



# CoreStates Sector Rotation

[www.corestates.us](http://www.corestates.us)

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- INVESTMENT OBJECTIVE**
- To capture the upside returns of the S&P 500 during bull markets, and to provide absolute returns during bear markets utilizing ETF's
  - Capital preservation and reduce volatility relative to long only equity exposure by systematically identifying and actively managing US equity market out(under)performance

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- INVESTMENT STRATEGY**
- Proprietary systematic approach to invest in the 9 primary sectors of the S&P 500 via ETFs: Consumer Stables, Consumer Discretionary, Industrials, Financials, Utilities, Technology, Energy and Materials
  - Actively manage exposure to the 9 equity sectors using a binary 'On' or 'Off' for each sector. All sectors are equally weighted
  - Risk Management – Deteriorating sectors are removed. 6 sectors removed signals a Bear market with a move to build cash using Treasury Bill ETF up to 100% cash
  - Liquidity – Separately managed account structure allows for daily liquidity

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- INVESTMENT POLICY**
- No leveraged ETF investments
  - Maximum of 9 Sectors equally weighted and maximum of 25% for each
  - Minimum of 1 position when all sectors are removed and Treasury Bills represent 100% of the portfolio

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- TARGET MARKET**
- 100% ETFs representing equity and cash & equivalents
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# CoreStates Capital Advisors

## Sector Rotation



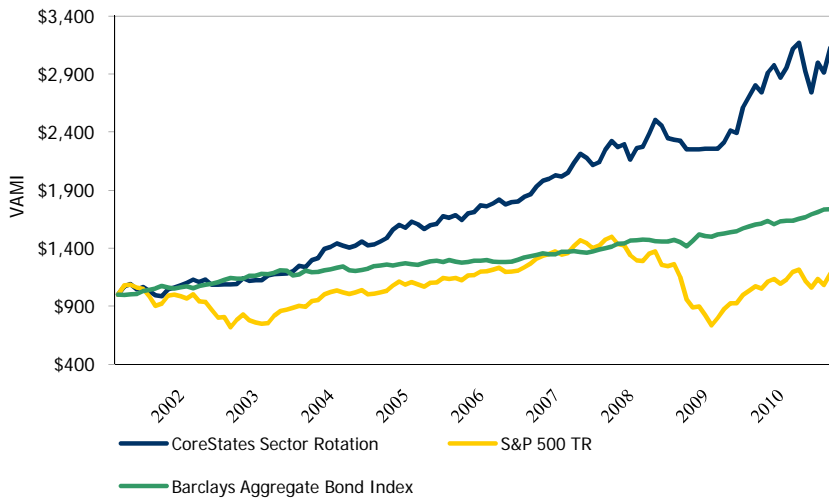
Data Through: Sep-10  
 Benchmark 1: S&P 500 TR  
 Benchmark 2: Barclays Aggregate Bond Index

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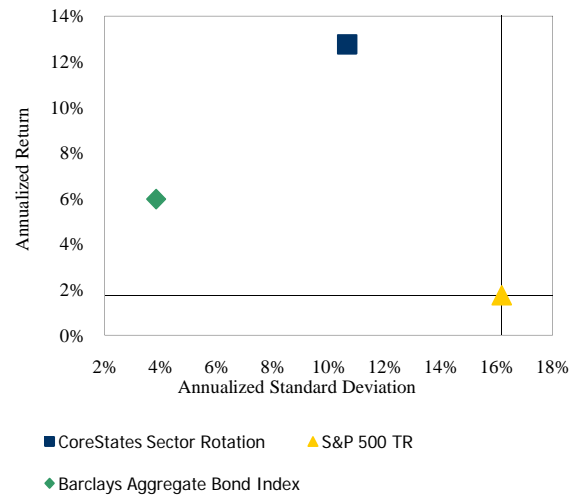
### Product Description

CoreStates Sector Rotation looks to consistently outperform the S&P 500 during both bull and bear market periods. The Sector Rotation will invest across 9 sectors and cash; using only long ETFs. This strategy will not use derivatives, leverage or short positions. The idea is that extreme (greater than 10%) monthly moves tend to occur 60% more often to the downside and they tend to be 70% greater than extreme moves up. By avoiding these extreme environments, a portfolio can produce excess return above the S&P 500, while lower volatility.

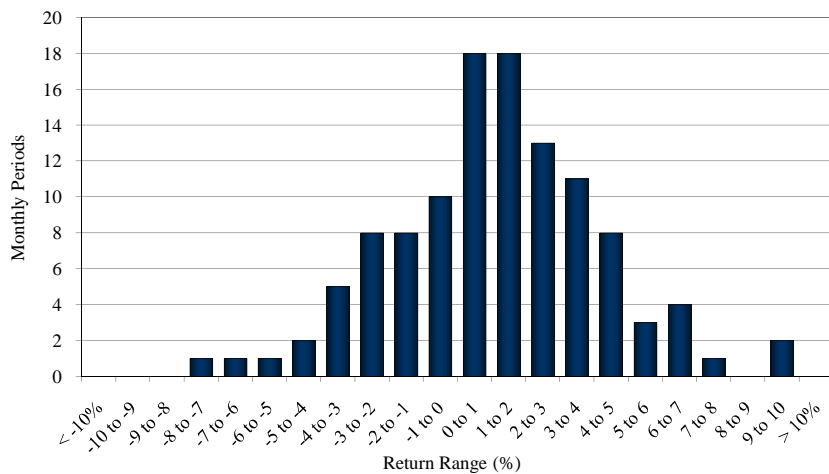
Growth of \$1,000



Risk / Return Scattergram (Since Inception)



Distribution of Monthly Returns



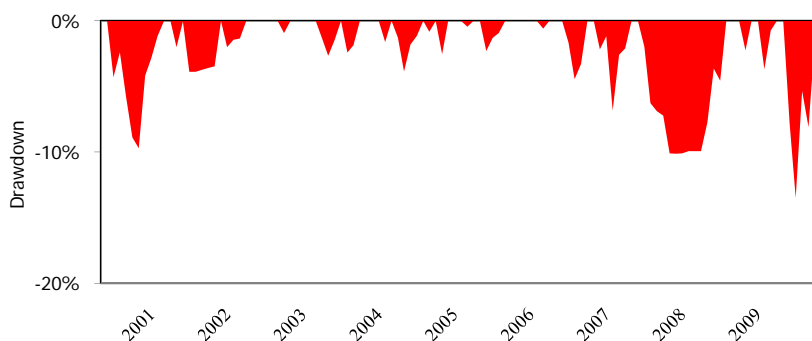
Annual Returns

	CoreStates	Benchmark
2010 (YTD)	5.03%	3.89%
2009	32.20%	26.46%
2008	(1.87)%	(37.00)%
2007	14.96%	5.49%
2006	16.69%	15.79%
2005	6.87%	4.91%
2004	14.88%	10.88%
2003	24.79%	28.68%

Latest Returns

	CoreStates	Benchmark
Last Quarter	14.07%	11.29%
Last Year	11.53%	10.16%
2-Year	15.98%	1.27%
3-Year	11.61%	(7.16)%
5-Year	13.17%	0.64%
7-Year	14.17%	4.04%
10-Year		

Drawdown History



Risk (Since Inception)

	CoreStates	Benchmark
Annualized Return	12.75%	1.75%
Standard Deviation	10.66%	16.18%
Downside Deviation	6.35%	12.60%
Sharpe Ratio	0.72	(0.11)
Max Drawdown	(13.49)%	(50.95)%
Skewness	0.01	(0.65)
Kurtosis	0.43	1.01

Benchmark Comparison (Since Inception)

	CoreStates	Benchmark
Alpha	11.78%	
Beta	0.47	
Correlation	0.71	
Active Premium	11.00%	

## DISCLOSURES

CoreStates Capital Advisors, LLC commenced its investment management business in January 2006. This Composite was created by CoreStates in compliance with the Global Investment Performance Standards ("GIPS").

The investment management fee for all accounts is a flat 60 basis points. Performance data includes reinvestment of dividends and earnings and is presented "gross of fees" and net of trading expenses. Therefore, the returns presented do not reflect the impact of the fees and other expenses associated with the investment, the deduction of which would decrease results. For example, an annual total expense of 1% compounded over a 10-year period would alone reduce a portfolio by 9.5%. Fees may vary by custodian, manager and client and the net effect of the deduction of fees on an annualized performance varies over time depending on account size, time period and overall investment performance. The fees are disclosed in published fee schedules, which are available upon request. The performance results also do not reflect the impact of taxes. All performance figures are expressed in U.S. Dollars.

Clients having portfolios containing securities other than the Fund, and portfolios subject to different objectives, or to tax, client-imposed or other restrictions, would have had higher or lower returns than the actual performance shown. Also, the composition and market volatility of the Benchmark index, which is an unmanaged, private fund index, and the composition and volatility of the Composite performance are materially different. Indexes do not have any expenses deducted from results.

Factors such as the size and performance of specific securities positions in accounts, the length of time certain positions are held, the timing of purchases and sales during the reporting period, client objectives, cyclical securities price trends, favorable and unfavorable news pertaining to securities, market trends and other factors all influence performance results materially. For these reasons, actual client account performance for any strategy would only match the Composite's performance exactly if the investments and purchases and sales in a client's account matched those in the Composite.

The data used for this report was obtained from sources deemed reliable and then organized by the staff at CoreStates. Performance calculations were prepared using standard industry software and were not audited by any third party. Errors could have occurred in the data, in the calculations and in the preparation of this presentation.

Performance information contained herein is not meant to be a prediction of future performance. Actual results may vary from the results illustrated herein and such variations may be material. Losses can occur from using any investment strategy, including those used by the Composite.

CoreStates Capital Advisors LLC is a privately owned registered investment advisor. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fee paying fully discretionary accounts under management, including some accounts which are no longer with the firm. Past performance is not indicative of future results.

The annual composite dispersion presented is a size-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for calculating and reporting returns is available upon request.