

# **Form ADV Part 2A – Appendix 1**

## **Wrap Fee Program Brochure**

### **Item 1. Cover Page**

## **CornerMap, LLC**

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This wrap fee program brochure (“Wrap Brochure”) provides information about the qualifications and business practices of CornerMap, LLC (“CornerMap”). If you have any questions about the contents of this Wrap Brochure, please contact us at 404-220-7237. The information in this Wrap Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

Additional information about CornerMap also is available on the SEC’s website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

March 19, 2019

**Item 2. Material Changes.**

This Wrap Brochure is a document which CornerMap provides to its clients as required by the SEC's rules. The purpose of Item 2 of the Wrap Brochure is to provide clients with a summary of new and/or updated information that is contained in the remainder of the Wrap Brochure.

As a newly formed investment adviser, this is CornerMap's initial filing of the Brochure. Accordingly, there are no material changes to report.

In the future, in this Item 2, CornerMap will reference the date of the last annual update of its Wrap Brochure and will provide clients with a summary of any material changes made. CornerMap will further provide clients with a new Wrap Brochure as necessary based on changes, new information, or at a client's request, at any time, without charge.

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

### General Information

CornerMap, LLC (“CornerMap”) is a Georgia limited liability company formed in 2018. CornerMap provides guidance and portfolio management services to individuals.

CornerMap is principally owned by CornerCap Investment Counsel, Inc., a Georgia corporation (“CornerCap”).

CornerMap is a newly formed registered investment advisory firm and does not currently have any assets under management.

### Advisory Services

CornerMap offers an automated investment program (the “Program”) through which client accounts can be invested pursuant to one of the investment strategies developed and managed by CornerMap and offered through the Program. Each client portfolio in the Program is typically invested in a portfolio consisting of exchange-traded funds (“ETFs”) and a cash allocation. To participate in the Program, a client must first establish a brokerage account at Charles Schwab & Co., Inc. (“CS&Co.”) pursuant to a separate agreement between the client and CS&Co.

CornerMap uses the Institutional Intelligent Portfolios® platform (“Platform”), offered by Schwab Performance Technologies (“SPT”), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. CornerMap is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, “Schwab”). Clients in the Program do not pay brokerage commissions or any other fees to CS&Co. as part of the Program; however, Schwab does receive other revenues in connection with the Program.

CornerMap has contracted with SPT to provide the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables CornerMap to make the Program available to clients online and includes a system that automates certain key parts of the investment process (the “System”). The System includes an online investor profile questionnaire that helps CornerMap determine the client’s investment objectives and risk tolerance and select an appropriate investment strategy and portfolio (“IPQ”). Based upon the IPQ, Custodian’s software system will recommend one of CornerMap’s model portfolios as the investment management strategy for the account (the “Strategy”). It shall be the responsibility and obligation of the client to keep CornerMap apprised in a timely manner of any changes to the IPQ or any other changes relevant to the manner in which the portfolio is managed. CornerMap will have no duty or obligation to investigate the accuracy or completeness of the information about the client included in or underlying the IPQ. Clients should be aware that CornerMap may but is not obligated to commence management of the client’s account until such time as the client has discussed the Strategy with CornerMap.

Once approved by CornerMap and the Client, the selected Strategy will only be revised to the extent that a client revises the client’s IPQ and such revisions affect the risk profile of the client’s

account. However, if a client revises the IPQ such that a new Strategy is recommended for the client, CornerMap is not obligated to make any change to the Strategy until the client has discussed such change with CornerMap. Accordingly, if a client in the Program makes a change to the IPQ, the client must promptly contact CornerMap to discuss such change; otherwise, CornerMap may continue to manage the portfolio in accordance with the existing Strategy.

The System includes an automated investment engine through which CornerMap manages the client's portfolio on an ongoing basis through automatic rebalancing. This process will automatically make periodic trades in the portfolio to rebalance investments in accordance with the portfolio's Strategy, such as when additional amounts are invested or when the assets in the portfolio become over or underweight due to market movements. Such rebalances may not take into account the tax effect of such trades or the tax situation of the client generally at such time.

CornerMap charges clients a fee for the Program as described below. CornerMap does not pay CS&Co. for transaction and execution expenses or pay SPT an annual licensing fees for the Platform; provided CornerMap and its affiliates maintain \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program and each account enrolled in the Program holds cash equal to at least 4% of the value of the account's assets. If CornerMap and its affiliates do not meet these conditions, then CornerMap must pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of its clients' assets in the Program. This fee arrangement gives CornerMap and its affiliates an incentive to recommend or require that clients with accounts not enrolled in the Program be maintained with CS&Co. based on CornerMap's interest in receiving services that benefit its business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. CornerMap believes, however, that its selection of CS&Co. as custodian and broker for clients in the Program is in the best interests of its clients. It is primarily supported by scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only CornerMap.

#### Brokerage and Custody

Client accounts are required to be maintained at, and receive the brokerage services of, CS&Co., a broker dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co. as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. CornerMap does not open the account for the client and does not determine the terms of a client's agreement with CS&Co. The client will negotiate the terms and arrangement for their account with CS&Co. CornerMap will not seek better execution services or prices from CS&Co. As a result, the client may pay higher commissions and/or other transaction costs or greater spreads, receive less favorable net prices, or obtain less favorable execution on transactions for the account than would otherwise be the case.

If the client does not wish to place his or her assets with CS&Co., then CornerMap cannot manage the client's account through the Program. CS&Co. may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for CornerMap's clients and accounts for clients of other independent investment advisory firms using the Platform.

It is CS&Co.'s responsibility to provide clients with confirmations of trading activity, tax forms, and at least quarterly account statements, copies of which clients will request CS&Co. send to CornerMap. Clients are advised to review this information carefully, and to notify CornerMap of any questions or concerns. Clients are also asked to promptly notify CornerMap if CS&Co. fails to provide statements on each account held.

CornerMap may be deemed to have "soft" custody of its client accounts because CornerMap's portfolio management fees are normally debited directly from client account(s), unless other arrangements are made. Please see "Portfolio Management Fees" below.

#### General Fee Information

The Program fees include CornerMap's investment advisory services, brokerage expenses (e.g., commissions, ticket charges, etc.) of the account, charges for custody services, and other related costs and expenses. CornerMap generally receives the total fee charged less the amounts paid by CornerMap for all transaction and execution expenses.

The fees discussed above are separate and distinct from the internal fees and expenses charged by ETFs or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees, and other fees and taxes on brokerage accounts and securities transactions. Clients should review all fees charged by funds, brokers, CornerMap, and others to fully understand the total amount of fees paid by the client for investment and financial-related services. By participating in the Program, clients may pay higher or lower fees than clients purchasing such services separately, depending on the cost of services if provided separately and the level of trading in a particular client's account.

#### Portfolio Management Fees

Clients in the Program agree to pay CornerMap an annual asset management fee of 0.6% of the value of assets under management. CornerMap may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where CornerMap deems it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in arrears. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are normally debited directly from client account(s), unless other arrangements are made.

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

CornerMap serves individuals. The minimum investment required to open an account in the Program is \$5,000.

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

CornerMap will not utilize the services of a third party portfolio manager in providing investment advisory services to clients. CornerMap is the only portfolio manager for the Program.

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

CornerMap does not have any performance-based fee arrangements.

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

#### *Method of Analysis and Investment Strategies*

The Strategies used in the Program focus on a portfolio of ETFs and a cash allocation. Strategies are implemented by allocating among Equity ETFs, Fixed Income ETFs, and a cash allocation.

CornerMap uses various criteria to determine the allocation of ETFs within each Strategy. Generally, CornerMap uses ETFs that track targeted equity styles or industry segments. The allocation percentage among ETFs is periodically monitored and adjusted using 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.

In an effort to achieve long-term capital appreciation and current income, CornerMap may recommend ETFs based on 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.

Clients in the Program should understand that client portfolios will be managed in accordance with the Strategy (subject to reasonable limitations imposed by client and agreed to by CornerMap), and trading within the portfolio will be conducted through CS&Co, and automated by the System, without any specific direction from CornerMap, other than changes to the Strategy itself. Accordingly, CornerMap will be limited in its ability to make individual trades in a portfolio in the Program, and will not be able to exercise any discretion with respect to brokerage or best execution. Further, any changes to the Strategy or the Portfolio made in response to any change in the circumstances of a client in the Program must first be initiated by a change to the IPQ, and the client must be available to discuss such change with CornerMap. Therefore, the Program may not be suitable for clients that are not willing to make themselves available to discuss the IPQ and the Strategy with CornerMap.

#### *Risk of Loss*

While CornerMap seeks to invest each portfolio in a manner consistent with each investment management agreement and applicable portfolio Strategy, 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.

Economic Conditions. Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect the business prospects or perceived prospects of companies. While CornerMap performs due diligence on the companies in whose securities it invests, economic conditions are not within the control of CornerMap and no assurances can be given that CornerMap will anticipate adverse developments.

Equity Market Risks. CornerMap will generally invest portions of client assets directly into equity investments, which may include stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investment funds 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. These risks 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.

Fixed Income Risk. CornerMap may invest portions of client assets into pooled investment funds that invest in fixed income instruments, such as bonds and notes. While investments in fixed income instruments, either directly or through pooled investment funds, are generally exposed to less volatility than investments in equity markets, fixed income investments 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), maturity risk (risks that bonds or notes will change value from the time of issuance to maturity), mortgage-backed and asset-backed securities risk (risk that changes in interest rates and early repayment will devalue the investment), or United States government securities risk (risk that the security may not be backed by the "full faith and credit" of the U.S. government and may only be supported by the credit of the issuer).

In addition, 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 willing to honor its financial obligations. These fixed income securities are considered below "investment-grade". The retail secondary market for these "junk bonds" may be less liquid than that of higher-rated fixed income securities, and adverse conditions could make it difficult at times to sell certain securities. 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 swings that can affect high-yield bond markets generally.

Foreign Securities Risks. CornerMap may invest portions of client assets into 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 investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to



those found in the United States. 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.

Lack of Diversification. Client accounts may not have a diversified portfolio of investments at any given time, and a substantial loss with respect to any particular investment in an undiversified portfolio will have a substantial negative impact on the aggregate value of the portfolio.

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

Risks of Investments in ETFs. As described above, CornerMap will primarily invest client portfolios in ETFs, a type of pooled investment fund. 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, the success of pooled investment funds 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 CornerMap 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.

#### Voting Client Securities

Unless expressly agreed in writing, CornerMap will not vote proxies on behalf of clients. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact CornerMap with questions relating to proxy procedures and proposals; however, CornerMap generally does not research particular proxy proposals.

For client accounts for which CornerMap has proxy voting authority, CornerMap votes proxies in a manner that serves the best interests of its clients. In voting securities held in a client account,

CornerMap will attempt to resolve any conflict of interest between the client and CornerMap's business interests in the way that will most benefit the client. CornerMap maintains a detailed Proxy Voting Policy and a record of how CornerMap has voted proxies, each of which are available to clients upon request.

Please refer to Item 4 – Services, Fees, and Compensation above for additional information.

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

CornerMap will not utilize the services of a third party portfolio manager in providing investment advisory services to clients. Accordingly, it will not provide any client information to such persons.

#### **Item 8. Client Contact with Portfolio Managers.**

CornerMap is the only direct portfolio manager under the Program. No restrictions are placed on client's ability to contact or consult with CornerMap.

#### **Item 9. Additional Information.**

##### Disciplinary Information.

CornerMap is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Neither CornerMap nor its management persons have any disciplinary events to report.

##### Other Financial Industry Activities and Affiliations.

CornerMap is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. As stated above, CornerMap is a wholly-owned subsidiary of CornerCap which serves as investment adviser to CornerCap Group of Funds. CornerCap Group of Funds currently offers three separate series representing separate portfolios of investment: the CornerCap Small-Cap Value Fund in two share classes, the CornerCap Balanced Fund, and the CornerCap Large/Mid-Cap Value Fund (collectively, the "CornerCap Funds"). CornerMap does not believe its affiliation with CornerCap presents a conflict of interest with its clients.

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

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

CornerMap employees and representatives may recommend a Strategy that invests in the same securities or related security in which CornerMap, its affiliates, or employees or representatives

are invested or may buy or sell the same securities at or about the same time as client accounts buy or sell securities. This is a potential conflict of interest. However, CornerMap employees and representatives do not control when client accounts effect trades as the System automatically effects periodic trades to rebalance investments in accordance with the portfolio's Strategy. Further, employees may invest alongside clients by participating in the Program.

CornerMap 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 and sets forth standards of conduct expected of its employees and associated persons. A copy of CornerMap's code of ethics will be provided free of charge upon request.

#### Review of Accounts

The System will automatically monitor the client portfolio on a continuous basis to determine whether it remains in compliance with the particular Strategy, and will automatically effect trades in the portfolio when it becomes over or under weight as compared to the Strategy. Unless otherwise agreed upon, clients are provided with transaction confirmations notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

Client portfolios are reviewed: (i) when 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 CornerMap (e.g. change in client's individual situation, update to a client's IPQ). An appropriate principal or portfolio manager of CornerMap reviews all accounts. Unless otherwise agreed in writing, CornerMap will not provide reports for each managed portfolio.

#### Client Referrals and Other Compensation

Consistent with Rule 206-4(3) under the Advisers Act, CornerMap may, from time to time, enter into solicitation agreements with individuals who solicit potential clients for CornerMap. Currently, CornerMap does not have any solicitation arrangements.

#### Financial Information

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