIC Exemption") set forth by the U.S. Department of Labor (the "DOL Rule"), to certain of its affiliates when and if the DOL Rule is finalized and made applicable. Providing such services under the BIC exemption may materially increase CCA's risk exposure.

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## Item 4 -- Advisory Business

We were founded in 2011 and are currently owned by Core Capital Holdings, Inc., a holding company that is ultimately owned equally by Timothy J. Otto and Dennis M. Brown.

We provide discretionary portfolio management services to our clients. Portfolio investment decisions are made according to the investment objectives and risk tolerances of each client, and also the client's stated investment restrictions (if any) and special circumstances. As a relationship-oriented firm, we emphasize individualized attention to a client's assets and investment needs. Investment decisions are made on a consultative basis with the client or the client's designated financial advisors, financial planners, attorneys or accountants.

Asset fee based services are administered via the RBC brokerage platform and via the advisory platform at TD Ameritrade ("TD"). CCA has also recently entered into an agreement with the Trust Company of America ("TCA") under which TCA will provide custody and operational support services to CCA. Clients may elect to use either RBC, TCA, or TD. Generally, clients will sign an investment advisory agreement giving us discretionary investment authority over their account. Discretion refers to our authority to make purchase and sale decisions for a client's account. The use of investments such as mutual funds or Exchange Traded Funds ("ETFs") may create a layering of management fees for those client relationships. The normal fees associated with a mutual fund or an ETF (such as investment advisory, administration, distribution, transfer agent, custodial, legal, audit and other customary business-related fees and expenses) will apply as well as the agreed-upon investment management fee from us. In these

situations, we will usually select one or more mutual funds or ETFs for the client and will discuss the investment with the client before it is made

We have also, on occasion, entered into relationships with third-party investment advisors who provide services to our clients. CCA may, from time to time and based upon information received from the client, utilize the services of a Sub-Advisor to manage some or all of a client's assets on a discretionary basis and in accordance with the client's stated investment objectives. In these situations, CCA offers consulting and advisory services in overseeing such Sub-Advisors. CCA makes recommendations regarding the use of a Sub-Advisor and its investment style based on, but not limited to, the client's financial needs, long-term goals, and investment objectives.

Sub-Advisors selected by CCA offer multiple strategies. Once a Sub-Advisor is selected, CCA continues to monitor the chosen firm to ensure that it adheres to the philosophy and investment style for which it was selected and to ensure that its performance, portfolio strategies, and management remain aligned with the client's overall investment goals and objectives. CCA will retain discretionary authority to hire and fire Sub-Advisors and reallocate the client's assets to other Sub-Advisors, where such action is deemed to be in the best interest of the client. CCA's ongoing review includes, but is not limited to, assessment of the Sub-Advisor's disclosure brochure, performance information, materials, personnel turnover, and regulatory events.

We have a fee sharing agreement in place with the subadvisors. The allocation of the gross advisory fees between CCA and the subadvisors is dictated by the services provided to the individual client. Clients are not charged additional fees to cover this fee sharing agreement with subadvisors. The fees shared will not exceed our stated maximum advisory fee. The client will be asked to authorize the subadvisor with the ability to withdraw the total advisory fee.

Our clients choose to enter into relationships with these advisors through us and the fees for such advisors are included with the fees paid to us. Separate Forms ADV 2-A and 2-B, as appropriate, for the third-party advisors will be provided to clients by us on any such accounts.

Each client may also be responsible for paying any transaction costs associated with purchasing and selling securities.

We anticipate that under the DOL Rule, in whatever form it ultimately takes, that we and our affiliated broker-dealer may serve as Financial Institutions ("FI") for qualified accounts under the Rule for the securities industry personnel associated with CCA and CCI as well as for certain insurance only professionals ("IOPs") currently appointed with various insurance companies through our affiliate M&O Marketing, a field marketing organization ("FMO") in insurance<sup>1</sup>. Serving as an FI for IOPs may entail, among other things, representing and warranting that CCA has policies and procedures in place to prevent conflicts of interest relating to qualified retirement accounts and to require adherence to a best interest of client ("BIC") standard in relation to investment advice provided to such clients. CCA, for its own activities, is currently subject to what is called "BIC Lite" because it is a so-called level fee advisor. Investment professionals who charge only level fees without regard to the nature of the transaction need only make certain disclosures to their clients and do not need to obtain a client's signature on the BIC contract. However, persons who receive commissions must, even if those commissions are reasonable and fully disclosed to the client, enter into a BIC contract which makes certain representations and warranties about the firm and its representatives, and also provides for a private right of action for a breach of that conflict and prohibits a requirement for waiver of class action lawsuits. In addition, we may be required to supervise all persons for whom we serve as FI, and to review their advertising material.

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<sup>1</sup> Field marketing organizations or independent marketing organizations are often compared to mutual fund company wholesalers. Essentially, they stand between an issuing insurance company and the independent agents who sell that insurance company's products, assisting the agents with meeting the various requirements in the same manner as sales assistants in securities assist registered representatives and investment adviser representatives.

Because of the uncertainties surrounding the DOL Rule, it is unclear what the exact impact of the Rule upon us will be, but we do expect that there will be resulting material changes in the way we do business. CCA has been in compliance with those portions of the DOL Rule which went into effect in June 2017 and will continue to be in such compliance until the status of the rule becomes clearer.

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

For discretionary accounts, fees are normally billed in advance, based on the net asset value of a client's account under management as of the last day of the prior billing period. Billing periods (typically monthly or quarterly) are established during consultation with each client. Fees charged to new clients will also be pro-rated for the number of days in the billing period during which the new client's account was open. If a client terminates the relationship with us other than at the end of a billing period, the fees for the billing period in which termination occurred will be calculated through the date of termination based on the assets under management on that date. We prefer to have our clients authorize us to have RBC or TD, as applicable, invoice and deduct these fees directly from their accounts, in compliance with applicable SEC and state rules that permit this type of arrangement.

For certain accounts with certain sub-advisors, fees will be billed quarterly in arrears. For such accounts, clients may terminate their advisory agreement with thirty (30) days' written notice. Because fees are charged in arrears, no refund policy is necessary or provided for such accounts. Clients may terminate such contracts without penalty within five (5) business days of signing the advisory contract. Advisory fees will be withdrawn directly from the client's accounts based on the written authorization to do so by the client.

Our fees are negotiable and are typically lower as the amount of initial assets in a client's account increases. Our annual fees can range between 1.00% and 3.00% of assets under management. The annualized fee applies to 100% of the assets in the account, and client-related accounts may be aggregated for fee calculations.

In addition to the account fees and expenses described above, when a client's assets are invested in ETFs or mutual funds, the client's account will also be subject to various other fees and expenses that are described in the ETF's or mutual fund's prospectus. These fees and expenses are paid by the ETF or mutual fund but are ultimately borne by the client as a shareholder of the mutual fund. These fees and expenses include investment advisory, administration, distribution, transfer agent, custodian, legal, audit and other customary fees and expenses related to mutual funds.

CCA may, from time to time, enter into solicitor agreements with other registered investment advisors. In such cases, CCA will refer a potential client to the third party advisor and will receive a one-time or on-going referral fee from such advisor for such referrals. These referral fees will be included in the management fee charged by the third party advisor, and thus the client will see only one total fee.

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

We do not charge or accept "performance-based fees," which are fees based on a share of capital gains on, or capital appreciation of, the assets of a client.

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

We provide discretionary portfolio management services primarily to individuals, including high net worth individuals and those persons who are "accredited investors" (as defined by SEC rules), and self-directed retirement plans such as 401(k) and 403(b) accounts owned by these individuals. In addition, we also provide portfolio management services to pension and profit sharing plans, trusts, estates, and corporations. We do not impose any required minimum size for a client's account, although we use the services of certain third party money managers who may impose such minimums.

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

In order to provide our clients with a diversified portfolio of investments that are tailored to their investment objectives, we intend to focus our investment advice on mutual funds, ETFs, individual stocks, and bonds. In certain cases we may also incorporate options or short sales, but only after discussion with the client. Our investment time horizon is typically long term (over a number of years). Our research is generally independent and may incorporate financial magazines, publications and papers, fundamental research, corporate ratings services, SEC filings and other pertinent sources.

### **Yorktown Tactical Portfolios**

Recently CoreCap introduced a signals-buying program called Yorktown Tactical Portfolios. Yorktown provides a range of risk profiles for purchasing signals and is offered through both of our custodians, RBC Correspondent Services and TD Ameritrade. There has been significant interest in this program and it is growing rapidly.

Yorktown Tactical Portfolios have the potential to invest in domestic equity sector Exchange Traded Funds, fixed income ETFs, Exchange Traded Notes representing alternative investments; and will take defensive positions by investing in a cash equivalent, such as money market fund and/or comparable ETF. The investment strategies can independently raise up to 100% cash when market conditions dictate.

***Please note that Yorktown is not a registered investment advisor and therefore is not a third party money manager with whom clients or CCA enter into an agreement.***

### **Third Party Money Managers**

Further, we have entered into sub-advisory agreements with certain third-party money managers. Clients may, at their discretion, choose to use the services of such money managers through CoreCap. Account minimums and additional fees may apply in such relationships. Clients who choose to utilize the services of third-party managers will receive, as applicable, the Forms ADV 2-A and 2-B of those advisors from CCA.

*Selection of Other Advisers* – Although we seek to select only those sub-advisors who will invest your assets with the highest level of integrity, our selection process cannot ensure that the selected subadvisor will have positive performance or outperform a particular benchmark. We do not have control over the day-to-day operations of the sub-advisors.

Also, while we strive to render our best judgment on your behalf, many economic and market variables beyond our control can affect the performance of your investments and we cannot assure that your investments will be profitable or no losses will occur in your investment portfolio.

***Past performance is one consideration with respect to any investment or investment adviser, but it is not a predictor of future performance.***

**Investing in securities involves the risk of loss that a client should be prepared to bear. We do not guarantee our investment results or performance, and we generally do not engage in frequent trading of a client's account, which can adversely affect performance, particularly through increased brokerage and other transaction costs and taxes.**

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

Neither our firm nor any of our management persons has been involved in any legal or disciplinary proceedings during the past 10 years that is material to a client's (or a prospective client's) evaluation of our advisory business or the integrity of our management. Specifically, there have been no criminal or civil actions involving our firm or our management persons, in which such person was convicted of, or

pled guilty or *nolo contendere* ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses; there have been no administrative proceedings before the United States Securities and Exchange Commission or any other foreign, federal or state regulatory agency, and there have been no proceedings by a self-regulatory organization involving our firm or any of our management persons.

Our President has recently been involved, solely in his capacity as a control person of our affiliated broker-dealer in certain litigation and enforcement actions relating to the supervision of a registered representative who engaged in serious misconduct with certain clients of the broker-dealer. It is not anticipated that this litigation and/or enforcement action will materially impact our President's ability to perform his duties with CCA. Our Chief Compliance Officer has also been named, solely as a control person, in a small number of these same litigation matters.

Likewise our affiliated broker-dealer is engaged in litigation and potential enforcement action relating to this same registered representative. It is not anticipated that this litigation and/or enforcement action will materially impact the activities of CCA.

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

We are not registered as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing entities. However, our parent company, Core Capital Holdings, Inc., owns a registered broker-dealer, CoreCap Investments, Inc., which is our affiliate. CoreCap Investments has also obtained the appropriate licenses to sell variable annuities in the states in which it does business. As a result, certain of our management persons are or will be registered representatives and principals of that broker-dealer. None of these individuals, however, is registered as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person or is a listed principal of any of the foregoing entities, nor do any of our management persons have an application for such registration or listing pending.

Our Chief Compliance Officer provides services to our affiliated Broker-Dealer and, on a limited basis, to the affiliated FMO discussed above. She does not provide compliance services to any non-affiliated third parties, for compensation or otherwise.

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

Our officers and employees who have or may have knowledge of present or future client transactions must comply with our written procedures that impose restrictions on the purchase and sale of securities by such individuals for their own accounts. Our written procedures require prior clearance of all personal securities transactions, except certain exempt transactions, by our Chief Compliance Officer or submission of all confirmations and monthly statements in lieu of such advance clearance. Copies of brokerage firm confirmations and monthly brokerage statements for all associated person accounts not carried by us or our affiliated broker-dealer must be sent directly to our Chief Compliance Officer.

It should be noted that in general our compliance policies and procedures defer to those of our affiliated broker-dealer, except where the law requires otherwise. This means that our IARs are subject to the background check, fingerprinting and continuing education requirements of the rules of the Financial Industry Regulatory Authority ("FINRA").

We have adopted a Code of Ethics that complies with SEC Rule 204A-1. This Code governs the personal securities trading activities of our "supervised persons," which include any owner, manager, employee or other person who provides investment advice on our behalf and who is subject to supervision and control by us. The Code recognizes that all supervised persons owe a fiduciary duty to our clients, including a duty to conduct their personal securities transactions in a manner that does not interfere with the transactions of a client or otherwise take unfair advantage of the relationship with a

client. The Code contains specific principles of conduct, prohibits certain types of securities trading activities by a supervised person, requires pre-clearance for certain securities transactions by a supervised person and requires "Access Persons" to file an initial holdings report and quarterly transactions reports with our Chief Compliance Officer. In lieu of such quarterly reports, the SEC permits individuals who are subject to submission of monthly brokerage statements to the firm to be deemed to be in compliance with this quarterly reporting requirement. All associated persons of CCA who have accounts that are not on the books of CCA or its affiliated broker-dealer are required to disclose such accounts to the Chief Compliance Office who then makes arrangements to receive such statements. A copy of our Code of Ethics will be provided to any client who requests one, without charge.

We do not buy or sell for client accounts any securities in which we or any of our "related persons" have a material financial interest. From time to time, we may, or our related persons may, invest in the same securities or related securities (e.g., warrants, options or futures) that we are recommending to our clients or that we are buying or selling for our clients at or about the same time. Under our Code of Ethics and policies on personal trading, we must execute our client's trades prior to making any trades on our own behalf or on behalf of a related person; however, we may include trades for our own account or for a related person in any "batch" trades that we execute for multiple clients at the same time. Batch trades are described in Item 12 below.

## **Item 12 -- Brokerage Practices**

When we have discretionary authority to make transactions in a client's account, the extent of that authority will be determined based on the individual written agreement with the client. Depending on the terms of the discretionary account agreement with a client, we may be given the authority to make some or all of the following determinations without obtaining the client's prior consent, but subject to any specific restrictions or limitations requested by the client:

- which securities will be bought or sold;
- the total amount of securities to be bought or sold;
- the broker or dealer through which securities will be bought or sold; and
- the commission rates or prices at which securities transactions are to be carried out.

Selection of Brokers. In selecting a brokerage firm for our clients we attempt to choose the one that has the capability of providing "best execution" for the client trades. In determining the ability of a broker or dealer to obtain best execution for a particular transaction we consider a number of factors, including (but not limited to) the execution capabilities necessary to the transaction, the importance of speed, efficiency and confidentiality, the broker's apparent familiarity with sources from which or to which particular securities may be purchased or sold and the reputation and the perceived soundness of the broker or dealer.

We do not have any duty or obligation to seek advance competitive bidding for the most favorable commission rates available for a particular transaction, or to select any broker solely on the basis of its purported or posted commission rates. We will take reasonable steps to be aware of the current level of charges of eligible brokers and to minimize the transaction expenses incurred, to the extent consistent with the interests and policies of clients. Although we generally seek competitive commissions, we do not necessarily obtain the lowest brokerage commissions. Some transactions may involve specialized services on the part of a broker and may entail higher commissions as a result.

In accounts for which we have authority to select the broker or dealer for transactions in an account, we prefer to use RBC or TD because of the lower brokerage commissions charged and the level of advisor/client service provide by these firms. For accounts where the client asks us to recommend a brokerage firm, we will recommend RBC or TD based on the reasons before mentioned.

Research and Other Soft Dollar Benefits. We do not engage in any soft dollar arrangements.

Brokerage for Client Referrals. When selecting or recommending a brokerage firm, we will choose RBC or TD Ameritrade.

Directed Brokerage. A client may direct us to use a particular broker or dealer to execute transactions under terms and arrangements that the client has negotiated. Where this occurs, we may not be in a position to negotiate the lowest commissions or spreads for the client, or to achieve best execution of trades. In addition, transactions for a client who has directed us to use a certain broker or dealer may not be batched for purposes of execution (see below). Accordingly, the designation by a client of a particular broker or dealer may result in higher commissions, greater spreads, or less favorable prices than might be realized if we are empowered to select a broker or dealer and negotiate for best commission.

Aggregation of Trades. From time to time we may be in the position of buying or selling the same security for a number of clients at approximately the same time. Because of market fluctuations, the prices obtained on such transactions on a single day may vary substantially. In such situations, some clients will receive prices more favorable than other clients. To more equitably allocate the effects of such market fluctuations, we may use an averaging procedure for certain transactions, under which purchases or sales of a particular security will be combined ("batched") for all accounts trading in the same security on the same day. In such cases, the prices shown on confirmation reports for these purchases or sales will be the average execution price for the batch. In certain situations, batched orders entered may not be completely filled, and in such event we will prorate the completed portion of the order to ensure that all clients participating in the batched order will receive an allocated portion of the completed transaction.

### **Item 13 -- Review of Accounts**

All accounts are monitored or reviewed on an ongoing and regular basis (generally daily) for performance. Complete reviews are made on a monthly basis. When relevant factors change, such as the financial needs or objectives of a client on fundamental developments which impact the companies whose securities held, or when a security's relative valuation changes, or during periods of market fluctuations, an individual account is promptly reviewed. All reviews are conducted by the investment advisor representative who is responsible for management of a client's account.

Our clients or their designated agents or advisors will generally receive monthly account statements from their custodian which detail security positions, current value, cost basis and expected yield. We also provide monthly and/or quarterly portfolio appraisals detailing portfolio structure, holdings, income, etc. Clients are encouraged to compare our statements with the statements received from their broker/custodian and to confirm that the investments we report are in fact held by the custodian. Market updates informing clients of relevant developments are provided at least quarterly. In-person visits are scheduled periodically or at a client's discretion to ensure communication and understanding of portfolio activities and accomplishments.

It is important for clients to note that we rely upon the financial and other information which they provide to us and to be aware that they should promptly update us on any material change to their financial or other status.

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

We do not at the present time enter into arrangements with individuals to solicit and refer prospects to us for a fee.

### **Item 15 -- Custody**

We do not hold custody of any client funds or securities. While we normally provide our clients with quarterly statements of their account's status and performance, we encourage our clients to compare the information contained in the statements we provide with the information that each client receives directly from the custodian of their account.



Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. However, this is the only form of custody we will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. For accounts in which we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

#### **Item 16 -- Investment Discretion**

When a client desires to provide us with complete authority to select which securities will be bought or sold and the total amount of securities to be bought or sold the investment account agreement will contain a limited power of attorney designating us as the client's attorney-in-fact for these purposes. Clients may place limitations on our powers, including limitations related to specific investment objectives or policies or limitations requiring some form of prior notice before we are allowed to execute transactions. Any limited power of attorney may be terminated by a client at any time without prior notice, but termination must be in writing (including email communications). Termination of the investment advisory agreement by email may be subject to verification procedures to ensure that the email has come from an authorized party on the account.

#### **Item 17 -- Voting Client Securities**

Our normal investment account agreement provides that we will not be responsible for voting with respect to the securities held in an account. We do not ask for and will not accept voting authority for client securities. If client requests to have proxies sent to them we will instruct the broker to do so. In special circumstances, if requested by client, we may agree to vote on behalf of the client.

#### **Item 18 -- Financial Information**

We are not required to include in this brochure our balance sheet for the most recent fiscal year, because we do not, at the present time, require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance.

We are not aware of any financial condition that would impair our ability to meet our contractual commitments to our clients. Neither our firm nor any of our management persons have been the subject of a bankruptcy petition at any time during the past 10 years.

