

Cornerstone Capital Inc.

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FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of Cornerstone Capital Inc. If you have any questions about the contents of this brochure, please contact us at (212) 874-7400. 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 Capital Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Cornerstone Capital Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

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

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Item 4 Advisory Business

Description

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 standards to measure an issuer's or an Underlying Manager's adherence to, or adoption of, sustainability.

Currently, we offer the following investment advisory services, which are personalized to each individual client and described more fully below:

- Wrap fee program ("Wrap Fee Program") services that provide (i) direct investment management services, (ii) selection of approved third party investment advisers (the "Underlying Managers") to manage all or a portion of client's portfolio (consistent with our sustainability investment strategy) and (iii) financial planning; and
- Research services, which include (i) publication of a subscription newsletter titled Journal of Sustainable Finance & Banking (the "Journal"), (ii) providing advice related to the content of the Journal via personal conference calls with certain clients and (iii) conducting seminars and speaking engagements at which we provide investment advice on various topics.

The Wrap Fee Program is described in a separate Wrap Fee Program Brochure that can be located at the SEC's website at www.adviserinfo.sec.gov or from us upon request.

Cornerstone Capital Inc. offers its research services using the name Cornerstone Capital Inc. d/b/a Cornerstone Capital Group ("Cornerstone Capital Group"). Cornerstone Capital Group also provides consulting and other non-investment advisory services.

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

Research Services

As part of our research services we offer, via a paid annual subscription, access to the Journal. In addition, certain clients that subscribe to the Journal may, for a premium fee, receive personal advice regarding research analysis related to the Journal via personal conference calls with our research analysts. In addition, as part of our research services, we may conduct, and charge a fee to attend, seminars, events, workshops and speaking engagements where we discuss and present thematic macro research on topics related to sustainability and relevant environmental, social and governmental ("ESG") factors. We do not make any investment decisions for our research

clients. While we provide advice based on the research conducted and presented to the client, the client makes its own investment decision based on factors it, in its sole discretion, deems relevant. Our Investment Review Committee (“IRC”), consisting of Erika Karp (CEO), John Wilson (Head of Corporate Governance, Engagement and Research) and Michael Geraghty (Global Market Strategist), review and approve research topics. In addition, Journal articles must be approved by the IRC prior to publication.

The IRC meets both on a weekly and an as-needed basis to review and vet research and ideas presented in the Journal and other published reports. The mission of the IRC is to further our ability to offer well analyzed, well-articulated, independent review of our research offerings including our positions on global market strategy, global sector strategy, quantitative analysis, allocation recommendations among risk asset classes, and global thematic research. Topics for discussion in these meetings include, but are not limited to, market and sector valuations (current, historic and relative), economic and geopolitical outlooks, structural and competitive dynamics across industries and companies, industry trends around environmental, social and governance measures and metrics, financial analyses of trends in earnings, margins, cash flows, capital expenditures, taxation issues, and other applicable risk factors.

Assets Under Management

As of the date of this brochure, we do not have any discretionary or non-discretionary assets under management.

Item 5 Fees and Compensation

Subject to certain exceptions, we charge a fixed annual fee for subscription to the Journal and a fixed annual premium fee for subscribers that wish to receive personal advice regarding research analysis related to the Journal. Generally, the fixed subscription fee is \$1,800 and the fixed premium fee is \$3,600. The foregoing fixed fees are negotiable with respect to certain clients in our sole discretion and on occasion we may charge additional fees to certain clients based on the amount of personal advice provided.

We generally do not, although we may, charge fees for clients to attend, seminars, events, workshops and speaking engagements at which we provide investment advice. To the extent we charge fees for such services, such fees are negotiable. We also provide seminars, workshops and speaking engagements for our consulting clients for which we charge fees that are negotiable. In addition, clients will incur transaction costs in implementing the investment decisions based on the research we provide.

Fees for research services may be paid to us in the form of hard dollars or soft dollars directed by our clients to Cornerstone Capital Group. We do not deduct fees for research services directly from client accounts.

Item 6 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 for research services are calculated as described in the Fees and Compensation section 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 portfolio management 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 portfolio management team is aware of the research team's views and takes such views into consideration when making portfolio management decisions.

Item 7 Types of Clients

We offer research 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 for research services. However, we reserve the right not to accept a research client, or not to provide certain research services to an existing research client, for any or no reason.

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

In formulating research, we look at, among other things: market and sector valuations (current, historic and relative), economic and geopolitical outlooks, structural and competitive dynamics across industries and companies, industry trends around environmental, social and governance measures and metrics, financial analyses of trends in earnings, margins, cash flows, capital expenditures, taxation issues, and other applicable risk factors. In addition, while the investment processes of all market participants vary, our research efforts focus on enhancing those processes by systematically incorporating ESG factors. These factors are intended to help better align our clients' values with their investments. We believe that there is empirical evidence that this type of fundamental analysis adds value to the investment process over the long term.

Certain Risk Factors

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. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Advice based on our research analysis may be based upon certain assumptions. We make no representations as to the reasonableness of such assumptions or the

likelihood that such assumptions will coincide with actual events. Our research should not be relied upon for that purpose. We cannot offer any guarantees or promises that your financial goals and objectives will be met.

Any forward-looking opinions, assumptions, assessments, or similar statements (collectively, “Statements”) included in our research constitute only our subjective views, estimations or intentions, are subject to change due many factors, including fluctuating market conditions and economic factors. Such Statements involve inherent risks, many of which cannot be predicted or quantified and are beyond our control. The Statements may be based upon certain assumptions and we make no representations as to the reasonableness of such assumptions or the likelihood that such assumptions will coincide with actual events and the Statements should not be relied upon for that purpose. Future evidence and actual results could differ materially from those set forth in, contemplated by, or underlying these Statements, which are subject to change without notice. In light of the foregoing, there can be no assurance and no representation is given that these Statements are now, or will prove to be, accurate or complete. We do not undertake any responsibility or obligation to revise or update such Statements.

At any point in time the value of ESG factors may be discounted by the securities markets in the aggregate valuation of securities.

Item 9 Disciplinary Information

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

Item 10 Other Financial Industry Activities and Affiliations

Through its provision of consulting and other non-investment advisory services, Cornerstone Capital Group may form business relationships with companies it analyzes in the course of providing its research services. We do not believe this creates a conflict since we do not conduct or provide research on specific issuers. However, we may reference or mention a specific issuer as part of our sector-based or thematic research. The IRC will maintain a “grey list” of companies with which Cornerstone Capital Group has a business relationship. Companies on the grey list will not be referenced or mentioned in our research pieces. The IRC will monitor the grey list periodically.

Certain clients that pay for our research services may be investment managers that we recommend in our Wrap Fee Program. This creates potential conflicts for us with respect to recommending such managers to our Wrap Fee Program clients. If you would like to see additional information about these conflicts and the manner in which we address them, please see our Wrap Fee Program Brochure that can be located at the SEC’s website at www.adviserinfo.sec.gov or from us upon request.

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

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.

Item 12 Brokerage Practices

We do not have investment management discretion or recommend the purchase or sale of any securities through our provision of research services. Accordingly, the selection or recommendation of broker-dealers for client transactions is inapplicable with respect to our provision of research services.

Item 13 Review of Accounts

We do not review client accounts that receive our research services.

Item 14 Client Referrals and Other Compensation

We do not receive any compensation other than from clients for providing research.

We do not compensate any persons for client referrals.

Item 15 Custody

We do not have custody of our research services' clients assets if all they receive from us are research services. We may have custody of research services' client assets if we also provide them investment management services through our Wrap Fee Program. If you receive our Wrap Fee Program services we urge you to review our Wrap Fee Program Brochure's discussion of custody.

Item 16 Investment Discretion

We do not have, as a result of providing research services to clients, discretionary authority to manage securities accounts on behalf of clients.

Item 17 Voting Client Securities

We do not have, and will not accept, as a result of providing research services to clients, authority to vote client securities.

Item 18 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.