

Part 2A of Form ADV: *Firm Brochure*

Cornerstone Real Estate Advisers LLC

One Financial Plaza
Suite 1700
Hartford, CT 06103-2604

Telephone: (860) 509 - 2200

Facsimile: (860) 509 - 2224

www.cornerstoneadvisers.com

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This Brochure provides information about the qualifications and business practices of Cornerstone Real Estate Advisers LLC (hereinafter “Cornerstone” or “Firm” or “we”). If you have any questions about the contents of this Brochure, please contact the Firm’s Chief Compliance Officer, William E. Bartol, at (860) 509-2233 or bbartol@cornerstoneadvisers.com. 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 Cornerstone is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Cornerstone is 106468.

Item 2. Summary of Material Changes

This Brochure is prepared in accordance with Rule 204-3 of the Investment Advisers Act of 1940. Accordingly, we will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of the Firm's fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. The Brochure may also be viewed on the SEC's website.

There have been no material changes made in this March 28, 2012 revision. However, changes made include the following:

- Under Item 4, Fund Business, the Cornerstone Real Estate Fund VIII has been moved from the list of the current Open Pooled Investment Vehicles to the list of the current Closed Pooled Investment Vehicles.
- Under Item 12, Brokerages Practices, Allocation of Real Estate Opportunities (Debt and Equity) has been amended to reflect separate policies for Debt and Equity.
- Under Item 17, Voting Client Securities, Use of an Independent, Third-Party Proxy Voting Service, references to RiskMetrics Group have been changed to ISS.

Item 3. Table of Contents

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Item 4. Advisory Business

Real Estate Advisory Services

Cornerstone is a diversified, full service global advisory firm specializing in real estate related advisory and management services. Cornerstone provides advice to a client regarding investment of its funds based on the client's needs. Cornerstone is an indirect wholly-owned subsidiary of the Massachusetts Mutual Life Insurance Company (hereinafter "MassMutual"), and has been in business since 1994. Account supervision is guided by the stated objectives of the client (i.e., core, value added, opportunistic, growth and income, growth, income, or total return). Cornerstone offers advisory services in the following real estate related investment sectors:

Public Real Estate Securities

Cornerstone manages portfolios of public real estate securities (domestic and global, debt and equity) for mutual funds and institutional clients on a discretionary and non-discretionary business.

Equity Investments in Real Estate

Cornerstone provides investment advisory services with respect to direct real estate equity investments and asset management services. Equity investments in real estate typically span all property types including, but not limited to, multifamily, affordable housing, retail, office, industrial, land, and hotels, as well as Section 42 affordable housing tax credit investments. Additionally, these properties may be completed (i.e. fully developed and operational) or in the development stage(s).

Real Estate Debt Investments

Cornerstone provides investment advisory services with respect to real estate related debt investments such as commercial mortgages, affordable housing mortgages, residential mortgages, syndicated commercial real estate debt, loan participations, mezzanine debt, and preferred equity.

Mortgage Loan Servicing

Cornerstone is a rated mortgage loan servicer capable of servicing public commercial mortgage backed securities. Cornerstone's servicing arm primarily provides private mortgage servicing in transactions where the Firm's affiliates, including MassMutual, and other advisory accounts and third-party investors co-invest.

Funds Business

Cornerstone is the sponsor of various pooled investment vehicles for which we provide investment advice. Investors who elect to invest in or with these vehicles purchase an

interest in one of the Cornerstone sponsored fund(s) (collectively, the “Funds”) through an affiliated broker-dealer. In these cases, the fund is the Firm’s client. These investors are accordingly not advisory clients of the Firm and do not impose restrictions on how we invest the commingled fund. Some, but not all, of these Funds are offered under the exemptions found in Investment Company Act Rules 3(c)(1) and 3(c)(7), and are therefore “Private Funds.”

Below is a list of the current Open Pooled Investment Vehicles (i.e., currently raising capital for the funds):

The Cornerstone Patriot Fund LP (“CPF”). CPF's strategy is to invest primarily in stabilized, substantially leased real estate assets anticipated to provide steadily growing income with the opportunity for appreciation over the long term. The investment strategy may include investments in office, apartment, retail, industrial and hotel assets. CPF is an open-end fund, and will acquire portfolio properties as cash flow, including new investor commitments, and new investment opportunities allow.

Below is a list of the current Closed Pooled Investment Vehicles (i.e., managed by Cornerstone, but closed to new investors):

The Cornerstone Real Estate Fund VIII (“CREF VIII”) is a closed-end fund focused on the strategic themes of distress and recovery. Specifically, CREF VIII intends to make real estate investments at attractive pricing arising from capital market distress or the effects of the economic recession. CREF VIII intends to target investment in properties of institutional-quality which are significantly leased and in generally good physical condition. CREF VIII had its initial closing in March 2011 and completed its investment period February 29, 2012. CREF VIII’s acquisition period ends 36 months after its initial closing, but may be extended by up to twelve months.

Also in 2011, Cornerstone formed Cornerstone Real Estate Fund VIII (PF), LP (“CREF VIII PF”), a Delaware limited partnership whose limited partners are 61 Cornerstone employees; as well as Cornerstone Real Estate Fund VIII (PF #2), LP (“CREF VIII PF2”), a Delaware limited partnership whose limited partner is a foreign corporation. CREF VIII PF and CREF VIII PF2 invest side-by-side with CREF VIII.

The Cornerstone/NAHT Enhanced Preservation Fund 2011-1 LLC is a closed-end fund organized to provide investors with a credit-enhanced investment in low-income housing tax credit properties.

The Cornerstone Enhanced Mortgage Fund I LP (“CEMF I”) is a closed-end fund which invests in first mortgage debt secured by transitional real estate focusing on in-place operational cash flow. CEMF I will provide financing for acquisition of high quality, well located properties with significant in-place cash flows or appropriate reserves. Target assets will exhibit a business plan resulting in stabilization with the goal of sale or refinance to release added value. CEMF I’s investment period will expire November 30, 2013.

The Cornerstone/NAHT Enhanced Preservation Fund 2010-1 LLC is a closed-end fund organized to provide investors with a credit-enhanced investment in low-income housing tax credit properties. The Fund has completed its acquisition period.

The Cornerstone Core Mortgage Fund I LP ("CCMF I") is a closed-end fund which invests in low-leverage first mortgage loan participations collateralized by commercial real estate properties located in the United States and Canada. CCMF I's investment objective is to generate attractive current and total returns to its limited partners through the realization of income and repayment of the principal balances of such mortgage loans. CCMF I has completed its investment period and is currently managing its portfolio of investments.

Babson Mezzanine Realty Investors LP is a closed end fund which made debt and equity investments in multi-family and commercial real estate transactions. The fund has completed its investment period and is currently managing its portfolio of investments.

Babson Mezzanine Realty Investors II LP is a closed end fund which makes debt and equity investments in multi-family and commercial real estate transactions. Its acquisition period ended in March 2012.

MassMutual/Boston Capital Mezzanine Partners II is a closed end fund which invested in commercial real estate and real estate debt transactions. The fund is currently working on an orderly liquidation of its remaining investments.

The Cornerstone Hotel Income and Equity Fund II ("CHIEF II") is a hotel fund which focuses primarily on business class, upper upscale and luxury branded hotels and upper tier independent boutique hotels in the top 50 U.S. hotel markets (as defined by Smith Travel Research). CHIEF II is a closed end fund. In accordance with its offering documents, its Acquisition Period has been extended through September 28, 2012.

Also in 2007, Cornerstone formed Cornerstone Hotel Income & Equity Fund II (PF), LP ("CHIEF II PF"), a Delaware limited partnership whose limited partners are 40 Cornerstone employees. CHIEF II PF invests side-by-side with CHIEF II.

The Cornerstone Apartment Venture III, LLC ("CAV III") was closed to investors in 2007. It is a value-added strategy designed to develop a portfolio of apartment properties to produce income and appreciation over the life of the fund. CAV III made its final investment in February 2011 and made its first sale in December 2011. The remaining seven real estate investments are currently projected to be sold between 2012 and the end of 2014.

The Cornerstone Apartment Fund I LLC ("CAF") was closed to investors in 2000. It is a value-added portfolio exclusively focused on apartment development in markets with barriers to entry such as Boston, Washington, D.C., Philadelphia, Southern California and

California's Bay Area. CAF is fully invested and the last real estate investment was sold in May 2010. CAF is in the stages of winding up its business.

Also in 2000, Cornerstone formed CAF One, Inc., a private real estate investment trust whose shareholders are MassMutual, a client foundation and 100 Cornerstone employees and family members. CAF One, Inc. invested side-by-side with CAF.

The Cornerstone Apartment Venture I LLC ("CAV") was closed to investors in July 2003. It is a value-added portfolio focused on apartment development in markets with barriers to entry such as New York City, San Francisco, Washington, D.C., Philadelphia, and Southern California. CAV is fully invested and the last real estate investment was sold in December 2010. CAV is in the stages of winding up its business.

Also in 2003, Cornerstone formed CAV I, Inc., a private real estate investment trust whose shareholders are MassMutual, a client foundation, and 100 Cornerstone employees and family members. CAV I, Inc. invested side-by-side with CAV.

Cornerstone Hotel Income and Equity Fund ("CHIEF") was closed to investors in January 2006. It is a hotel fund which focuses primarily on business class upper upscale and luxury branded hotels and boutique hotels in the top 50 U.S. hotel markets (as defined by Smith Travel Research). CHIEF is fully invested and is anticipated, subject to market conditions, to be fully liquidated by the end of 2014.

In its capacity of manager or general partner of these Funds, Cornerstone has created numerous limited liability companies or partnerships (SPEs) solely for the purpose of holding title to real property assets. These SPEs are ultimately owned by the Funds disclosed in this section or in relation to the Firm's separate account clients. In no case are clients allowed to directly invest in these SPEs.

Affiliate Relationship(s)

In connection with Cornerstone's management of discretionary advisory accounts, Cornerstone has an agreement with Babson Capital Management LLC ("Babson"), an SEC registered investment adviser and indirect wholly-owned subsidiary of MassMutual to provide trading functions as well as certain back office and administrative support services in connection with the U.S. and foreign public real estate securities for the MassMutual portfolios and certain other non-discretionary third-party clients.

Related to the Firm's public equity advisory business, Cornerstone has entered into an agreement with OppenheimerFunds, Inc. ("Oppenheimer"), an indirect wholly-owned subsidiary of MassMutual. Oppenheimer has been engaged to handle trading for non-MassMutual discretionary clients.

In connection with Cornerstone's Global Real Estate Securities products, Cornerstone has an agreement with Babson Capital Cornerstone Asia Limited (formerly known as Cornerstone Real Estate Advisers Asia Limited) ("BCC Asia"), licensed with the

Securities and Futures Commission to provide investment advice and securities distribution services, to provide investment advice and research.

Sub-Adviser Relationship(s)

Oppenheimer is the investment adviser to the Oppenheimer Real Estate Fund (the “Oppenheimer Fund”), a regulated investment company under the Internal Revenue Code. Under a sub-advisory agreement, Cornerstone has assumed day-to-day responsibility for the investment management of the Oppenheimer Fund, and receives an advisory fee based on a percentage of the fees earned by Oppenheimer.

Cornerstone's portfolio trades for the Oppenheimer Fund are forwarded by the Portfolio Manager to Oppenheimer's trading desk, who manages the order flow and obtains execution in its capacity of adviser to the Oppenheimer Fund.

Babson serves as investment adviser under third-party client or MassMutual Accounts, pursuant to individual investment advisory agreements. Cornerstone has assumed responsibility for providing investment advisory and administrative services with respect to the Capital Markets products in the Accounts, and receives an advisory fee based on a percentage of the fees earned by Babson.

Cornerstone may also, from time to time, enter into additional sub-advisory agreements with third party registered investment advisers as it deems appropriate and in the best interests of clients.

Item 5. Fees and Compensation

Real Estate Advisory Services

Cornerstone provides a variety of real estate advisory and management services, primarily to institutional clients. All fees are subject to negotiation. See below for information regarding the Firm's fees for such services.

Public Real Estate Equity Securities

As disclosed in Item 4. above, Cornerstone manages portfolios of public real estate securities for institutional clients. Cornerstone does not have a set fee schedule; however, the Firm's fees are based on a percentage of assets under management and currently range from 40 basis points to 120 basis points. Fees are negotiable based, in part, upon the specific investment strategy, account size, and client specific reporting and servicing requirements.

Public Real Estate Debt Securities

As disclosed in Item 4. above, Cornerstone manages and/or advises portfolios of public real estate debt securities (principally CMBS and REIT debt) for institutional clients. Cornerstone does not have a set fee schedule; however, the Firm's fees are based on a percentage of assets under management and currently range from 7.26 basis points to 30 basis points. Fees are negotiable based, in part, upon the specific investment strategy, account size, and client specific reporting and servicing requirements.

Equity Investments in Real Estate

As disclosed in Item 4. above, Cornerstone provides advice with respect to real estate equity investments and asset management services. Cornerstone does not have a set fee schedule. All client relationships are negotiated and clients may be charged one or more of the following types of fees in the management of the client's direct real estate investment:

Cornerstone may charge an asset management fee based on a percentage of the aggregate purchase price or market value of the investments acquired ranging from 45 basis points to 110 basis points, a percentage of the investment's net income ranging from 6.5% to 7.0%, or a combination thereof. In addition, Cornerstone may receive incentive fees based on performance measures.

Cornerstone may charge a property acquisition fee equal to a percentage of the acquisition cost of an asset. Acquisition fees generally range from 0 to 75 basis points of the gross purchase price of the property.

Additionally, Cornerstone may charge a disposition fee equal to a percentage of the net sales proceeds of a property, ranging from 0 basis points to 25 basis points.

Real Estate Debt Investments

As disclosed in Item 4. above, Cornerstone provides advice with respect to real estate related debt investments. Cornerstone does not have a set fee schedule, as fees are negotiated on a case by case basis. Broadly speaking, Cornerstone charges between 30 and 150 basis points of outstanding loan balances for ongoing asset management fees, depending on product type.

Mortgage Loan Servicing

For mortgage loan servicing clients, Cornerstone charges the following fees:

Cornerstone charges a master or primary servicing fee, based on the amount outstanding under the mortgage loan on an annual basis that typically ranges from 0.01% to 0.10%.

In addition to the master or primary servicing fee, Cornerstone also charges a special servicing fee when mortgage loans that Cornerstone services go into default. Special servicing fees are based on the amount outstanding under the mortgage loan on an annual basis, and typically range from 0.15% to 0.25%. All such fees are typically negotiated on a case-by-case basis.

Funds Business

When a client purchases an interest in a Cornerstone sponsored fund, fees are charged in accordance with the schedule set forth in the fund's offering documents. Client fund investments are not subject to fee schedules outside of those set forth in the offering documents.

Fees in General

Depending on the particular arrangement with each client, we will either invoice clients or directly debit their custodial accounts.

Fees are billed in arrears at the end of each quarter, based upon the billable balance on the last day of the previous calendar quarter, pro-rated for additions and withdrawals.

Fees and account minimums for all services are negotiable based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, service and reporting needs, etc.).

We may group certain related client accounts for the purposes of determining the account size and/or annualized fee.

Cornerstone will not collect fees in excess of \$1,200 per client six months or more in advance of services rendered.

Incentive Fees

In some instances, Cornerstone may charge an incentive fee. Incentive fees will be disclosed to the client before entering into a written advisory agreement.

Unless otherwise set forth in the clients advisory agreement, clients who elect to terminate their contracts will be charged an incentive-based fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the performance-based fee was last assessed.

In measuring the client's assets for the calculation of performance-based fees, Cornerstone shall include: for securities for which market quotations are readily available, the realized capital losses and unrealized capital losses of securities over the period and, if the unrealized capital appreciation of the securities over this period is

included, the unrealized capital depreciation of securities over the period.

In some circumstances, the incentive fee may potentially create an incentive for Cornerstone to recommend investments which could be viewed as riskier or more speculative than those which would be recommended under a different fee arrangement. Cornerstone recognizes its fiduciary duty to its advisory clients and strives to act in their best interest at all times. Cornerstone has procedures to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Cornerstone urges clients to review advisory agreements to ensure they fully understand the proposed method of compensation and its risks prior to entering into the contract.

INCENTIVE FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF REG. 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS.

Account Termination

Advisory agreements with our clients may generally be terminated by either party, pursuant to the notice requirements specified in their respective management agreements. Cornerstone is typically entitled to a pro-rata portion of the earned fees, generally inclusive of the notice period. Refunds will not typically apply as fees are generally paid in arrears.

Brokerage and Custodian Fees

In addition to advisory fees paid to the Firm, clients will also be responsible for all transaction, brokerage, and custodian fees incurred as part of their account management.

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

Please see Item 5. above for information relating to incentive fees.

Please see Item 4. above for information relating to side-by-side management.

Item 7. Types of Clients

Cornerstone generally provides advisory services to pension and profit sharing plans, investment companies, pooled investment vehicles, municipalities, insurance companies, corporations, and banking and thrift institutions.

For strategies currently managed, Cornerstone has determined that \$1,000,000 is the minimum investment required to effectively manage to its U.S. REIT and Global Real Estate Securities strategies. Similarly, the Firm generally imposes a \$20,000,000 minimum gross portfolio value for consideration of potential direct real estate portfolios. Cornerstone reserves the right to waive such minimums where the actual strategy provided, or specific client needs and characteristics warrant such waiver.

The above minimums apply to separate accounts managed by Cornerstone. Funds managed by Cornerstone are sold under a private offering memorandum which sets forth the terms of the offering, including investment minimums, which vary by fund.

To help Cornerstone meet applicable anti-money laundering laws, rules, and regulations, its policy is to attempt to obtain and maintain supporting client documentation for each client relationship, including each client's financial background and investment objectives. Cornerstone may request from each client/investor its name, address, government issued identification number, and other information that will allow Cornerstone to identify each client/investor. Supporting client/investor information will be obtained during the account opening process for each client/investor. Advisory personnel should be familiar with the client documents required by the Firm and ensure that all necessary information is obtained and verified with supporting documents. Cornerstone may also verify client/investor identity through non-documentary means, such as through the comparison of the information provided by a client/investor with information provided by public databases or other sources.

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

The Firm employs, among other approaches, fundamental and cyclical analysis as part of its investment decision-making process to help formulate client recommendations.

Fundamental Analysis: Fundamental analysis of a business involves analyzing its income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. Fundamental analysis school of thought maintains that markets may mis-price a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mis-priced security and then waiting for the market to recognize its "mistake" and re-price the security. However, fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

Cyclical analysis: In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security. Since cyclical analysis is based on examination of rising and falling trends,

investors bear the risk of mis-timing, with a specific trend lasting longer or shorter than expected.

Investment Analysis and Process

Investment decisions made by Cornerstone incorporate analysis of real estate research taking into account macro issues (i.e., business cycles and property sector cycles, capital flows, identification of target markets, and investment vehicles) and micro issues (i.e., property submarket dynamics, rent and occupancy trends, characteristics of property leases including lease role exposures, tenants credit worthiness, and capital needs). Such research is incorporated into the decision making on both direct real estate and public real estate securities strategies.

The investment process is managed by Cornerstone's Investment Committees, which rely on a number of different information sources to make investment decisions. A primary source of investment information is developed by Cornerstone's Research Group. Macro and micro market information is compiled and analyzed by this Group to determine overall market trends from both a supply and demand standpoint. The Research Group subscribes to a number of national forecasting publications and data sources, including, but not limited to: CoStar, CBRE-Econometric Advisers, Moody's Analytics, Smith Travel Research, Standard & Poors, Dunn & Bradstreet, Axiometrics, MPF Research, Real Capital Analytics, Lodging Econometrics, Claritas, and information obtained from the Department of Commerce, among others. All available data is scrubbed and imbedded in Cornerstone's proprietary database product, The Analyst. The Analyst provides current and forecast data and market analysis to every investment professional in the organization. In addition, all major financial decisions (i.e., acquisitions, dispositions, capital expenditures, and major leases) are analyzed with sophisticated computer modeling tools such as Argus, which are used for all property level valuations.

Cornerstone's equity investment strategy revolves around the premise that real estate is cyclical in nature, and as a result, different property types and economic regions respond independently to market dynamics. This implies that there generally are opportunities in real estate, provided the investor is sensitive to change and can alter its investment strategy based on the appropriate level of research and knowledge of market dynamics. For example, in a market suffering from overbuilding or lack of demand, an opportunistic approach focused on buying product at significant discounts to replacement cost may be appropriate. As markets begin to improve, a partial shift to new construction may be warranted, thus altering the investment strategy. Reposition opportunities arise from real estate that is underperforming the market due to ineffective management or capital constrained owners. Inherent in any strategy is a discipline to sell assets when appropriate.

Cornerstone's equity investment philosophy is a value-based approach based on well informed purchases of undervalued real estate, utilizing investment fundamentals and a focused strategy supported by research and hands-on market knowledge. Growth in earnings is achieved through aggressive asset management by Cornerstone's regional

office property teams, based in Chicago, Illinois, Santa Monica, California, and Glastonbury, Connecticut, which work closely with select, local property management companies. The investment process is based on a thorough and ongoing knowledge of client needs, objectives, and risk tolerances.

Cornerstone's debt investment strategy has a fundamental value orientation wherein it seeks to determine where value exists within and between markets, based on bottom up analysis of individual investments and how they compare to alternatives in a risk/reward framework. Cornerstone seeks to capitalize on market inefficiencies that may effect individual investments, and attempts to capture incremental return advantages to provide more consistent long-term investment results. Prudent diversification is employed to safeguard against unforeseen adverse events. Investment decision-making is straightforward and is concentrated directly in the hands of an experienced staff of investment professionals. Cornerstone's debt business is supported by regional offices in Glastonbury, Connecticut, Chicago, Illinois, Newport Beach, California, Dallas, Texas, and Washington, D.C.

Risks for all forms of analysis: Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

With respect to its public securities business, the Firm employs the following investment strategies to implement investment advice given to clients:

Long-term purchases: We primarily purchase securities with the idea of holding them in the clients account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular sector over time, regardless of the current projection for this sector.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline in value before we make the decision to sell.

Short-term purchases: At times, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result

in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Options: Certain portfolios allow for equity and index options trading. Cornerstone from time-to-time will trade options within the client guidelines and risk parameters set forth by the client and Cornerstone.

Clients should understand that investing in any security involves a risk of loss of both income and principal that clients should be prepared to bear.

Item 9. Disciplinary Information

Cornerstone has no reportable disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Cornerstone Real Estate Advisers Inc., a wholly-owned subsidiary of Cornerstone, holds a corporation real estate license from the California Department of Real Estate.

As disclosed in Item 4. above, Babson Capital Securities LLC (“BCS”) is a registered broker-dealer and wholly-owned indirect subsidiary of MassMutual. Certain employees of Cornerstone are registered with the Financial Industry Regulatory Authority (“FINRA”) as registered representatives of BCS. The employees of Cornerstone who are registered will not be engaged in the retail sale of securities. Rather, they will be involved in the marketing and sale of interests in various pooled investment vehicles offered as private placements under Regulation D of the Securities Act of 1933 and other applicable exemption(s). BCS sometimes receives compensation for its fund distribution services related to Cornerstone's privately offered funds.

Cornerstone Real Estate Advisers Europe Securities B.V. (a Cornerstone subsidiary) (“CREA Europe Securities”) and BCC Asia (an affiliated entity wholly-owned by Babson), located in the Netherlands and Hong Kong, respectively, are each licensed with its local securities regulator to provide investment advice and securities distribution services. These entities currently provide to Cornerstone investment advice and research relating to Cornerstone's Global Real Estate Securities products.

CREA Europe Securities and BCC Asia, together with Cornerstone and Cornerstone Real Estate Advisers Europe Finance LLP, a Cornerstone U.K. subsidiary (licensed with the FSA to offer investment advice and distribute securities), form the platform for Cornerstone's global growth initiative through which Cornerstone intends to develop and offer real estate securities and advisory products to a global clientele.

As mentioned in Item 4. above, in 2001, Cornerstone entered into a sub-advisory relationship with Oppenheimer, an indirect, wholly-owned subsidiary of MassMutual.

Oppenheimer is the investment adviser to the Oppenheimer Fund, a regulated investment company under the Internal Revenue Code. Under the sub-advisory agreement, Cornerstone has assumed day-to-day responsibility for the investment management of the Fund, and receives an advisory fee based on a percentage of the fees earned by Oppenheimer.

Cornerstone has also retained Oppenheimer in a sub-advisory capacity to handle the trading function in connection with the U.S. and foreign public real estate securities traded for the Firm's clients.

As disclosed in Item 4. above, Babson is an SEC registered investment adviser and MassMutual indirect subsidiary. Cornerstone has engaged Babson to handle certain trading functions in connection with the public real estate securities portfolios managed by Cornerstone for MassMutual.

Cornerstone has numerous business relationships with its ultimate parent, MassMutual, a mutual life insurance company and SEC registered investment adviser. Cornerstone provides investment advisory services relating to MassMutual's real estate equity and debt portfolio. Additionally, Cornerstone may be the sub-adviser for various third party clients who have executed advisory agreements with MassMutual or with Babson (including registered investment companies and separate accounts).

Additionally, Cornerstone is a full service real estate capital provider, with real estate and debt products for commercial mortgage origination including, permanent mortgages, mezzanine and high-yield products, affordable housing, and related activities. Cornerstone manages real estate debt assets and funds for institutional clients worldwide.

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

Code of Ethics

Cornerstone has adopted a Code of Ethics which sets forth high ethical standards of business conduct required by all employees, including compliance with Rule 17j-1 of the Investment Company Act of 1940 and Rule 204A-1 of the Investment Advisers Act. All employees of Cornerstone must certify compliance with the Code of Ethics annually. Furthermore, the Firm's Code of Ethics also requires "Covered Persons" (generally, Assistant Vice President or higher level officers, or any other employee designated by the Chief Compliance Officer) to report securities holdings at hire and annually thereafter, and to report securities transactions on a quarterly basis. Covered Persons are prohibited from buying securities which may be purchased for clients. Additionally, the Firm's Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. A copy of the Firm's Code of Ethics is available to clients and prospective clients upon request to William E. Bartol, Chief Compliance Officer, at the Firm's principal office address.

The Firm or individuals associated with the Firm may buy or sell securities identical to those recommended to customers for their personal accounts; however, as indicated above, Covered Persons are prohibited from buying any real estate securities which are included in our composite indices. In addition, any related person(s) may have an interest or position in certain security(ies) which may also be recommended to a client.

It is the expressed policy of the Firm that no person employed by it may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

As these situations represent a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities are fulfilled:

1. No principal or employee of the Firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, from his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of the Firm may put his or her own interest before that of the advisory client.
2. The Firm maintains a list of all securities holdings for the Firm and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed by the Compliance Department.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where the Firm is granted discretionary authority.
4. All of the Firm's principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
5. Any individual not in observance of the above may be subject to termination.

Participation in Client Transactions

Cornerstone may invest client assets in securities or other investments that are also held by (i) Cornerstone or its affiliates, including MassMutual, (ii) other Cornerstone advisory accounts, (iii) funds or accounts in which Cornerstone or its affiliates or their respective employees have an ownership or economic interest, or (iv) employees of Cornerstone or its affiliates. Cornerstone may also, on behalf of its advisory clients, invest in the same or different securities or instruments of issuers in which (i) Cornerstone or its affiliates, including MassMutual, (ii) other Cornerstone advisory accounts, (iii) funds or accounts in which Cornerstone, its affiliates, or their respective employees have an ownership or

economic interest or (iv) employees of Cornerstone or its affiliates, have an ownership interest as a holder of the debt, equity or other instruments of the issuer.

Cornerstone or its affiliates may also recommend that clients invest in registered or unregistered investment companies, including private placement investment funds such as hedge funds, private equity funds or structured funds (i) advised by Cornerstone or an affiliate, (ii) in which Cornerstone, an affiliate or their respective employees has an ownership or economic interest, or (iii) with respect to which Cornerstone or an affiliate has an interest in the entity entitled to receive the fees paid by such funds.

Item 12. Brokerage Practices

As set forth previously, Cornerstone is contracted by Oppenheimer to sub-advise the Oppenheimer Fund. While the agreement provides that Cornerstone is responsible for the day-to-day investment management of the Oppenheimer Fund, particularly with respect to investment decisions, Oppenheimer, as the Oppenheimer Fund's adviser, retains both statutory and contractual supervisory authority over the management of the Oppenheimer Fund, including decisions concerning the securities to be bought and sold, and the amount of such transactions.

Additionally, Cornerstone provides sub-advisory services to MassMutual, on behalf of a Massachusetts Mutual Life Insurance Company separate investment account, the Oppenheimer Fund, and advisory services to other third-party REIT client(s). In executing its responsibilities under the relevant agreements, Cornerstone has contractually delegated its advisory trading responsibilities to Oppenheimer (in relation to transactions for Cornerstone's U.S. and Global real estate strategies for non-affiliated discretionary client accounts) and to Babson (in relation to MassMutual accounts and certain non-discretionary accounts). As a result, Cornerstone does not select the brokers to execute the trades for these accounts, although it does retain the right to direct trades in order to direct order flow if necessary or beneficial to the client to do so.

Real Estate Brokers

Cornerstone's real estate investments (debt and equity) are identified primarily through three industry relationships: (1) direct relationships with institutional holders of or investors in real estate; (2) direct relationships with brokers who source potential investment opportunities; and (3) direct relationships with other institutional investment (equity or debt) partners. From time-to-time, we may also purchase real estate related assets at auctions.

When utilizing a broker, there is often a fee to be paid. While some real estate investments (equity and debt) may be made without the utilization of a broker, the majority of transactions are brought to market through one or more brokers. The fees of the broker vary, and any fee to be paid is factored into the analysis and underwriting of each potential investment.

Factors considered by Cornerstone when selecting the counterparty from which to purchase Debt include Cornerstone's familiarity and past business experience with the counterparty, the counterparty's reputation and professionalism, and the quality of the counterparty's past execution.

When selecting brokers to market a client holding, Cornerstone considers the broker's local market knowledge, asset class expertise, market reach and visibility, fee, and other factors specific to the broker, client and property, directed to effect the most favorable transaction in consideration of the totality of the circumstances

Aggregation and Allocation Procedures

On behalf of its clients, Cornerstone invests in public real estate securities, including initial public offerings ("IPOs"). In the case of all public real estate securities, including IPOs, consistent with each participating client's investment advisory agreement, Cornerstone may batch orders for more than one account prior to transmitting such orders to the affiliated trading desk for order management. Generally, orders are batched to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges.

When decisions are made to purchase or sell the same security simultaneously for more than one account, Cornerstone may aggregate several contemporaneous client trade orders for a specific security into a block order via any trading system maintained by the applicable affiliated trading desk. Cornerstone will not aggregate orders placed with different affiliated trading desks. Because Cornerstone typically trades in low volume as compared to a security's float or daily trading volume, the majority of its orders are completed on the day of entry. In such cases, trades are fully allocated based on the aggregated trades, at an average share price as calculated on each desk.

When purchasing or selling securities with relative liquidity challenges, Cornerstone may activate the aggregated ticket only on one trading desk (either Oppenheimer or Babson) so as not to place the two trading entities in competition with each other in the market. For larger orders (typically involving 100,000 shares or more), Cornerstone may transmit a percentage of the entire trade (anywhere from 10% to 50%) first to one desk to be completed. Once that determined percentage is finished, trading is shifted to the other desk. This alternating between trading desks is continued until the entire order is filled. Which desk begins trading is determined in a manner that, over the long term, seeks to ensure that no client is advantaged or disadvantaged, and takes into consideration the relative number of shares to be traded, the current holdings of the security, account cash positions, market conditions, and trading characteristics of the security.

Cornerstone may use pro rata allocation when a batch order cannot be fully executed in a single day. "Partial fills" are generally allocated pro rata among the participating accounts based on the size of each account's order and may be subject to rounding in order to achieve "round lots." Unexecuted orders will continue to be worked until the

block order is completed or until all open orders have been canceled. New orders for the same security will be aggregated with any remaining unexecuted orders. The applicable trading system will be updated to reflect partial executions until the block order is completed or to reflect that outstanding orders have been canceled. Cornerstone will generally apply a minimum order allocation amount of 100 shares, which may be adjusted based on market convention associated with the particular security or prevailing market conditions. If remaining positions are too small to satisfy the minimum order amount, Cornerstone may decide to allocate the remaining shares to those accounts seeking large positions which were unfilled. Cornerstone may also decide to allocate remaining shares to those accounts whose orders would be completed as a result of the allocation.

Cornerstone may also use percentage ownership allocation to conform clients' exposure to a particular security, regardless of the size of the purchase or sell order. In these instances, the order will be allocated among accounts based upon the relative exposure each account has in that security. For example, Cornerstone determines to purchase 100 shares of ABC Stock, a security that is already held in client accounts. Ten percent of Portfolio A consists of ABC Stock, but only five percent of Portfolio B consists of ABC Stock as the account was opened at a later point in time. Additional purchases of ABC Stock will be allocated to Portfolio B before additional shares are allocated to Portfolio A. Percentage ownership allocation may be used to conform new accounts to Cornerstone's recommended weightings.

Cornerstone may use a combination of percentage and pro rata allocation where it places a large order to purchase or sell a particular security. Such orders may be allocated initially based upon percentage allocation in order to conform clients' relative exposure to the security and then the balance on a pro rata basis among all clients. In addition, Cornerstone will endeavor, whenever practical and suitable and subject to Cornerstone's current position in a security, taking into account among other factors the current price, to purchase for new client accounts securities held for other existing accounts. In such instances, allocation to a new account will be given priority in allocation over existing accounts. Additional purchases of the allocated security on the same trading day may be allocated using one of the allocation strategies set forth above. Trades ordered for the purpose of conforming new client accounts, unless part of a larger aggregated order, will be at the price(s) executed and not on an average price basis with other trades in the same class of security on the same trading day.

Cornerstone may also consider the following when allocating trades: (1) cash flow changes (including available cash, redemptions, exchanges, capital additions and capital withdrawals) may provide a basis to deviate from a pre-established allocation as long as it does not result in an unfair advantage to specific Accounts or types of Accounts over time; (2) Accounts with specialized investment objectives or restrictions emphasizing investment in a specific category of securities may be given priority over other Accounts in allocating such securities; and (3) for bond trades, street convention and good delivery may dictate the minimum size and par amounts.

Cornerstone's Securities Group or Capital Markets team, as appropriate, will maintain appropriate documentation of the rationale for any allocation decisions which vary from Cornerstone's standard pro rata or percentage ownership allocation methods.

Allocation of Real Estate Opportunities (Debt and Equity)

Allocation Policy - Debt:

Cornerstone uses an allocation matrix for the purpose of determining to which portfolio a new, proposed investment deal ("Investment") should be offered. The allocation process is managed as follows:

- A. Each Investment is circulated to all Portfolio Managers who evaluate the opportunity versus their portfolios' investment objectives. The Portfolio Managers advise the Allocation Process Manager whether there is interest in the Investment.
- B. The Allocation Process Manager maintains and updates the centralized allocation matrix. Once all Portfolio Managers have responded to the circulated opportunity, the Allocation Process Manager determines the number of portfolios interested in the Investment and their rankings in the allocation matrix.
- C. The allocation matrix has a simple rotation of portfolios, however all allocation decisions are made in consideration of deal exclusivity arrangements, of which each affected client has notice. *(Note: The initial rotation order was determined by ranking the accounts as if the rotation were operational, i.e., the client with the most recent allocation is ranked last, the client with the second most recent allocation second to last, etc.)*
 - 1) If only one portfolio has funds designated for the type of opportunity presented, the Investment is allocated to that portfolio.
 - 2) If more than one portfolio has funds designated for an investment of the type offered, the Investment is allocated to the portfolio with the highest ranking (#1 being the highest) in the allocation matrix.
 - 3) Once an Investment has been allocated, that portfolio moves to the bottom of the rotation order and all other portfolios move up in the rotation.
 - 4) If a portfolio manager subsequently refuses the Investment or the deal is lost or cancelled, their portfolio will return to the rotation position it occupied prior to reviewing the Investment.
 - 5) New portfolios are added to the allocation matrix in the first position subject to:
 - Any portfolio without an allocated opportunity does not lose its position in the allocation matrix if a new portfolio comes in. In this

case, the new portfolio comes into the allocation matrix immediately behind the highest ranked portfolio without an allocated opportunity.

- When two or more portfolios come in at the same time, they will be placed in the allocation matrix (relative only to each other) by account size, larger accounts ranking higher.

- D. A separate allocation matrix will be maintained for each debt strategy. Any portfolio with multiple strategy mandates will maintain one position in each of the applicable allocation matrices.
- E. Weekly allocation meetings are held with the Allocation Process Manager, Portfolio Management Head and Portfolio Managers (as applicable) to review the Allocation Matrix and determine recommended deal allocations (as applicable).
- F. The President/Chief Executive Officer, Chief of Investment Strategy, and/or the Portfolio Management Head approve all allocations after confirming deal metrics are appropriate based on the portfolio's investment objectives. An allocation log for each strategy is maintained, a copy of which goes to the Chief Compliance Officer, of each transaction and to which portfolio it was allocated. The Chief Compliance Officer also receives a summary of all changes made to the allocation rankings.

Current Debt Strategies:

Core
Enhanced
High Yield

Allocation Policy - Equity:

Cornerstone uses an allocation matrix for the purpose of determining to which portfolio a new investment opportunity should be offered. The allocation process is managed as follows:

- A. Each proposed investment opportunity is circulated to all Portfolio Managers who evaluate the opportunity versus their portfolios' investment objectives. Each Portfolio Manager advises the Allocation Process Manager whether his/her portfolio is interested in the investment opportunity.
- B. The Allocation Process Manager maintains and updates the centralized allocation matrix. Once all Portfolio Managers have responded to the circulated opportunity, the Allocation Process Manager determines the relative rankings of the interested portfolios based on the allocation matrix.
- C. The allocation matrix uses a simple rotation of portfolios which is based on the date of last allocation.

- 1) If only one interested portfolio has funds designated for the type of opportunity presented, the potential investment opportunity is allocated to that portfolio.
- 2) If more than one interested portfolio has funds designated for an investment opportunity of the type offered, the investment opportunity is allocated to the portfolio with the highest ranking (the longest time elapsed since previous allocation) in the allocation matrix.
- 3) Once an investment opportunity has been allocated to a portfolio, that portfolio moves to the bottom of the rotation order (since it has the most recent allocation date). All other portfolios, which had previously been ranked behind that portfolio, move up in the rotation.
- 4) If a Portfolio Manager subsequently refuses the investment opportunity or the investment opportunity is canceled, their portfolio will be assigned the date of its previous allocation and be re-ranked accordingly.
 - a. Additional Conditions:
 - A portfolio which is 100% un-invested, and has no other outstanding allocation, can never be re-ranked behind a portfolio with a closed transaction (its priority position is protected until its first transaction is completed). Portfolios without an allocated opportunity or closed transaction will be ranked according to inception date.
 - A portfolio that has more than one investment opportunity allocated will be assigned the date of the most recent active allocation (until/unless that allocation is subsequently refused/canceled).
- 5) If a previously allocated investment opportunity, which was either lost via the bidding process or was canceled by seller, subsequently resurfaces, then it will be treated as follows:
 - a. If the seller re-offers the investment opportunity to the Cornerstone portfolio to which the deal was originally allocated, then the investment opportunity will be re-allocated to the original portfolio.
 - b. If the seller presents the opportunity to the market for re-bidding, then the investment will be re-circled to all of the Portfolio Managers.

- 6) New portfolios are added to the allocation matrix based on timing of initial capital availability, which is generally defined as:
 - a. Completion of Investment Management Agreement (IMA) for separate accounts.
 - b. First closing for closed-end commingled funds.
 - c. First contribution for open-end commingled funds.
 - 7) A new portfolio is added to the allocation matrix in the first position subject to:
 - a. Any portfolio which is 100% un-invested does not lose its position in the allocation matrix if a new portfolio enters. In this case, the new portfolio comes into the allocation matrix immediately behind the 100% un-invested portfolios.
 - b. When two or more portfolios enter the allocation matrix at the same time, they will be placed in the allocation matrix (relative only to each other) by account size, larger accounts ranking higher.
 - c. Any portfolio with multiple mandates will maintain only one (combined mandate) position in the allocation matrix.
 - 8) A portfolio is excluded from the allocation matrix upon:
 - a. IMA termination for separate accounts.
 - b. Investment period termination for commingled funds.
- D. Allocation meetings are held twice per week with the Allocation Process Manager, Portfolio Management Head and Portfolio Managers (as applicable) to review the Allocation Matrix and determine recommended deal allocations.
- E. The Chief Executive Officer, the Chief of Investment Strategy and/or the Portfolio Management Head approve all allocations. An allocation log is maintained, a copy of which is provided to the Chief Compliance Officer, of each transaction and to which portfolio it was allocated. The Chief Compliance Officer also receives a summary of all changes made to the allocation rankings.

Soft Dollars

Cornerstone currently receives brokerage and research services ("Soft Dollar Services") from various firms, including third parties which provide research or brokerage services by or through brokerage firms, that are paid for with credits earned ("Soft Dollars") through commissions generated in trading client portfolios.

It is Cornerstone's policy to use Soft Dollars to pay only for those services contemplated under the safe harbor found in Section 28(e) of the Securities Exchange Act of 1934. Such services may include research reports on companies, industries, securities, economic and real estate data, portfolio analytics, and security quotation services (Bloomberg).

The research and/or brokerage services provided may be used for some or all client accounts managed by Cornerstone, not just those accounts whose commissions were used to acquire the products and services. Accordingly, the accounts which provide the brokerage commissions which pay for the Soft Dollar Services may not necessarily receive a direct benefit of the services. In accordance with the Section 28(e) safe harbor, Cornerstone clients may not pay the lowest possible commission rate in effecting portfolio transactions. This may occur when Cornerstone, or its affiliate traders, determine in good faith that the commission costs are reasonable in relation to the value of the Soft Dollar Services obtained therewith.

Item 13. Review of Accounts

Real Estate Related Advisory Services

Cornerstone's senior management team (hereinafter "Senior Management") continuously monitors the underlying securities and investments in client accounts and perform at least annual reviews of account holdings for all clients. Accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Economic and macroeconomic specific events may also trigger reviews.

Equity Investments in Real Estate

The review of client accounts is conducted by various functional groups in the Firm which ultimately report up to the Investment Committee, the Firm's Senior Management body. Portfolio Managers, supported by Assistant Portfolio Managers and Portfolio Analysts, are responsible for the oversight, review and reporting of client objectives, strategy and performance within the accounts. Portfolio Managers work closely with regionally based Asset Managers to monitor the performance of direct real estate investments in order to ensure client strategies are executed and to identify portfolio problems.

While the review is ongoing (the Investment Committee meets weekly), the following scheduled processes are integral to the investment review:

- 1) Annual Business Plans and Budgets are developed for each property jointly by Portfolio and Asset Managers and are reviewed by the Regional Directors and the Investment Committee.

- 2) The Portfolio Management Group prepares quarterly client reports with input from Asset Managers (who conduct monthly income/expense variance analysis), and Property and Fund Accountants (who review financial performance and report to the CFO, also a member of the Investment Committee).
- 3) Property valuations are reviewed periodically (usually no less than quarterly) by a Cornerstone employed MAI.

Cornerstone communicates investment performance and major events to investors with regular meetings and reports. Quarterly reports are prepared that provide a thorough review of the portfolio including its objectives, performance (on an absolute basis and against plan), potential challenges, and investment returns. The Cornerstone Research Group independently prepares reports on the markets and submarkets in which properties are located that are generally included in the quarterly reports. Annual strategy documents are prepared to communicate strategy both internally and externally.

Real Estate Debt Investments

Client accounts are reviewed regularly and generally daily for many accounts. Account level reviews are generally performed by the account Portfolio Manager or team responsible for account management, who review portfolio holdings and monitor compliance with, to the extent applicable, any client-mandated investment guidelines. Their review is supplemented by other Cornerstone support professionals that monitor valuations, credit quality, duration, spread and market activity and other factors, as applicable.

Client reports are tailored to meet the needs of the respective client, and vary in scope, approach, and timing in accordance with the client's requirements.

Public Real Estate Securities

The Portfolio Manager is primarily responsible for the review of each client's portfolio. The Portfolio Manager is assisted by the Analysts who are responsible for covering the individual property sectors or investment products that comprise the Firm's investment universe. These groups of individuals review the composition of our client's portfolios on a daily basis to insure adherence to our current strategy and the client's investment objectives.

Equity Securities portfolio performance is reviewed independently by specific members of the Investment Committee–Securities Group on a daily basis and the strategies are periodically reviewed by the Committee in a formal meeting.

Clients receive quarterly investment reports that provide updates on market fundamentals, investment strategy, and our outlook for the real estate securities markets.

In addition, clients receive performance updates for their portfolios and relevant benchmarks. Clients also receive detailed portfolio composition reports that list holdings by their respective property sectors.

Item 14. Client Referrals and Other Compensation

The Firm does not receive any additional compensation from third parties for providing investment advice to its clients. Cornerstone's policy is not to engage unaffiliated third parties as placement agents. Cornerstone does have agreements with certain of its affiliates for the cross marketing of Cornerstone's and its affiliates' products and services.

Cornerstone's indirect parent, MassMutual, has in its subsidiaries a global asset management and distribution organization. In an effort to leverage the product distribution efforts of the entity, Cornerstone has entered into various agreements with its affiliates to market each other's products and services in the jurisdictions in which the subsidiaries are qualified to do business. Included in this effort are solicitation agreements between Babson and Cornerstone pursuant to SEC Rule 206(4)-3.

Item 15. Custody

Clients will receive quarterly statements from qualified custodians that hold and maintains clients' investment assets. Cornerstone urges all of its clients to carefully review and compare their quarterly statements to the account statements that Cornerstone may provide. Cornerstone statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16. Investment Discretion

For clients granting Cornerstone discretionary authority over their account(s) or authority to determine which securities and the amounts of securities that are to be bought or sold for their account(s), investment guidelines and restrictions must be provided to Cornerstone in writing. Clients may change/amend these limitations as desired. Such amendments must be submitted to Cornerstone by the client in writing, as outlined in the executed agreement.

Item 17. Voting Client Securities

Cornerstone has adopted proxy voting policies and procedures ("Proxy Policy") in accordance with Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended ("Advisers Act"), and has designed the Proxy Policy to ensure compliance with that Rule as well as with other applicable fiduciary obligations of Cornerstone under other State

and Federal laws including, but not limited to, the Employee Retirement Income Security Act of 1974, as amended. The Proxy Policy may be amended from time-to-time at the sole discretion of Cornerstone.

General Proxy Policy

Cornerstone follows this Proxy Policy for each of its clients as required by law, unless expressly directed by a client in writing to refrain from voting that client's proxies or to vote in accordance with the client's proxy voting policies and procedures. Additionally, certain circumstances may exist whereby Cornerstone is unable (or believes it to be unreasonable due to the expense of voting) to vote a proxy. Such cases include: (1) where the expense of voting a proxy exceeds the potential value to be gained by voting; (2) where the security is no longer held by a client; (3) where the security is subject to a securities lending arrangement (if any) which prohibits voting; or (4) where Cornerstone is prohibited by law or contract from exercising its voting rights with respect to a particular security. In such cases, Cornerstone will refrain from voting such proxies.

In all other cases, Cornerstone's Proxy Policy is to vote proxies in accordance with the client's best interest. Cornerstone believes that the client's best interest means the client's best economic interest over the long term—that is, the common interest that all clients share in seeing the value of a common investment increase over time. Clients may have differing political or social interests, but their best economic interest is generally uniform. Additionally, to the extent consistent with economic interests, Cornerstone considers a company's good corporate governance to be important to proxy voting decisions.

Use of an Independent, Third-Party Proxy Voting Service

In order to discharge its duties under this Proxy Policy, Cornerstone receives proxy voting research, analysis and recommendations from ISS an MSCI Brand ("ISS," formerly "RiskMetrics Group, Inc."), an independent third party. Cornerstone generally follows the recommendations of ISS, although, in unique circumstances, where Cornerstone has knowledge of additional information, for example, regarding a proposed director and believes that the individual is not suited to be a director of the respective company, Cornerstone may not follow the recommendation of ISS. All decisions with respect to proxy voting, including decisions to override an ISS recommendation, may be made only by Cornerstone's Proxy Administrator ("PA") in consultation with the Portfolio Manager(s) whose clients hold the securities in question.

Conflicts of Interest

Cornerstone recognizes that there may be times when its interests (or the interests of one or more Cornerstone employee(s)) may conflict with those of its clients. Cornerstone will not allow a "material conflict of interest" to interfere with its proxy voting decisions. Material conflicts of interest may exist where: (1) the company soliciting the proxy, or a person known to be an affiliate of such company, is a Cornerstone client or is known by

the PA to be a client of a Cornerstone affiliate; (2) the company soliciting the proxy, or a person known to be an affiliate of such company, to the knowledge of the PA, is being actively solicited to be a Cornerstone client or the client of a Cornerstone affiliate; (3) a client or client-supported interest group actively supports a proxy proposal; or (4) Cornerstone (or a Cornerstone officer) has personal or other business relationships with participants in proxy contests, corporate directors or candidates for corporate directorships, or in any other matter coming before shareholders. Where such a conflict may exist, the Cornerstone individual in conflict shall not participate in the decision whether or not to follow the RMG recommendation. Moreover, if Cornerstone, as a company, has a conflict with respect to the proposed vote, it will follow the recommendation of RMG. As discussed above, only Cornerstone's PA may determine to override an RMG recommendation. To the extent Cornerstone's PA believes that he or she may have a conflict of interest with respect to a potential override, the PA will follow the recommendation of RMG.

Proxy Procedures

Once a client account is established for which Cornerstone has proxy voting authority, the PA is responsible for receiving and processing proxies for securities held in each such account and ensuring that votes are cast. With respect to each client proxy, Cornerstone receives electronically (either directly or through an affiliate) from RMG relevant proxy materials and RMG's recommendations for each particular proposal. The PA logs in any proxy materials received, matches them to the securities to be voted and confirms that the correct amount of shares, as of the record date, is reflected on the proxy. The PA then reviews RMG's recommendations and, unless conflicted, determines whether to accept RMG's recommendation or override. Any ballot issue under consideration for an override of RMG's recommendation will be forwarded to the relevant portfolio manager(s) for review and recommendation. The PA will forward the decision to RMG (either directly or through Cornerstone's affiliate) for execution.

To the extent any client may instruct Cornerstone to follow the client's own proxy voting policies with respect to that client's account, the PA is responsible for monitoring compliance with such client policies.

Recordkeeping

Cornerstone's PA, either internally or through RMG, compiles and maintains information, for each client for which Cornerstone votes proxies, showing the issuer's name, meeting date and manner in which it voted on each proxy proposal. Cornerstone's PA will maintain records of all proxies voted. As required by Rule 204-2 (c) under the Advisers Act, Cornerstone's proxy voting records will include: (1) a copy of this Proxy Policy; (2) a copy of any document created by Cornerstone that was material to making a decision how to vote proxies on behalf of a client or that memorializes the basis for that decision; and (3) each written client request for proxy voting records and Cornerstone's written response to any (written or oral) client request for such records. Cornerstone will either maintain its own proxy statements and records of votes cast or, as permitted by

Rule 204-2(c), such records may be maintained by a third-party service provider such as RMG. To the extent that Cornerstone relies on a third-party service provider, it will undertake to obtain from that third-party copies of such records promptly upon request. Proxy voting records will be maintained in an easily accessible place for five years, the first two in Cornerstone's office.

Item 18. Financial Information

Cornerstone will not collect fees in excess of \$1,200 per client six months or more in advance of services rendered.

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. Cornerstone has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients.