Cornerstone Capital Inc.

Item 1. Cover Page

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March 28, 2018

FORM ADV PART 2A: FIRM BROCHURE

This brochure describes the services of Cornerstone Capital Inc. If clients have any questions about the contents of this brochure, please contact us at (212) 874-7400 and/or info@cornerstonecapinc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Cornerstone 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 brochure is an annual updating amendment to, and reflects the following material changes since Cornerstone Capital Inc.'s brochure dated November 14, 2017. The material changes are summarized below.

As of November 21, 2017, Cornerstone began providing investment advisory services to unaffiliated investment advisers ("Primary Adviser"), as Sub-Adviser to certain clients of the Primary Adviser.

As of January 1, 2018, we are no longer focused on the sale of independent research products as part of our core operations.

Cornerstone
CAPITAL GROUP

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Description

Cornerstone Capital Inc. d/b/a Cornerstone Capital Group ("Cornerstone", "Firm", "we" or "us") is based in New York with an office in Denver, Colorado. Cornerstone was founded in 2013 by Erika Karp. Cornerstone has been providing investment advisory services since our RIA was formed in late 2014. We are WBENC-certified as a women-owned business and are a Registered Investment Advisor with the US Securities and Exchange Commission with over $1 Billion in assets under management.

Our firm is currently majority owned by our Founder and Chief Executive Officer Erika Karp, by staff through an employee stock ownership plan, and by a select number of outside investors.

We are located at:

New York Headquarters 1180 Avenue of the Americas Suite 2020 New York, NY 10025	Colorado office: The Alliance Center 1536 Wynkoop Street, Suite 521 Denver, CO 80202

Our Mission

The mission of Cornerstone Capital Group is to maximize financial performance and social impact through rigorous research and the systematic integration of sustainability into portfolio design. Cornerstone works with asset owners including individuals, foundations, endowments and family offices, as well as corporations and financial institutions, promoting new research and investment processes in the field of Environmental, Social and Governance (ESG) analysis. We envision an economy where finance and humanity work hand-in-hand. Investments should contribute to solutions to the major challenges of the global economy, including the need for better healthcare, education, infrastructure, climate solutions, resource efficiency, diversity, and inclusive economic growth, while supporting corporate profitability and earning a competitive return.

This powerful sense of purpose and stewardship aligns our offerings with the long-term objectives of our clients.

Our Culture

At Cornerstone Capital Group, we aspire to have a culture which embraces the true value of learning, innovation, creativity, collaboration and transparency. We share a deep belief that the tools of capitalism, when deployed towards their best and highest purpose, can optimally facilitate global prosperity. Given our shared sense of purpose, we embrace change rather than tolerating the status quo.

Our Relationships

Our extensive understanding and experience in capital markets, governance, and sustainability analysis enables us to support clients as they navigate an ecosystem of diverse stakeholder groups.

Cornerstone clients benefit from our extensive network including our membership and participation in many leading industry groups. We actively employ our leadership role in these communities on behalf of our clients.

Cornerstone's professional networks and active participation in field-building initiatives give us a robust perspective on the diverse and growing investment landscape of sustainable investment. Our Global Advisory Council is comprised of professionals from across disciplines of business, investment and civil society with exceptional expertise in capital markets and areas of ESG performance. This council allows Cornerstone to connect our clients with industry-leading experts to support the operationalization of sustainability initiatives and investment decisions.

Overview

Cornerstone was founded on the principle that all investments have impact: the challenge is determining what the impact of an investment – or a set of investments – is and whether that impact is in alignment with the client's investment objectives. Our goal is to help the client create an investment thesis and portfolio that reflects the client's social and environmental impact priorities and achieves competitive financial returns commensurate with market expectations and fiduciary responsibilities. As a firm dedicated to sustainable and impact investing, every investment we recommend is selected in part because of the investment's contribution to our clients' social and environmental objectives.

Cornerstone's manager due diligence function resides within our Research team, a unique structure that supports independent analysis of investment vehicles across asset classes and brings the entire research team's expertise to bear on behalf of clients.

One of our great strengths is our independence and objectivity, which affords us the flexibility to source and evaluate the best strategies possible to fit the goals and interests of our clients. We are not constrained by walled-in architectures or investment manager platforms. We do not manage any investment strategies of our own and do not accept transaction or referral fees of any kind.

We work with our clients to develop and execute strategies to achieve their financial goals and objectives consistent with their Investment Policy Statements. Services provided by Cornerstone include:

- Investment policy planning, including development, review, and ongoing revisions to the client's investment policy statement (IPS)
- Timely market-driven research from our Research team
- Support for the client's shareholder engagement interests
- Investment industry participation and education to the degree desired

Proprietary Manager Due Diligence:

- Investment strategy due diligence and recommendations in an unbiased, objective environment

- Manager sourcing, review, recommendation and ongoing due diligence for public equity funds, private equity funds, alternative investments, and fixed income options

Investment Advisory Services:

- Custom strategic asset allocation and risk modeling
- Portfolio risk management, forecasting and reporting
- Portfolio implementation and ongoing operational support
- Trading, custody and portfolio rebalancing operations

Reporting, Communication and Engagement:

- Consolidated portfolio performance reporting including fee breakout report for increased transparency
- ESG performance indicators tailored to clients' needs
- Capability to report on illiquid assets and those not advised by Cornerstone
- Periodic meetings with the client to discuss performance and progress toward the client's impact goals; frequency to be discussed based on the client's preference
- Access to Cornerstone events and webinars

In addition to our investment advisory offering we provide:

Corporate Advisory: We help companies, foundations and nonprofit organizations to develop effective capital markets strategies for their sustainability efforts. Many companies struggle to articulate the value of governance and sustainability strategically in their investor relations activities. Our in-depth understanding of both the capital markets and investing for impact allows us to help companies integrate sustainability into their overall investor narrative.

Thematic Research: Our research analysts produce global sector and thematic research, equity strategy, and corporate governance research, tying nontraditional themes and metrics with what moves capital markets. Our research process focuses on identifying emerging issues that are likely to become material for investors over a 12- to 18-month time frame. We use our research to stimulate dialogue with asset managers as one input into our manager selection process, as well as sharing it with our clients and the broader impact community.

Partnering with Cornerstone

The client's advisory and operations teams at Cornerstone will proactively work to service the client's account, and will be available to the client as needed. Our client onboarding process includes periodic calls with the client's Cornerstone team, with availability to address ongoing client needs. These early discussions will include an overview of operational progress and next steps with investment policy and asset allocation reviews. Our manager due diligence team will also participate in several initial meetings to provide additional context with in-depth manager reviews. A differentiated capability of the client's Cornerstone team is the client's access to our research team. Team members will provide additional resources and commentary to the client's meetings on topics that are of interest to the client.

Manager Due Diligence Process

Cornerstone's manager due diligence function resides within our Research team, a unique structure that supports independent analysis of investment vehicles across asset classes and brings the entire research team's expertise to bear on behalf of clients. We will recommend investment opportunities that align with the client's impact and financial goals. For example, we will provide the client with options for public equity funds that include publicly-held companies that score highly on pertinent environmental rating factors, such as level of greenhouse gas emissions and use of renewable energies, and alternative investments, such as solar energy funds that anticipate competitive market-rate returns. In both public and private markets, we can also recommend funds focused on environmental solutions across sectors.

The unbiased, open architecture of Cornerstone uniquely positions us to help our clients to maximize long-term excellence and impact within the context of fiduciary duty. We offer investment solutions across all major asset classes, all intended to deliver to our clients a cutting edge, end-to-end portfolio solutions suite. Cornerstone's manager selection follows a carefully observed manager search and due diligence process:

- **Request for Information:** Cornerstone Capital's proprietary request for information (RFI) is sent to the potential investment manager. This document inquiries about firm-level and strategy level items as well as ESG integration. We request the manager's view on how their strategy should be used in a diversified institutional portfolio and their assessment about whether it has performed as expected. We seek the manager's views on the materiality of ESG factors, their time horizon, and specific macro themes that are particularly related to portfolio positioning. We also request from the manager, and collect from other sources, supporting information on the firm, team, strategy and performance record.

- **Due Diligence Interview:** The Cornerstone Capital manager due diligence RFI response and other information provided by the manager, along with information from third party evaluation sources on performance and other characteristics, is used to guide multiple conversations between the investment manager (including the Portfolio Manager, analysts, and people involved with ESG and proxy voting, as relevant) and the Cornerstone Due Diligence team. In many cases, and particularly for alternative investment strategies, references are checked for the firm or key team members and vendors are contacted to ensure that the firm is well positioned to provide the high level of service we demand for our clients.

- **Manager Recommendation:** Our Due Diligence Team analyzes the information gathered and presents a recommendation to Cornerstone's Investment Policy Committee (IPC). The recommendation includes a review of long-term performance, firm management, governance and ESG/sustainability criteria. Our reviews are based on absolute assessments as well as comparisons to benchmarks and peers. A proprietary scoring model is completed which is carefully weighted to balance the importance of firm and strategy criteria, with impact-specific items integrated under both headings. These scores are used as a guide to inform a narrative recommendation to the IPC. Only the investment strategies in which we have the strongest conviction will be recommended to our clients. As part of our process we also score each strategy on a set of "client specific factors" which consider the investment strategy, portfolio and firm operations on number of topics including, climate change, social impact, thematic focus, diversity, screening, etc. We use these scores to help select managers for clients with interest in these topics/approaches.

- **Investment Policy Committee Review**: Cornerstone's Investment Policy Committee is comprised of Erika Karp (CEO and Founder), Phil Kirshman (CIO), John Wilson (Head of Research and Corporate Governance), Katherine Pease (Managing Director, Head of Impact Strategy), and Michael Geraghty (Equity Strategist). The IPC has the

final say on whether strategies can be made available to clients. All recommendations are at the discretion of the client advisory team.

Key Due Diligence Considerations

A manager must demonstrate to us a clear strategy, an effective and consistent process for implementation and sufficient expertise in the factors that may impact the risk and performance of the strategy, including sustainability. We do not recommend managers to clients unless we have reviewed, and have a high degree of confidence in, their investment and operational capabilities, systems and policies.

Historical price performance is also an extremely important consideration for us. We strive to understand what has driven a strategy's performance over time, including the contributions to performance of security selection, sector allocation, style, timing, etc.

Manager Database Monitoring and Review

We receive quarterly, and in many cases monthly, updates from managers and will initiate a meeting if there is inconsistency with our expectations concerning performance, risk profile, style and business management. Currently, we review performance and style on a quarterly basis through our subscription tools and quarterly reporting process, through our due diligence team and in reviews with our Investment Policy Committee.

We look at style factor results over time and compare those to appropriate benchmarks, peers and qualitative information from the manager on investment strategy and portfolio positioning. We are careful to consider a manager's mandate when it comes to style. Style variation may occur from one quarter to the next, and will be reviewed and given appropriate considerations. For managers with specific style or risk parameters we hold the expectation that they will maintain adherence to their specified mandates.

We regularly monitor the managers and strategies we recommend. A manager or strategy may be put "on watch" due to the identification of concerns such as the following:

- Consistent or repeated underperformance relative to their stated benchmark (multiple quarters)
- A change in portfolio management team personnel or portfolio philosophy
- A change in ownership of the company or parent company or other substantial corporate "event"
- Failure to adhere to the style or sustainability goals of the model as intended
- Service on other factors is below expectations.

The due diligence team complements the monthly reporting process by proactively reviewing managers and strategies to identify any qualitative or quantitative areas of concern. This ensures that the investment advisory team is informed of important manager updates on performance, staff changes, style drift, or new ideas for strategies that may replace our current high-conviction ideas. For managers focused on integrating ESG into their strategy, Cornerstone uses third party databases and our own process-oriented assessments to evaluate the ESG profile of a strategy and to evaluate whether a portfolio is meeting client specific guidelines and expectations for this criterion. This assessment is part of our initial due diligence offering as well as ongoing monitoring and reporting.

Performance Reporting

We provide our clients with a robust consolidated portfolio reporting solution. Performance is shown for each holding during a variety of time frames and since inception, and relative to appropriate benchmarks. These reports are highly customizable. "Flash reports" are available when client reporting needs do not align with typical quarter-end reporting.

Included in the quarterly reports are details about:

- Current asset class allocations in absolute terms and relative to the client's Investment Policy Statement.
- Portfolio performance results, gross and net of all fees, relative to the client's strategic blended benchmark.
- Performance of each manager or fund relative to its individual benchmark and to peers (as available).
- Cash flows into and out of the client's account(s), as well as expected future cash flows based on current holdings.
- Realized and unrealized gains and losses.
- Details of all transactions.
- Additional fee reporting with breakout of fees and expenses by manager.
- ESG Performance information, with customization based on specific areas of client interest.
- Any changes in firm governance, investment team, or strategy, for each of the client's current managers.

All transactions and holding data information is fed from respective custodians directly into our state-of-the-art performance reporting platform. This enables us to present clients with detailed and accurate performance information across managers and in the aggregate. The reporting includes appropriate traditional benchmarks as well as customized blended benchmarks. Benchmarks are selected for each investment solution and for combinations of solutions within similar asset classes. Blended benchmarks are chosen based on our client's overall strategy. We expect each investment vehicle to perform in line with or better than its appropriate benchmark. We review risk-adjusted return metrics including information ratio, Sharpe ratio, upside and downside capture ratios, as well as stress-tests for managers under various market conditions.

The value of the account is tallied at the beginning of the measurement period. We track every transaction that occurred during the period. We consider the cost of each purchase, the proceeds of each sale, all interest and dividends received, account fees and unrealized gains & losses during the period. We measure performance on a time-weighted basis to account for cash flows into or out of the account in order to present the client with an accurate performance on both an absolute basis and in comparison, to appropriate benchmarks. We report on total return, expected cash flow, by asset class, by holding, by sector, by currency and over various time periods. We can include in the consolidated client report all holdings across all managers and all custodians.

Communications and Engagement

We consult with clients, in-person, on a quarterly basis and we are available for meetings in between regularly scheduled portfolio reviews should market conditions or other circumstances require it. Outside of regularly scheduled meetings we

are typically in contact with relevant staff members concerning cash flows, liquidity needs, policy changes, meeting agendas and scheduling, and relevant updates in the investment or ESG communities.

At quarterly meetings, we will typically share a broad overview of recent activity in various markets in which the client is invested, and review how the client's portfolio performed in relation to the relevant benchmarks, including highlighted strategies that are outliers or where substantial changes in performance, strategy or business management have occurred. We will provide the client with a market outlook, and share any recommended changes to the client's portfolio based on anticipated changes in market conditions or divergence from strategic allocation targets. We will also share any recommended changes to the specific managers or strategies the client is invested in, or which might be considered for future investment. As part of this conversation, we also take time to review any changes in the client's investment goals, liquidity or cash flow needs, and factor any such changes into the client's recommended portfolio construction.

In addition to quarterly performance reports, we produce a Quarterly Market Update and Outlook.

Publications and Events

In addition to the leadership role we have taken within the sustainable and impact investing industry, Cornerstone is arguably among the world's leading providers of sustainability-focused thematic research. We publish regular thematic and market outlook reports. Our team has examined topics such as water investing, the impact of automation on human capital, investing to address inequality, and food safety. We regularly host webinars and events to allow our clients access to additional topics of interest such as proxy voting, diversity, ESG materiality, and more. Each research project entails outreach to companies, investors, researchers, and policy experts which may not identify themselves as part of the impact investing industry but are working on issues of interest to impact investors.

As an investment advisory client, the client would be given full access to Cornerstone's network, publications, and events.

Cornerstone also provides investment advisory services to unaffiliated investment advisers ("Primary Advisers"), as Sub-Adviser to certain clients of the Primary Adviser.

As Sub-Adviser, Cornerstone is retained as a non-discretionary investment adviser with respect to the assets of specified client accounts. We recommend to the Primary Advisers the appointment of certain investment managers as non-exclusive portfolio managers of certain client accounts in relation to asset allocation strategy determined by Primary Adviser and their client. In addition, we perform investment advisory services for the Primary Adviser for that portion, if any, of the client's assets that the Primary Adviser allocates to Cornerstone.

Other Services

In addition to our Investment Advisory Service, we help corporations and other organizations use Environmental, Social and Governance (ESG) factors to anticipate emerging trends, better articulate the value proposition of their products and services to stakeholders including capital markets participants, and to strengthen their long-term strategies.

Identify challenges and opportunities

Our emerging issues assessments help organizations anticipate ESG issues likely to become material for their investors, providing a valuable input to strategic planning.

Facilitate executive engagement on strategic opportunities and challenges

We offer customized service to build ESG capacity at the corporate leadership level, engaging the long experience of our most senior executives. This can include speaking engagements for internal or client-facing conferences.

Engage in strategic investing

Develop and implement sustainable and impact investing strategies to drive corporate "impact investing" or philanthropic goals, factoring in relevant issues for that industry or region.

Conduct bespoke research projects

We perform client-directed research into specific themes, sectors or companies, designed to deliver predictive insights. While we may reference individual companies in such reports, we generally do not analyze individual companies or Securities as investment opportunities and our reports are not intended to constitute an investment recommendation.

We do not make any investment decisions for our research clients. While we provide information based on the research conducted and presented to the client, the client makes its own investment decisions based on factors it, in its sole discretion, deems relevant. Our Investment Review Committee ("IRC"), consisting of Erika Karp (Founder and CEO), John Wilson (Head of Research and Corporate Governance), and Michael Geraghty (Equity Strategist), review and approve research topics.

The IRC meets both on an as-needed basis to review and vet research and ideas presented in research reports. The mission of the IRC is to further our ability to offer well- analyzed, well-articulated, independent reviews of our research offerings including our positions on market strategy, sector strategy, 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/Advisement

As of December 31, 2017, we had approximately $1,056,832,870 of assets under management/advisement consisting of:

- $110,076,585 on a discretionary basis,
- $896,756,285 on a non-discretionary basis, and
- $50,000,000 in assets under advisement.

Item 5 Fees and Compensation

Investment Advisory Services

The fees we charge for our Investment Advisory Services are negotiable depending on individual client circumstances and are generally based upon assets under management. The fees charged to the client's account for Investment Advisory Services may be up to 150 basis points (i.e., 1.5%) of total assets under management. In certain cases, we may negotiate fixed fees for our Investment Advisory Services based upon certain criteria. There may be an additional charge for any Additional Services we may provide. Any such additional fees will be negotiated on an individual basis. In no event will the aggregate fees for Investment Advisory Services and Additional Services exceed 300 basis points (i.e., 3.0%) per annum of total assets under management.

The Fee will be invoiced quarterly (first day of each calendar quarter), in advance, based on the account asset value on the last business day of the previous quarter.

Fees are calculated based on the net asset value of the client's assets for which we provide Services. We refer to these assets as "Assets Under Management" or "AUM". AUM is calculated as of the last day of the previous calendar quarter or, with respect to any partial quarter, as of the date we begin providing Services. For any partial quarter, our fees are calculated on a pro-rata basis, based on the number of calendar days we provided Services during such calendar quarter.

Custody, Trading and Brokerage Fees vary per custodian. Custody, trading and brokerage fees are provided by each custodian or broker, and may vary with respect to asset sized pricing tiers, "householding" policies, and minimum account fees. The client should consider the fees charged by the Custodian in addition to those charged for Cornerstone Services. Accounts will be analyzed to identify low turnover accounts, which may benefit from a transaction- based fee arrangement with the Custodian.

Fees assessed by the Underlying Managers are set independently from the terms of this agreement and are negotiated by Cornerstone on the client's behalf. Underlying Managers' services/fees in such amounts shall be agreed upon separately with each Underlying Manager and disclosed to Client in advance of such services being retained. Fee ranges for such services are negotiable and subject to change at the discretion of the Underlying Manager. The client will contract directly with each Underlying Manager in a "dual contract" arrangement. Fees charged with respect to assets allocated to Underlying Managers in a "dual contract" arrangement are set forth in the client's agreement with the Underlying Managers. Fees charged with respect to assets allocated to Underlying Managers in a "single contract" arrangement are set forth in the client's Client Agreement with Cornerstone. In a "single contract" arrangement, a fee is paid by the client to the Custodian and the Custodian in turn pays the Underlying Manager a portion of the fee collected from the client.

The fees that we charge the client for Investment Advisory Services are separate from and in addition to the fees and expenses that are charged by the mutual funds, ETFs, and/or the execution fees charged by the custodian of the client's account. Fees charged with respect to an investment in a mutual fund or ETF are set forth in such mutual fund's or ETF's prospectus. These fees will generally include a management fee and other fund expenses. We do not share in any portion of the fees charged by Underlying Managers, mutual funds or ETFs.

The client will pay custodial fees that may include but are not limited to asset-based custodial fees, transaction charges, and special services fees that will be incurred by the client regarding the trading and maintenance of the client's account. In evaluating participation in our Investment Advisory Services, the client should consider the fees charged by the custodian in addition to those charged for investment management services. The client should review all fees charged by

us as well as any Underlying Manager, mutual fund or ETF managers to whom we allocate client assets, and custodians and/or broker-dealer to fully understand the total amount of fees incurred. Fees will reduce the client's investment returns. Such fees are subject to change.

If the client's account is invested with Underlying Managers through a "single contract" or "dual contract" arrangement, the fees the client pays may be more than if the client would hire the Underlying Managers directly instead of through our Investment Advisory Services. In addition, asset based custodial fees may cost the client more than if the client's account were held in a traditional brokerage account and were charged a transaction-based commission. 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 participating in our Investment Advisory Services.

The client may terminate the Client Agreement upon 30 days' written notice to our firm. The client will incur advisory fees only in proportion to the number of days in the quarter for which services are provided. If the client has pre-paid advisory fees that we have not yet earned, a prorated refund of those fees will be made.

Other Services

Subject to certain exceptions, we charge a fee for our other services for an hourly and/or fixed fee. The 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 and consultation provided. We do not deduct fees for Other 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. Our fees for Investment Advisory Services and Other Services are calculated as described in Item 5 above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in the client's advisory account.

Our firm charges separate fees for Investment Advisory Services and Other Services and these services may be rendered by separate personnel. Investment advice rendered as part of the Investment Advisory Services may not always be consistent with the views expressed through our Other Services. 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 Investment Advisory Services and/or Other Services to individuals, corporations, partnerships, investment management firms, investment funds, individual retirement accounts, trusts, charitable organizations, foundations, endowments and family offices.

In general, we do not require a minimum dollar amount to open and maintain an Investment Advisory Services accounts. However, we reserve the right not to accept an investment advisory client or a research client. We also reserve the right to terminate an existing client's Investment Advisory Services account or to not provide other services to an existing client, for any or no reason, and/or if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

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

Investment Advisory Services

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 by members of our due diligence team through commercially available databases, direct solicitations by the managers, due diligence and referrals from third parties. Cornerstone gathers 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 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") 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.

Prior to recommending Underlying Managers, mutual funds or ETFs, we screen quantitative performance metrics and qualitative due diligence related categories through various third-party data providers. Following the allocation of client assets, Underlying Manager, mutual fund and ETF performance is calculated through the clients' custodian and, in some cases, reported on by our portfolio reporting solutions vendor. We do not conduct separate performance calculations on managers, mutual funds or ETFs.

Custodians and third-party data and reporting vendors 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.

An Underlying Manager must be approved by the IPC as an approved Underlying Manager prior to being eligible to be recommended to clients by our portfolio management team. In addition, Underlying Managers are periodically monitored to make a determination regarding whether its management and investment style remains aligned with its stated management and investment style. See Item 10 for certain potential conflicts of interest regarding the due diligence, recommendation and approval of Underlying Managers.

Our investment strategies and advice may vary depending upon each client's specific financial situation. 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. As such, we

determine investments and allocations based upon the client's predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and various other suitability factors.

The client's restrictions and guidelines may affect the composition of the client's portfolio. After gathering information about the client's financial situation and objectives, the portfolio management team will recommend allocation amounts among the recommended mutual funds, ETFs, Underlying Managers and/or securities, taking into consideration (i) the client's financial situation and objectives, and (ii) the performance, strategy, methods of analysis, investment objectives, portfolio risks and fees of recommended mutual funds', ETFs', and/or Underlying Managers.'

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.

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

Investment Advisory Risk Factors

Set forth below is a summary of certain material risks generally applicable to our Investment Advisory Services. Risk factors for particular Underlying Mangers, 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.

Monitoring Managers. Although we will attempt to monitor the overall performance of each Manager, we must ultimately rely on each Manager to operate in accordance with the investment strategy and guidelines laid out by such Manager and the accuracy of the information provided to the account by such Manager. Notwithstanding our monitoring efforts, we may not promptly detect the fact that a Manager is not operating in accordance with its investment strategy or guidelines. Moreover, if the information furnished by a Manager is not accurate and timely, our ability to monitor the Manager will be impaired. The client's account may sustain losses with respect to some or all of its investments despite our best efforts to monitor the Manager's performance. The Managers will not coordinate their investment strategies with each other and at times may take positions which conflict with positions taken by other Managers.

Open-end Mutual Fund Trading. The value of an open-end mutual fund may fall more quickly or rise more slowly than the stock or bond markets as a whole. This risk is exacerbated in investments which are concentrated in particular types of securities or particular market sectors. Risk is involved in mutual fund selection as well as in determining entry and exit strategies. Most open-end mutual fund shares can only be traded at the end of each day, potentially increasing losses on days of steep overall market declines. In addition, some funds only permit trading well before the market closes.

Closed-end Mutual Fund Trading. Closed-end mutual funds ("CEFs") are traded on an exchange, and thus the price of a CEF is based in part on market factors, not solely on the net asset value of the CEF. As such, there is a risk that a CEF's price is less than the net asset value of the CEF's assets. Moreover, CEFs, as an investment sector, could fall out of favor.

Exchange Traded Funds. ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks or bonds, which are designed to generally correspond to the price and yield performance of their underlying indexes, either broad stock market, stock industry sector, international stock or U.S. bond. ETF shareholders are subject to risks similar to those of holders of other diversified portfolios. A primary consideration is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income exchange traded fund, respectively. This is because an equity (or bond) ETF represents an interest in a portfolio of stocks (or bonds). When interest rates rise, bond prices will generally decline, adversely affecting the value of fixed income ETFs. Moreover, the overall depth and liquidity of the secondary market may also fluctuate. An exchange traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based. International investments may involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, or economic or political instability in other nations. Although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indexes,

ETFs may not be able to exactly replicate the performance of the indexes because of their expenses and other factors.

Our research is focused on macro issues, themes and trends. We generally do not undertake a thorough analysis of specific companies or Securities. Therefore, our research is not intended to constitute investment recommendations and should not be relied upon as the sole basis for making investment decisions.

Any projections, estimates or other forward-looking statements included in our research are based upon our subjective views and a variety of assumptions. Our views as to future events may be incorrect and are subject to change due to many factors, including fluctuating market conditions and changes in economic factors. We make no representations as to the reasonableness of any assumptions we may make, or the likelihood that such assumptions will coincide with actual events. Future events and developments could differ materially from those contemplated by our forward-looking statements. We do not undertake any responsibility or obligation to revise or update any forward-looking statements set forth in our research products.

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 referenced in its research products. 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 list of companies with which Cornerstone Capital Group has a material business relationship for the purpose of ensuring that appropriate disclosures are made if any such companies are referenced or mentioned in our research products. In addition, the list will be monitored by the Chief Compliance Officer and the CEO to determine if any such companies should be placed on a restricted list.

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 our 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. Employees of the firm may buy or sell for their personal accounts securities similar to those recommended to or owned by clients. All reportable transactions are reported to the Chief Compliance Officer in accordance with the reporting requirements outlined in the Code and personal trading is monitored in order to reasonably prevent conflicts of interest between Cornerstone Capital Inc. and its clients.

Employees may maintain personal securities accounts provided any personal investing by an employee in any accounts in which the employee has a beneficial interest is consistent with the guidelines outlined below and all applicable regulatory requirements. This includes any accounts for any immediate family or household members.

Trading Restrictions

Employees may trade securities for their own accounts so long as;

- The interests of client accounts will at all times be placed first
- All personal securities transactions will be conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's knowledge of Firm or Client transactions
- All provisions of the firms Code of Ethics are followed

Pre-Approval Procedures

Rule 204A-1 of the Advisers Act requires pre-approval for any investment in an initial public offering (IPO) or private placement. No employee shall acquire beneficial ownership of any private placement or participate in an initial public offering without prior approval from the CCO.

Any employee wishing to transact in a security that requires pre-approval as outlined above must obtain pre-approval from the CCO.

Our Code is available to any client or prospective client upon request by contacting Fern Thomas, 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

Investment Advisory Services

When we allocate client assets to Managers, the Manager will determine the broker to be used and the commission paid, including negotiating the amount of such broker's commission. Information about brokerage used by Managers may be obtained from the Manager or the offering memorandum or prospectus, as applicable.

If we invest in underlying Securities on behalf of discretionary accounts, we generally determine the broker to be used and the commission rate to be paid. We do not adhere to any rigid formulas in making selection of brokers, but will weigh a combination of criteria. For the most part, we will seek the best combination of brokerage expenses and execution quality but we are not required to select the broker that charges the lowest transaction cost. While trade price is often a significant quantitative factor in best execution, we also evaluate qualitative execution factors, such as research capabilities, success of prior research recommendations, ability to execute trades, nature and frequency of sales coverage, depth of services provided, including back office and processing capabilities, financial stability and responsibility, reputation, commission rates, markups and markdowns, responsiveness to our firm and the value of research and brokerage products and services provided by such brokers.

In certain cases, clients may request that their own brokers be used. We will use reasonable efforts to accommodate such client requests. However, we cannot guarantee that we can accommodate such requests. Where we are able to accommodate client's request to direct the selection of brokerage, it should be noted that the client:

- may be restricting our ability to obtain as favorable overall execution as might otherwise be obtainable;
- may forego benefits from savings on execution costs that may otherwise be obtained, most notably by aggregating brokerage orders for various accounts;
- may pay higher prices than other client accounts that did not direct brokerage;
- may miss limited-opportunity investments afforded to other clients that did not direct brokerage; and
- may incur additional credit and/or settlement risk in using the broker the client selects.

We do not engage in soft dollar arrangements with broker-dealers with respect to our Investment Advisory Services.

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 the client is recommended to a mutual fund, ETF or Underlying Manager, we refer the client to the prospectus of such mutual fund or ETF, or the disclosure brochure of such Underlying Manager, for trading practice information.

Item 13. Review of Accounts

With respect to clients that receive Investment Advisory Services, the portfolio management team monitors individual client accounts on an ongoing basis and will conduct formal account reviews at least annually to make a determination whether the Investment Advisory Services provided are consistent with the client's stated investment goals and objectives. In addition, the Chief Compliance Officer will monitor on an annual basis that allocations to Underlying Managers are only made to approved Underlying Managers and that investment allocations comply with particular client 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 the client's risk/return objectives.

We will provide the client 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. The client will receive trade confirmations and monthly or quarterly statements from the client's account custodian(s).

Item 14. Client Referrals and Other Compensation

We have entered into referral agreements whereby we may compensate third parties for client referrals. Such agreements are structured to comply with Rule 206(4)-3 under the Investment Advisers Act of 1940. Under such agreements, we have authority to monitor the conduct of persons eligible to receive referral fees in order to ensure that they are making timely and proper disclosures to referred clients. Referred clients are also required to acknowledge in writing that they have received required disclosures relating to the referral arrangement.

Item 15. 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 an Investment Advisory Services client's account without preapproval. Generally, Investment Advisory Services clients will receive account statements at least quarterly from their custodians including all clients over which we are deemed to have custody of their assets. Clients are urged to carefully review all custodian accounts statements they receive and contact us 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 us and to contact us if they have any questions upon conducting such a review.

Item 16. Investment Discretion

We offer discretionary and non-discretionary Investment Advisory Services. Our investment advice is tailored to meet our clients' needs and investment objectives. If the client participates in our discretionary Investment Advisory Services, we require the client to grant our firm discretionary authority to manage the client's account. Discretionary authorization will allow us to, among other things, execute transactions on behalf of the client's account, allocate or withdraw the assets in the client's account to or from Underlying Managers, and rebalance the client's portfolio among mutual funds, ETFs, Securities and Underlying Managers without the client's approval prior to each transaction. Discretionary authority is typically granted by the Cornerstone Capital Investment Management Agreement (the "Client Agreement") the client signs with our firm and the appropriate trading authorization forms. The client may limit our discretionary authority (for example, limiting the types of securities that can be purchased for the client's account) by providing our firm with the client's restrictions and guidelines in writing. If the client enters into non-discretionary arrangements with our firm, we must obtain the client's approval prior to executing any transactions on behalf of the client's account and allocating, rebalancing and/or withdrawing account assets to or from any Underlying Managers. Regardless of whether the client hires us on a discretionary or nondiscretionary basis, any Underlying Manager(s) hired for the client's account will actively manage the client's portfolio and will assume discretionary investment authority over the client's account either as a separately managed account and/or by the client placing the its assets in private investment funds or other investment vehicles managed on a discretionary basis by such Underlying Manager(s).

Item 17. Voting Client Securities

We do not have, and will not accept authority to vote client securities.

With respect to our Investment Advisory Services, except as otherwise agreed with the client, we will not vote proxies on behalf of the client's advisory accounts. At the client's request, we may offer advice regarding corporate actions and the exercise of the client's proxy voting rights. If the client owns shares of applicable securities, the client is responsible for exercising the client's right to vote as a shareholder.

In most cases, the client 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 the client by mail, unless the client has authorized our firm to contact the client by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

The Underlying Managers with whom the client invests may vote proxies for securities purchased on the client's behalf if authorized to do so by the client, either with respect to all proxies or with respect to specific votes on specific topics or shareholder proposals. In addition, if any Assets are invested in Securities the issuers of which are named in or subject to a class action lawsuit, we will not take any action or render any advice with respect to such class action lawsuit, including but not limited to, participating in such class action lawsuit.

Item 18. Financial Information

Cornerstone is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than $1,200 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.