

FORM ADV PART 2A

CORNERCAP INVESTMENT COUNSEL, INC.

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This brochure provides information about the qualifications and business practices of CornerCap Investment Counsel, Inc. ("CornerCap"). If you have any questions about the contents of this brochure, please contact us at (404) 870-0700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Additional information about CornerCap also is available on the SEC's website at **www.AdviserInfo.sec.gov**.

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Table of Contents – 2012 Brochure

Page

Fees and Compensation	4
Performance-Based Fees and Side-By-Side Management.....	5
Types of Clients	5
Methods of Analysis, Investment Strategies and Risk of Loss	6
Disciplinary Information	8
Other Financial Industry Activities and Affiliations.....	8
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	8
Brokerage Practices.....	9
Review of Accounts.....	10
Client Referrals and Other Compensation.....	10
Custody	10
Investment Discretion	11
Voting Client Securities	11
Financial Information	11

Advisory Business

General Information

CornerCap Investment Counsel, Inc. (“CornerCap”) is a Georgia corporation formed in 1989. CornerCap provides guidance and tailored portfolio management services to high-net-worth individuals, group retirement plans, foundations, endowments, and other types of clients. CornerCap is also investment adviser to The CornerCap Group of Funds, as described below under *“Other Financial Industry Activities and Affiliations.”*

Individualized Account Advisory Services

At the beginning of a client relationship, CornerCap meets with the client, asks questions, gathers information and performs research and analysis as necessary to develop the client’s investment objective and strategy. The client’s investment objective and strategy will be updated from time to time when requested by the client, or when determined to be necessary or advisable by CornerCap based on updates to the client’s financial or other circumstances.

Discretionary Services

For clients selecting CornerCap’s discretionary services, CornerCap will analyze client portfolios and determine an allocation of equity securities (e.g., stocks) and fixed income securities (e.g., bonds) for the portfolio, and will make recommendations regarding specific securities to be purchased, consistent with the client’s investment objective and strategy. CornerCap may invest assets in the client’s portfolio directly into stocks or bonds, or into mutual funds or other investment funds that invest in stocks, bonds or other securities. The methods used by CornerCap to determine which securities should be purchased for a client portfolio are described below under *“Methods of Analysis, Investment Strategies and Risk of Loss”*. As a discretionary investment adviser, CornerCap will have the authority to supervise and direct the portfolio without prior consultation with the client.

Non-Discretionary Services

Clients who choose a non-discretionary arrangement with CornerCap will receive similar portfolio analysis and investment recommendations as described above under “Discretionary Services”, but these clients must be contacted prior to the execution of any trade in the account(s) under management. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

Pooled Vehicle Advisory Services

CornerCap serves as investment adviser to CornerCap Group of Funds. The CornerCap Group of Funds currently offers three separate series representing separate portfolios of investments: the CornerCap Balanced Fund, the CornerCap Small-Cap Value Fund and the CornerCap Large/Mid-Cap Value Fund (each a “Fund,” and collectively “Funds”). Additionally, CornerCap currently manages one private limited partnership, the Carolina Equity Fund, L.P. (the “CornerCap Partnership”). CornerCap provides discretionary investment advice to the Funds and to the CornerCap Partnership in accordance with their respective offering documents.

Other Services

In addition to the foregoing, CornerCap may also advise clients with respect to investments in specific private investment opportunities (e.g., evaluation of limited partnerships in which a client is considering investing). In these situations, CornerCap assists the client to understand and evaluate the opportunities and potential of the investments.

Principal Owners

Thomas E. Quinn is the sole principal owner of CornerCap.

Type and Value of Assets Currently Managed

As of December 31, 2010, CornerCap managed \$710,620,846 on a discretionary basis, and \$0 of assets on a non-discretionary basis.

Fees and Compensation

General Fee Information

As described below, CornerCap's fees for investment management services depends on the services provided, the amount of assets in the portfolio and the type of account being managed.

Fees paid to CornerCap are exclusive of all custodial and transaction costs paid to the account custodian, brokers, other third party consultants or outside money managers. Clients should review all fees charged by CornerCap and third parties to fully understand the total amount of fees to be paid. See additional information below under "*Brokerage Practices*".

Upon termination of an investment management agreement, any fees owed to CornerCap shall be paid by the client on a prorated basis as of the effective date of termination, and any fees paid by the client that have not been earned shall be refunded to the client on a prorated basis as of the effective date of termination.

Individualized Account Advisory Services

CornerCap's standard fee schedules for new clients are provided below:

Standard Private Accounts

Total Assets under Management	Annualized Fee (as a Percentage of Assets)
\$ 0 - \$3,000,000	1.00% ¹
\$ 3,000,000 - \$ 10,000,000	0.75%
\$ 10,000,000+	0.50%

Institutional Small-Cap, Small/Mid-Cap & Large/Mid-Cap Equity Accounts

Sub-Advised Accounts

Total Assets under Management	Annualized Fee (as a Percentage of Assets)
\$ 0 - \$10,000,000	0.75%
\$ 10,000,000+	0.50%

Generally, management fees are assessed in advance and deducted from client accounts quarterly by the client's custodian, based on the account's net asset balance at the beginning of the quarter. CornerCap will prorate fees if the investment management agreement is executed after the beginning of a calendar quarter.

¹ For assets under management in amounts from \$0-\$3,000,000, CornerCap charges non-profit clients an annualized fee of 0.85%.

In certain cases, as stated above, CornerCap may invest assets in the client's portfolio in mutual funds or other investment funds. Clients should note that fees paid to CornerCap for investment advisory services are separate and distinct from the fees and expenses charged by these funds (described in each fund's prospectus). These fees will generally include a management fee and other expenses.

Pooled Vehicle Advisory Services

The Funds pay CornerCap fees for its investment advisory services. CornerCap charges each Fund an annualized management fee of 1.00% of the Fund's net asset value, as more fully described in each Fund's prospectus. Management fees are calculated daily and are deducted from the Funds on a quarterly basis. Each Fund also incurs fees and expenses for professional services, administration services, brokerage and transaction changes, and other miscellaneous expenses as outlined in its respective prospectus.

The CornerCap Partnership pays CornerCap an annualized management fee of 1.50% for its investment advisory services, which is deducted from the CornerCap Partnership, as more fully described in the CornerCap Partnership's offering memorandum. However, CornerCap may, in its sole discretion, exempt or reimburse, in whole or in part, any interests owned by an investor in the CornerCap Partnership from the annualized management fee. To the extent not paid by CornerCap, the CornerCap Partnership may also incur fees and expenses for professional services, administration services, brokerage and transaction changes, and other miscellaneous expenses as outlined in its offering memorandum.

Other Fee Arrangements

For a few account relationships, CornerCap has been engaged to provide investment advice based on a retainer fee. When CornerCap enters into this type of advisory relationship, a fixed annual fee will be negotiated based on the time required and service provided. This fee will be billed quarterly.

CornerCap may also charge a flat fee for advisory services, which will be negotiated with the client.

Performance-Based Fees and Side-By-Side Management

CornerCap does not have any performance-based fee arrangements.

Types of Clients

Individualized Account Services.

CornerCap serves high-net-worth individuals, investment companies, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or other business entities. With some exceptions, the minimum portfolio value eligible for conventional investment advisory services is \$1,000,000. Minimum annual fees may apply. Under certain circumstances and in its sole discretion, CornerCap may negotiate such minimums.

Pooled Vehicle Advisory Services

As indicated above, CornerCap's clients include the Funds and the CornerCap Partnership. The minimum investment in a Fund is generally \$2,000.

The investors in the CornerCap Partnership are generally accredited investors. However, the CornerCap Partnership is currently closed to new investors.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

As stated above, CornerCap provides investment advice to clients regarding both equity and fixed income securities, consistent with each client's investment objective and strategy.

Equity Securities

CornerCap uses various criteria to determine which equity securities to recommend to clients. Generally, CornerCap selects securities that it believes are undervalued relative to their growth potential or undervalued in the market. Accordingly, CornerCap considers a number of criteria, including, without limitation:

- relative price/earnings ratio;
- earnings growth rates;
- cash flow measurements; and
- portfolio diversification and risk.

In addition, CornerCap has developed a proprietary research system and financial database called Fundametrics®, which calculates numerous fundamental valuations for approximately 2,500 domestic (US) stocks. Additional information about the Fundametrics® research system is available upon request.

Fixed Income Securities

In order to achieve long-term capital appreciation and current income, CornerCap may recommend fixed income securities or other debt-based securities (each, a "fixed income security") such as obligations of the United States government, corporate securities including bonds and notes, and mortgage-backed and other asset-backed securities. These fixed income securities may have varying dates of maturity, fixed or variable principal or dividend payments, if any, and varying reset terms, each depending on market and economic conditions.

CornerCap generally selects fixed income securities of issuers of any size that are "investment grade" (i.e., rated by Moody's or S&P in one of their respective four highest ratings (for Moody's, AAA, AA, A, and BAA, and for S&P, AAA, AA, A, and BBB)). CornerCap may also invest in unrated fixed income securities if CornerCap believes the security has characteristics similar to securities rated by Moody's or S&P in their top four categories. Should the rating or quality of an investment-grade fixed income security decline after it has been purchased for a client account, CornerCap will reconsider the advisability of continuing to hold the security.

Notwithstanding the foregoing, CornerCap may from time to time invest in fixed income securities that are below investment grade, which are also known as "high yield" or "junk" bonds. These lower-quality fixed income securities often offer higher yields than investment grade fixed income securities, but with more credit risk.

Risk of Loss

While CornerCap seeks to diversify clients' investment portfolios across various asset classes consistent with each investment management agreement in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

Equity Market Risks. CornerCap will invest portions of client assets directly into equity investments, which may include stocks, or into pooled investment funds that invest in the stock market. Risks associated with investments in equity markets include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects. Furthermore, as noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market.

Management Risks. While CornerCap manages client investment portfolios based on CornerCap's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that CornerCap allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that CornerCap's specific investment choices could underperform their relevant indexes.

Risks of Investments in Mutual Funds, ETFs and Other Investment Pools. As described above, CornerCap may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally subject to less risk than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940, as amended (the "1940 Act").

Risks Related to Fundametrics. While CornerCap uses the Fundametrics software to screen and rank equity securities in which it may invest client accounts, the underlying data or calculations used by the software may not provide appropriate valuations or other fundamental information at all times. Accordingly, client investment portfolios are subject to the risk that securities chosen by Fundametrics are adversely affected by issuer-related news, market movements or other events that are not adequately anticipated by Fundametrics, which could lead to losses.

Fixed Income Risks. CornerCap will invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While fixed income investments are generally exposed to less volatility than investments in equity markets, they nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers) and maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

In addition, CornerCap's investments in high-yield/high-risk fixed income securities are exposed to greater credit risk – i.e., the risk that the issuers of such securities may be unable or unwilling to make timely principal and/or interest payments, or otherwise will be unable or unwilling to honor its financial obligations. These investments are also more vulnerable to real or perceived economic changes, political changes or adverse developments specific to the issuer, as well as sudden and sharp price swings that can affect high-yield bond markets generally.

Foreign Securities Risks. CornerCap may invest portions of client assets into ADR's or pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign issuers of securities may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

Risks Related to Non-Discretionary Services. Clients who choose a non-discretionary arrangement with CornerCap must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block.

Disciplinary Information

CornerCap has no disciplinary events to report.

Other Financial Industry Activities and Affiliations

As stated above, CornerCap serves as the investment adviser to CornerCap Group of Funds and to the CornerCap Partnership.

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

CornerCap's policy is that the interest of the client takes precedence over that of CornerCap, its affiliates, employees and representatives. Accordingly, CornerCap's policy is for its employees and representatives to disclose their relationships with the CornerCap Funds, the CornerCap Partnership and similar entities to clients. In addition, CornerCap, its employees and representatives make recommendations based upon client needs without regard to their own personal benefit.

CornerCap employees and representatives will not purchase or sell securities for their own account if the transaction will disadvantage clients. CornerCap maintains transaction records for all employee securities transactions, prohibits insider trading and maintains a code of ethics to help ensure compliance with applicable provisions of state and federal law. A copy of CornerCap's code of ethics will be provided free of charge upon request.

With respect to employee trades, clients should note that CornerCap employees may participate in certain types of block trades with clients. In these cases, if part of the block order is not filled, then

the trader allocates the securities received on a random basis, so that allocations are fair over time, with affiliated accounts receiving no securities.

Brokerage Practices

For each trade where it exercises investment discretion, CornerCap seeks “best execution”, which is a combination of price and execution relative to our instructions, and other factors.

Brokerage Selection.

CornerCap has been granted the authority by a substantial majority of its clients to determine, without specific consent, the securities to be bought or sold, and amounts of those securities, and the brokers or dealers used to effect those trades. Any limitations that might be placed on CornerCap are “client-specific” and, to the extent that they exist, are delineated in documents appended to or referenced in the investment management agreement between CornerCap and the particular client. For example, clients may instruct CornerCap not to invest in particular industries or issuers or may direct CornerCap to execute all or a specified percentage of their trades with specific brokers or dealers.

In selecting brokers to be used in portfolio transactions, CornerCap’s general guiding principle is to obtain the best overall execution for each client in each trade, which is a combination of price and execution. With respect to execution, CornerCap considers a number of judgmental factors, including, without limitation, the actual handling of the order, the ability of the broker to settle the trade promptly and accurately, the financial standing of the broker, the ability of the broker to position stock to facilitate execution, CornerCap’s past experience with similar trades, and other factors that may be unique to a particular order. Recognizing the value of these judgmental factors, clients may pay a brokerage commission that is higher than the lowest commission that might otherwise be available for any given trade.

CornerCap generally accepts client directions to use a specific broker or dealer to execute transactions in the respective client’s account in recognition of custodial or other services provided to the client by the broker or dealer. A client who chooses to designate the use of a particular broker or dealer should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commission on some transactions than might otherwise be attainable by CornerCap, or may receive less favorable execution of some transactions, or both.

When directing CornerCap to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with CornerCap that they have the authority to make the direction, that there are no provisions in any client or plan document that are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client’s plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services has been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

Soft Dollar Transactions.

CornerCap does not engage in soft dollar transactions.

Aggregation of Trades.

From time to time, CornerCap may determine to aggregate orders for the same security for different accounts traded through the same broker. In these cases, client and employee accounts traded through the same broker may be aggregated. When the trades are completed, each broker's trades will be dollar-averaged (i.e., each account receives the same price), but different accounts may pay different commissions owing either to the size of each separate account's position or to the minimum ticket charges applied by the broker, or both. If more than one broker has client accounts performing a similar block trade on the same day, then the trader places the orders through a rotation of the executing brokerage firms in a sequence rotated over time so that no group of clients is damaged or disadvantaged by the timing of the executions. If the entire block order is not filled, then the trader allocates the securities received on a random basis, so that allocations are fair over time, with affiliated accounts receiving no securities.

Review of Accounts

Client portfolios are reviewed at least quarterly, but may be reviewed more often if (i) requested by the client; (ii) upon receipt of information material to the management of the portfolio upon client request; or (iii) at any time such review is deemed necessary or advisable by CornerCap (e.g., a change in a client's individual situation). An appropriate principal or portfolio manager of CornerCap reviews all accounts.

CornerCap provides at least an annual report for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. Additional reports are available at the request of the client.

Client Referrals and Other Compensation

CornerCap may offer clients the opportunity to invest in two (2) mutual funds offered by Federated Investors, the Federated Income Trust (a bond mutual fund) and the Federated High Yield Trust (a high-yield bond mutual fund); or to invest in one (1) fund offered by American Beacon Funds, the American Beacon International Fund. Pursuant to a plan adopted by these fund companies in accordance with Rule 12b-1 under the 1940 Act, CornerCap receives an annual rate of 0.25% of the average daily net asset value of client assets CornerCap has directed to these funds.

Furthermore, consistent with Rule 206-4(3) under the Advisers Act, CornerCap may, from time to time, enter into solicitation agreements with individuals who solicit potential clients for CornerCap. Currently CornerCap has solicitation arrangements with Charles D'Huyvetter and John B. Withers (each, a "Solicitor"). Under this arrangement, CornerCap pays a Solicitor half of the management fee received by CornerCap for each client who invested with CornerCap based on the Solicitor's recommendation. CornerCap may engage other solicitors in the future.

Custody

Client funds and securities are maintained with a "qualified custodian". It is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements, copies of which clients will request the custodian send to CornerCap. Clients are advised to review this information carefully, and to notify CornerCap of any questions or concerns. Clients are also asked to promptly notify CornerCap if the custodian fails to provide statements on each account held.

From time to time and in accordance with CornerCap's agreement with clients, CornerCap will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the statements the client's custodian provides to ensure accuracy. There may at times however be small differences due to the timing of dividend reporting and pending trades.

Investment Discretion

For client accounts over which CornerCap has investment discretion, CornerCap has this authority pursuant to the terms of the client's investment management agreement with CornerCap.

Voting Client Securities

For client accounts for which CornerCap has proxy voting authority, CornerCap votes proxies in a manner that serves the best interests of its clients. In voting securities held in a client account, CornerCap will attempt to resolve any conflict of interest between the client and CornerCap's business interests in the way that will most benefit the client. CornerCap maintains a detailed Proxy Voting Policy and a record of how CornerCap has voted proxies, each of which are available to clients upon request.

Financial Information

CornerCap does not require or solicit prepayment of fees six months or more in advance, and CornerCap currently does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.