

**CORNERSTONE CAPITAL INC.  
WRAP FEE PROGRAM BROCHURE  
CORNERSTONE PORTFOLIO SOLUTIONS**

**Item 1 Cover Page  
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**This wrap fee program brochure (“Brochure”) provides information about the qualifications and business practices of Cornerstone Capital Inc. (“Cornerstone”). If you have any questions about the contents of this Brochure, please contact your Cornerstone Investment Adviser Representative (“IAR”) or Cornerstone at (212) 874-7400. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.**

**Additional information about Cornerstone is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 Material Changes**

This is Cornerstone Capital Inc.'s first wrap fee program Brochure , and, consequently, we have no changes to report. In future versions of our wrap fee brochure, this section will describe material changes made since our last Brochure update.

### **Item 3 Table of Contents**

Item 1 Cover Page .....	1
Item 2 Material Changes .....	2
Item 3 Table of Contents .....	3
Item 4 Services, Fees and Compensation .....	4
Item 5 Account Requirements and Types of Clients.....	8
Item 6 Portfolio Manager Selection and Evaluation .....	9
Item 7 Client Information Provided to Portfolio Managers .....	12
Item 8 Client Contact with Portfolio Managers .....	13
Item 9 Additional Information.....	14

#### **Item 4 Services, Fees and Compensation**

Cornerstone Capital Inc. is a registered investment adviser primarily based in New York, NY. We are organized as a corporation under the laws of the State of Delaware. We have been providing consulting and other non-investment advisory services since August 2013, and will commence providing investment advisory services as of the date of this brochure. Erika Michele Karp is the principal and majority owner of Cornerstone Capital Inc.

Cornerstone Capital Inc.'s investment strategy seeks to systematically incorporate and articulate sustainability into the investment advisory services it offers. To implement our strategy, we seek to utilize environmental, social and governmental ("ESG") standards to measure an issuer's and money manager's adherence to, or adoption of, sustainability.

This Brochure provides a description of the wrap fee program advisory services offered by Cornerstone Capital, Inc. Cornerstone Capital, Inc. also has another investment advisory business in which it provides Research Services. For information about such services please see the Cornerstone Capital, Inc. Form ADV Part 2A Brochure located at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Cornerstone Capital Inc. offers its wrap fee program services and financial planning services using the names Cornerstone Capital Inc. d/b/a Cornerstone Capital Group ("Cornerstone Capital Group"), Cornerstone Capital Inc. d/b/a Cornerstone Capital Investment Management and Cornerstone Capital Inc. d/b/a Cornerstone Capital Group Investment Management ("Cornerstone Capital Investment Management").

As used in this brochure, the words "we", "our" and "us" refer to Cornerstone Capital Inc. or Cornerstone Capital Investment Management, as applicable, and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

#### **Wrap Fee Program Services**

We offer discretionary and non-discretionary wrap fee program services through our Cornerstone Portfolio Solutions wrap fee program. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for wrap fee program services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our wrap fee program services, we will invest your assets according to an investment portfolio specifically tailored for you. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

The investment portfolios we recommend may consist of mutual funds, exchange traded funds ("ETFs") and/or allocations to Underlying Managers to manage all, or a portion of, your investment portfolio. You may request that we refrain from recommending a particular Underlying Manager or certain types of securities. You must provide these restrictions to our firm in writing. In addition, at your request, we may provide non-discretionary investment advice regarding individual stocks and bonds that you contemplate transacting in or already hold in your portfolio.

If you invest with Underlying Managers, you will be required to sign an agreement directly with the recommended Underlying Manager(s). You may terminate your advisory relationship with the Underlying Manager according to the terms of your agreement with the Underlying Manager. You should review the applicable account documents and, if applicable, each Underlying Manager's brochure, for specific

information on how you may terminate your advisory relationship with the Underlying Manager. You should contact the Underlying Manager directly for questions regarding your advisory agreement with the Underlying Manager.

If you participate in our discretionary wrap fee program services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to rebalance your portfolio among mutual funds, ETFs and Underlying Managers without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account and hiring or firing any Underlying Managers. Regardless of whether you hire us on a discretionary or non-discretionary basis any Underlying Manager(s) hired for your account will actively manage your portfolio and will assume discretionary investment authority over your account either as a separately managed account and/or by you placing your assets in private investment funds or other investment vehicles managed on a discretionary basis by such Underlying Manager(s).

In addition to the foregoing we provide to wrap fee clients and potential wrap fee clients financial planning advice for no charge.

### **Custodian and Broker**

Pershing, LLC (“Pershing”) acts as custodian for our wrap fee clients. It provides execution and clearing services, and performs administrative services, such as quarterly performance reporting for your account. We reserve the right to replace Pershing or add additional custodians as we may determine, which custodians shall be subject to, and act in accordance with, the terms and conditions of the Cornerstone Capital Investment Management Client Agreement (“Client Agreement”).

We transact in all ETFs, mutual funds, single stocks and bonds for your account through Pershing. In addition, Underlying Managers purchase all securities for your account through Pershing unless otherwise instructed by you or established by an existing relationship and account structure between you and another custodian. See below in the brokerage section of Item 9 regarding (i) certain conflicts of interest we may have with respect to selecting Pershing as the custodian and broker for our wrap fee program and (ii) when we may, at your request, transact with brokers other than Pershing.

### **Fees**

Our annual fee for wrap fee program services is based on a percentage of your assets we manage and is negotiable depending on individual client circumstances. The fees charged to your account for the wrap fee program may be up to 150 basis points (i.e., 1.5%) of total assets under management.

If we invest your account in mutual funds, ETFs, single stocks and/or bonds and do not recommend Underlying Managers for your account, there will be a single bundled fee charged to your account that will consist of our fees and fees charged by Pershing for execution of, and custodial services with respect to, ETF, mutual fund, single stock and/or bond transactions.

If you invest with Underlying Managers but we do not invest your account in mutual funds, ETFs, single stocks or bonds, your account will be charged (i) a bundled fee that will consist of the Underlying Manager’s fees and fees charged by Pershing for execution of, and custodial services with respect to, the Underlying

Manager's transactions and (ii) our fee for our advisory services with respect to the due diligence and selection of the Underlying Managers.

If you invest with Underlying Managers and we invest your account in mutual funds, ETFs, single stocks and/or bonds, your account will be charged (i) a bundled fee consisting of our fees and fees charged by Pershing for execution of ETF, mutual fund, single stock and/or bond transactions, (ii) a bundled fee that will consist of the Underlying Manager's fees and fees charged by Pershing for execution of, and custodial services with respect to, the Underlying Manager's transactions, and (iii) our fee for our advisory services with respect to the due diligence and selection of the Underlying Managers.

All of the applicable foregoing fees will be reflected on the account statement you receive from Pershing. The fees charged by the Underlying Managers are expected to range between 0.35% and 1.25%.

Our annual wrap fee program fees are billed and payable quarterly in advance based on the net asset value of your account on the last day of the previous quarter. If the wrap fee program agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

We will send you a fee statement for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

You may terminate the wrap fee program agreement upon 30 days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the wrap fee program agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Important Things to Consider About Fees Related to your Wrap Fee Program Account**

The wrap fee program fee is a recurring fee for our investment advisory services which includes ongoing investment advice, within the meaning of the Advisers Act, any fees charged by Underlying Managers, the execution of transactions, custody of assets and reporting and other administrative services provided in connection with your wrap fee program account. If your account is invested with Underlying Managers the wrap fees you pay may be more than if you would hire the Underlying Managers directly instead of through our wrap fee program. In addition, the brokerage and custody portions of the wrap fee may cost you more than if your account were charged a traditional transaction based commission charge where you would buy the same or similar investments separately and pay a sales charge or commission for each transaction. The factors that bear upon the cost of the wrap fee program in relation to the cost of the same or similar investments purchased separately include the:

- type and size of the account in which the investments are purchased;
- historical and expected amount and number of trades in the account; and
- number and range of supplementary advisory and ongoing client-related services provided to the client.

The wrap fee may also cost the client more than if the assets were held in a traditional brokerage account. In a brokerage account, a client is typically charged a commission for each transaction. However, the brokerage account representative has no duty to provide ongoing advice or service with respect to the account. If the client plans to follow a “buy and hold” strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than opening a wrap fee account with us.

### **Additional Fees and Expenses**

As part of our wrap fee services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The wrap fees that you pay to our firm for our services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund’s prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. We do not share in any portion of the management fees charged by the mutual funds or exchange traded funds. To fully understand the total cost you will incur, you should review all fees charged by mutual funds, exchange traded funds, our firm, and third party money managers.

**Item 5 Account Requirements and Types of Clients**

We offer our wrap fee program services to individuals, corporations, partnerships, investment management firms, investment funds, individual retirement accounts, pension plans and other ERISA accounts, trusts, charitable organizations, foundations, endowments and family offices.

In general, we do not require a minimum dollar amount to open and maintain a wrap fee program account; however, we reserve the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage. In addition, we may, in our sole discretion, determine not to accept a wrap fee program account client.

## **Item 6 Portfolio Manager Selection and Evaluation**

Our investment process involves the selection of Underlying Managers, and, with respect to the mutual funds and ETFs in which we invest, the due diligence on managers of such mutual funds and ETF's (together with the Underlying Managers, the "Managers"), based on various factors, including, among others, performance, strategies, methods of analysis, fees and a client's financial needs, investment goals, risk tolerance, and investment objectives.

Prospective Managers are identified through commercially available databases, direct solicitations by the managers, due diligence and referrals from third parties. We gather disclosed information about the Managers (and, if applicable, the mutual funds and ETFs) on commercial databases, as well as additional information as may be delivered to us by the Managers.

In the course of our due diligence on mutual funds, ETFs and Underlying Managers, we employ both quantitative analysis and qualitative analysis as relevant. Quantitative analysis assesses the prospective Manager's historical performance, risk levels, and portfolio characteristics. Qualitative analysis is done concerning the prospective Managers' investment experience, continuity of staff, academic qualifications of investment professionals, and adherence to its investment strategies. In addition, members of the Investment Policy Committee ("IPC") (consisting of Phil Kirshman (CIO), Erika Karp (CEO), John Wilson (Head of Corporate Governance, Engagement & Research, Nicola Shelbourne (Treasurer) and Joel Beck (COO)) may meet with representatives of prospective Managers. We also review the portfolio fundamentals and underlying holdings from the standpoint of both valuation and sector concentration and review the offering documents of each prospective Manager.

Our due diligence process relies on traditional metrics including performance history of the model over various time frames and considering various measures of risk-adjusted performance. Additionally, we consider the Manager's history, management team, investment process, assets under management, and the Manager's ESG standards integration process. Managers may be recommended based on their individual merits, their correlation (or lack thereof) to other recommended managers, and thematic considerations. For specific clients, we seek to build a portfolio of Managers or solutions that will appropriately diversify their portfolio to achieve the optimal risk-adjusted expected returns to accomplish the goals stated in their investment policy statement.

Prior to recommending an Underlying Manager, we screen manager performance through PSN Enterprise, one of the industry's leading databases, which covers over 8,400 different separate account manager strategies. For mutual funds and ETFs we use the Morningstar database to evaluate performance history of a particular mutual fund to ETF. Post-purchase, Underlying Manager, mutual fund and ETF performance is calculated through Pershing, our securities custodian, and by Addepar, our portfolio reporting vendor. We do not conduct separate performance calculations on managers, mutual funds or ETFs. We expect our managers to report to a GIPS compliant standard except in unusual circumstances.

PSN Enterprise, Morningstar, Pershing and Addepar have their own data checks and process to verify the accuracy of the performance data they provide. We do not conduct additional audits of their data.

We will periodically monitor the Underlying Manager and make a determination regarding whether its management and investment style remains aligned with a client's investment goals and objectives.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your

restrictions and guidelines may affect the composition of your portfolio. After gathering information about your financial situation and objectives, we will recommend allocation amounts among the recommended mutual funds, ETFs and/or Underlying Managers taking into consideration your financial situation and objectives in light of the mutual funds', ETFs' and/or Underlying Managers' performance, strategy, methods of analysis, investment objectives portfolio risks and fees.

We act as portfolio manager for your account with respect to the selection of mutual funds, ETFs, single stocks and bonds. We do not believe that this causes any conflict of interest with the fact that we may also recommend Underlying Managers for your account.

We do not provide any portfolio management services to any accounts other than our wrap fee program client accounts.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in Item 4 above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Our firm charges different fees for wrap fee program services and research services. Clients should be aware that there exists the potential that our firm receives fees attributable to each advisory service for conflicting advice. For example, the wrap fee program team may recommend an Underlying Manager that concentrates on a sector that is given a negative outlook by the research team. Cornerstone Capital Inc. has procedures designed and implemented to monitor that the wrap fee program team is aware of the research team's views and takes such views into consideration when making decisions for wrap fee program clients.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

Our methods of analysis and investment strategies are described above in this Item 6. In addition, we evaluate single stocks and/or bonds for which we provide non-discretionary advice at your request based on their sector, their relevance within such sector and using price earnings metrics.

There can be no assurances that a client will achieve its investment objective or that the strategies pursued and methods utilized by us will be successful under all or any market conditions. Past performance is no guarantee of future performance. Investing in financial instruments involves the risk of loss of principal that clients should be prepared to bear. Risk factors of particular Underlying Managers, mutual funds and ETFs may be set forth in the account and/or fund documents of the Underlying Managers, mutual funds and ETFs as well as in the Forms ADV Part 2A of the respective Underlying Managers and respective managers for the mutual funds and ETFs.

### **Voting Client Securities**

Without exception, we will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

The Underlying Managers with whom you invest may vote proxies for securities purchased on your behalf if authorized to do so by you, either with respect to all proxies or with respect to specific votes on specific topics or shareholder proposals.

**Item 7 Client Information Provided to Portfolio Managers**

Clients who hire Underlying Managers are required to provide enough identifying information for managers to comply with “know your client” rules. Additionally, we may share clients’ particular investment policy goals including ESG standard strategic preferences if necessary for an Underlying Manager to execute a customized strategy. We will update Underlying Managers as needed if new information becomes available that may affect the securities an Underlying Manager may choose for a particular model.

We do not provide client information to mutual fund or ETF management companies.

**Item 8 Client Contact with Portfolio Managers**

We do not place any restrictions on client contact with Underlying Managers, mutual funds and ETFs other than those placed on direct contact by the Underlying Managers, mutual fund or ETF companies themselves.

## **Item 9 Additional Information**

### **Disciplinary Information**

We do not have any disciplinary or legal events to report.

### **Other Financial Industry Activities and Affiliations**

Cornerstone Capital Inc.'s research services division may provide research services to Underlying Managers or their affiliates for which it receives compensation. Receipt of such compensation from Underlying Manager's that are our research clients may cause us to have an incentive to recommend or select such Underlying Managers to wrap fee program clients. In addition members of our research services division may conduct due diligence and approve the use of certain Underlying Managers by our wrap fee program. In conducting due diligence and approving Underlying Managers the research services personnel may have an incentive to approve Underlying Managers that purchase research from our firm. These potential conflicts of interest are mitigated due to the fact that the employees making the allocation decisions to the Underlying Managers will not have access to information regarding the compensation we receive with respect to our research services. In addition, the due diligence and approval process of Underlying Managers is based on pre-determined objective factors and not on whether or not an Underlying Manager purchases research from Cornerstone Capital Group.

### **Description of Our Code of Ethics**

We have adopted a Code of Ethics (the "Code") which sets forth the ethical and fiduciary principles and related compliance requirements under which we operate and the procedures for implementing those principles. The Code includes provisions that govern fiduciary duty, client opportunities, insider trading, personal trading, gifts and entertainment, political contributions, outside business activities and confidentiality.

The principals and employees (collectively, "Employees") of Cornerstone Capital Inc. and their related accounts are permitted to maintain personal securities accounts provided that such accounts are disclosed to Cornerstone Capital Inc. and that any personal trading is consistent with applicable law and with the Code.

Under the Code, Employees may invest in financial instruments that are recommended to, or traded on behalf of, clients, subject to written pre-clearance by the Chief Compliance Officer and a holding period of 5 business days; provided, however, that the following transactions are not subject to such pre-clearance and holding period requirements: (i) transactions in equities that do not, as calculated on a daily basis, exceed .1% of the average daily trading volume for the three-month period immediately preceding such transaction and (ii) trades in open-end mutual funds.

The Code also contains policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to clients,
- prohibit trading on the basis of material nonpublic information, and
- place limitations on personal trading by Employees and impose preclearance and reporting obligations with respect to trading.

Our Code is available to any client or prospective client upon request by contacting Joel Beck, Cornerstone Capital Inc.'s Chief Compliance Officer, at (212) 874-7400.

## **Participation or Interest in Client Transactions**

We do not engage in principal transactions with client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, buys from or sells any security to any advisory client. Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

## **Review of Accounts**

The IPC, will monitor wrap fee client accounts on an ongoing basis and will conduct formal account reviews at least annually to make a determination whether the advisory services provided are consistent with your stated investment needs and objectives. With respect to selection of Underlying Managers, the IPC will periodically monitor the Underlying Manager and make a determination regarding whether its management and investment style remains aligned with a client's investment goals and objectives. In addition, the IPC will monitor on an annual basis that allocations are only made to approved Underlying Managers and such allocations comply with investment guidelines. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will provide you with regular written reports in conjunction with account reviews. Such reports may include account balances, changes in value relative to performance benchmarks when applicable and asset allocation summaries. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

## **Client Referrals and Other Compensation**

See the "Other Financial Industry Activities and Affiliations Section above of this Item 9. See also the Brokerage Section of this Item 9 below for additional information regarding compensation we receive from third parties that are not clients.

As of the date of this brochure, we do not compensate anyone for referrals to our wrap fee program.

## **Financial Information**

We have no financial condition that impairs our ability to meet contractual commitments to clients, and have not been the subject of a bankruptcy proceeding.

## **Brokerage**

We use Pershing as the custodian and broker for our wrap fee clients and as such we participate in the Pershing Advisor Solutions LLC investment advisor program ("Adviser Program"). Pershing is an unaffiliated SEC-registered broker-dealer and FINRA member. Pershing offers to independent investment advisors services which include custody of securities, trade execution, order routing, clearance and settlement of transactions.

We recommend Pershing to clients for custody and execution. There is no direct link between our participation in the Adviser Program and the investment advice we give to clients, although we receive economic benefits and services through our participation in the Adviser Program that are typically not available to retail customers of these brokers. These benefits may include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools including unsolicited third-party research (for example, from Standard & Poors or Moody's); consulting services; access to a trading desk; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. The brokers may also provide free attendance at conferences or seminars that they may sponsor. The brokers may also pay for business consulting and professional services received by our related persons.

We may not utilize every one of these benefits. Some of the products and services made available by a particular Adviser Program may benefit us but may not benefit our client accounts or may benefit client accounts that did not generate brokerage fees for which the benefits were received, including client accounts custodied at other brokers. Some of the services made available by the Adviser Program are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel through participation in the Adviser Program do not depend on the amount of brokerage transactions directed to Pershing. However, the rates charged by Pershing may be higher or lower than other brokers. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of clients first. Clients should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of Pershing for custody and brokerage services.

We will use reasonable efforts to accommodate client requests to custody their assets at a broker other than Pershing and execute their trades through such brokers. However, we cannot guarantee that we can accommodate such requests. Where we are able to accommodate your request to custody and execute trades through a broker other than Pershing, it should be noted that you:

- may be restricting our ability to obtain as favorable overall execution as might otherwise be obtainable;
- that your account may forego benefits from savings on execution costs that may otherwise be obtained, most notably by aggregating brokerage orders for various accounts;
- pay higher prices than other client accounts that traded through Pershing;
- may miss limited opportunity investments that other clients took advantage of by trading through Pershing; and
- that there may be additional credit and/or settlement risk in using the broker you select.

For information pertaining to the brokerage and custodial practices of mutual funds and/or ETF's, please refer to the prospectus for such mutual fund or ETF. For information pertaining to the brokerage and custodial practices of an Underlying Manager, please refer to such Underlying Manager's Form ADV Part 2A and/or Wrap Fee brochure.

### **Research and Other Soft Dollar Benefits**

We do not engage in soft dollar arrangements with broker-dealers.

## **Block Trades and Allocations**

From time to time, it may be appropriate for more than one of the accounts managed by us to trade in the same securities at the same time. We may aggregate sale and purchase orders of financial instruments held by a client with similar orders being made simultaneously for other clients, if, in our reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to a client based on an evaluation that a client is benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. Allocations to client accounts are made on a trade-by-trade basis pursuant to a pro-rata allocation methodology based on the amount of assets in each client's account. Exceptions to such allocation methodology may be made based on the following factors, among others: investment objectives and restrictions; risk-management requirements; adherence to any limits or investment guidelines; capital availability in each client account for trades of the type under consideration; liquidity/availability of securities; and eligibility to participate in the transaction. If the orders are aggregated, each of the accounts will have its same day orders filled on an average price basis (such that each receives the same price).

If an order is only partially filled on the date of placement, that portion of the order that has been filled will be allocated to all participating accounts pro-rata based on the amount of assets in each participating client's account. Exceptions may be made to allocation of partially filled orders for transactions in securities in a situation in which pro rata allocation would result in de minimis positions that would not be meaningful, such as an odd lot.

Although our goal is to be fundamentally fair on an overall basis with respect to all clients, there can be no assurance that on a trade-by-trade basis that one client will not be treated differently from another. If Cornerstone Capital Inc. did not manage multiple client accounts, each client individually may be able to receive or sell a greater percentage of all securities purchased or sold. Consequently, when multiple clients participate in limited opportunity trades, each participating account reduces the opportunity available to other participating accounts.

If you are recommended to a mutual fund, ETF or Underlying Manager, please refer to the prospectus of such mutual fund or ETF, or the disclosure brochure of such Underlying Manager, for trading practice information.

## **Broker Recommendation**

We may recommend brokers at the request of a wrap fee client for such client's account that we do not manage on an ongoing basis.

## **Custody**

We do not have actual custody of any client assets. We are deemed to have custody under Rule 206(4)-2 under the Advisers Act (the "Custody Rule") if we deduct advisory fees from your account without your preapproval. We also may be deemed to have custody under the Custody Rule for other reasons. Generally, clients will receive account statements at least quarterly from their custodians including all clients over which Cornerstone is deemed to have custody of their assets. Clients are urged to carefully review all custodian accounts statements they receive and contact Cornerstone if they have any questions. Clients are also urged to compare the account statements they receive from their custodians to any account statements they receive from Cornerstone and to contact Cornerstone if they have any questions upon conducting such a review.