



Investment Adviser Information

Form ADV Part 2A

Uniform Application for Investment Adviser Registration

March 23, 2020

CornerStone Partners LLC

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This Brochure provides information about the qualifications and business practices of CornerStone Partners LLC ("CornerStone"). If you have any questions related to the contents of this Brochure, please contact Maria Rolph, Chief Compliance Officer, at (434) 296-2300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about CornerStone is also available on the SEC's website at www.adviserinfo.sec.gov.

CornerStone Partners LLC is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any certain level of skill or training.

2 - MATERIAL CHANGES

This brochure, dated March 23, 2020, has been filed with the U.S. Securities and Exchange Commission (the “SEC”) by CornerStone Partners LLC (“CornerStone” or the “Firm”). This brochure and brochure supplements will be provided to our clients in accordance with the provisions of the Investment Advisers Act of 1940, as amended, and related rules and regulations.

This brochure serves as an annual update and replaces the brochure dated March 15, 2019. Material changes made since that version are detailed below:

- CornerStone Partners has updated the assets under management reported in *Item 4 - Advisory Business*.

INVESTMENT ADVISER INFORMATION

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This part of Form ADV provides information about the investment adviser and its business for the use of clients and prospective clients.

This information has not been approved or verified by any government authority.

CornerStone Partners LLC
SEC File number 801-61507
CRD number 118221

4 - ADVISORY BUSINESS

Firm Overview

CornerStone Partners provides portfolio management services and selects investments managed by third-party investment advisers for its clients' portfolios. As an Outsourced Chief Investment Officer providing investment office services ("OCIO") to tax-exempt organizations, we relieve clients of the challenges of building and maintaining an in-house investment office. CornerStone provides fiduciary portfolio management and a broad range of operational and administrative services to its clients.

CornerStone Partners was founded in 1997 and has been registered as an investment adviser with the SEC since 2002. All owners and executive officers are listed on Schedule A of Form ADV Part 1. A complete copy of Form ADV for CornerStone Partners, including Part 1, and Part 2A and B is provided to all current and prospective clients.

CornerStone is a completely independent, employee-owned investment adviser. CornerStone has no parent company or affiliates; we do not act as a custodian or broker-dealer; and we do not sell, manage, or affiliate with any investment vehicle, product, or pool.

Clients of CornerStone Partners are endowments, foundations, and charitable organizations. Clients' missions include supporting educational institutions and students; improving healthcare availability and quality; safeguarding the environment through conservation; and improving their surrounding communities.

Services Offered

CornerStone Partners' only business is providing OCIO services to tax-exempt organizations. We manage client portfolios pursuant to a discretionary or non-discretionary investment management agreement ("IMA") with each client in accordance with the stated investment objectives, strategies, and guidelines expressly stated and agreed upon within the IMA. Accounts and investments are registered in the client's name and held in custody with an independent third-party qualified custodian selected and retained by the client.

CornerStone recommends, implements, and monitors client investments with third-party managers, including public and private equity, and debt investments. CornerStone investment professionals monitor client portfolios and underlying manager performance on an ongoing basis and propose adjustments to allocations periodically as opportunities and challenges arise. With discretionary authority, CornerStone can arrange for the purchase, acquisition, redemption, sale or disposal of investments on behalf of the client.

Third-party investment managers have full investment discretion and trading authority and sole responsibility for implementation of the investment program with respect to the portion of the client's account they manage. Investment discretion has been delegated to and accepted by the third-party money managers. Each client has a direct contractual relationship with each such third-party investment manager and receives disclosures of each manager's practices.

CornerStone provides detailed written analysis and reports to clients, typically monthly and/or quarterly, in addition to the account statements clients receive from their custodian and investment managers.

**Client-Tailored
Services and
Client-Imposed
Restrictions**

CornerStone seeks to understand the unique considerations and objectives of each client, and to integrate portfolio design, investment planning and ongoing recommendations with each client's broader mission, strategic plan, and financial needs. We work closely with client staffs and committees to define and establish or update the organization's investment policies, and to determine appropriate allocations in consideration of each organization's financial strategy, objectives, risk tolerance, and constraints.

CornerStone recommends or implements third-party investments in accordance with the investment goals and objectives established jointly by CornerStone and each client. We believe one-size-fits-all pools are suboptimal and, therefore, we do not commingle client assets.

Clients can place restrictions on the types of investments to be recommended or made for its account(s).

**Assets Under
Management**

As of December 31, 2019, total assets under management were valued at approximately \$8,939,389,181: \$3,329,386,817 non-discretionary, and \$5,610,002,364 discretionary.

5 - FEES AND COMPENSATION

Fee Options

CornerStone Partners offers two fee schedule options to clients.

Option #1: Management Fee + Incentive Fee:

Management Fee:

0.40% per annum on assets up to \$250 million;
0.15% per annum on assets between \$250 million and \$500 million;
0.10% per annum on assets between \$500 million and \$1 billion;
0.08% per annum on assets over \$1 billion.

Incentive Fee:

An annual incentive fee of 3.0% of the aggregate profits, net of all fees and expenses, for the calendar year, including unrealized gains, if any, in excess of a 10% “hurdle return”, subject to a loss carry-forward. An incentive fee will not be paid until net losses have been offset by subsequent net profits, and the hurdle return for the year has been exceeded. The incentive fee will only be payable on net profits that are in excess of the hurdle return. The “hurdle return” is a non-cumulative, non-compounded rate of 10% per annum. Partial periods are prorated. Any incentive fee is paid in arrears and is based on the net asset value of the account on the last trading day of the calendar year or the last trading day that CornerStone managed the portfolio.

Option #2: Management Fee Only:

Clients have the option to eliminate the annual incentive fee in favour of a management fee only structure. For this option, each breakpoint of the management fee in Option 1 is increased by 0.02% per annum.

Payment Terms

The first CornerStone management fee payment is due upon execution of the investment management agreement and will be assessed pro rata if the agreement is executed at any time other than the first business day of the calendar quarter. Thereafter, the management fee is billed and payable quarterly in advance. CornerStone’s fee is calculated on the net asset value of the client’s investment portfolio as of the last trading day of the previous calendar quarter.

The investment management agreement is terminable by either party on prior written notice as specified in the IMA. If the agreement is terminated and the client account holds illiquid investments, CornerStone’s management fee shall generally terminate with respect to such illiquid investments.

Other Expenses

CornerStone Partners’ management fee is separate from, and in addition to, the fees charged by third-party investment managers, custodial charges, brokerage fees or commissions, transaction fees, borrowing charges, costs associated with foreign exchange transactions, and other related costs and expenses incurred by client accounts. All of the services CornerStone Partners provides to clients are included in its quarterly management fee.

6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in Section 5 - Fee Options, clients can select the management fee option that includes an Incentive Fee. The incentive fee is based on the performance of the client's portfolio under CornerStone management and is a share of capital appreciation of the client's assets. This section discusses the potential conflict of interest such a fee arrangement may pose, with information about how CornerStone manages possible conflicts.

One of the potential conflicts of interest that may arise in connection with fee calculations is related to valuation. Valuation of investments (which will indirectly determine the amount of the management and incentive fee) may involve uncertainties and judgmental determinations; should such valuations prove to be incorrect, clients may be affected adversely. Independent pricing information may not be available at times with respect to certain securities and other investments. Accordingly, while custodians, administrators, and managers use their best efforts to establish the accurate current market value of all investments held in client accounts, certain investments can be difficult to value and may be subject to varying interpretations of value. In addition, a performance fee may be based on realized and unrealized gains and losses. As a result, a performance-based fee may be charged based on unrealized gains that a client may never realize.

Compensation based on portfolio performance could create an incentive for CornerStone Partners to recommend investments that may be riskier or more speculative than would be the case in the absence of such compensation. To the extent that CornerStone manages portfolios subject to a performance-based fee and portfolios that are not subject to a performance-based fee, CornerStone may be incentivized to favor accounts for which the firm receives a performance-based fee.

CornerStone allocates investment opportunities among clients in a manner it believes to be fair and equitable over time and in the best interests of each client. Factors we consider include individual client's investment objectives, strategies, limitations, and capital available for investment. Because of the diversity of objectives, risk tolerances, and differences in the timing of capital contributions and withdrawals, allocations to investment managers and specific investments/positions will inevitably differ among client accounts. We monitor investments recommended and made for client accounts on an ongoing basis, endeavoring to ensure they are appropriate, fair, and equitable to the maximum possible extent, without regard to the potential for performance-based fee compensation. CornerStone has adopted policies and procedures with respect to the allocation of investment opportunities that we believe are reasonably designed to mitigate conflicts associated with side-by-side management.

7 - TYPES OF CLIENTS

CornerStone Partners provides investment advisory services to institutional not-for-profit investors, including endowments, foundations, and charitable organizations.

We currently require a minimum of \$250 million for new client relationships. We reserve the right, in our discretion, to impose a higher minimum or to waive the account minimum.

8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS

Strategies and Methods of Analysis

CornerStone assesses each client's objectives, risk tolerance, and constraints to form the basis for recommending or implementing investment strategies designed to achieve the client's investment goals and objectives. CornerStone invests using an endowment approach or strategy, which means investing in a broad array of securities and assets, using multiple strategies to balance risks with the goal of achieving modest, consistent returns over long-term time horizons. We use proprietary and non-proprietary models to determine tactical and strategic asset allocation targets for client investment portfolios. We use proprietary and non-proprietary databases, research and industry networks in search of suitable investments for client portfolios. We do not independently audit or verify the performance figures reported by all funds or managers that appear in these databases. The third-party managers determine the underlying investments in specific funds/accounts, and they determine their specific securities analysis methods.

We primarily consider the long-term prospects of a potential investment. CornerStone's manager selection process includes in-depth investment due diligence and fundamental analysis. Once we have identified a potential candidate for investment, we examine and evaluate management teams, investment and operations personnel, manager/fund strategies, security/investment selection methodologies, and portfolio- and risk management systems. We collect and review available audited financial statements, offering documents, manager reports, and past performance records, and we conduct manager interviews, in-person meetings, reference checks, and third-party background checks.

Associated Risks

The following is a brief overview of some of the risks associated with the investment strategies that CornerStone recommends and implements within client portfolios; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks, considerations and conflicts that may arise in connection with the management of client investment portfolios. The investment programs of certain accounts overseen by CornerStone Partners may involve significant risk factors. Such investments are suitable only for experienced and sophisticated clients who have limited need for liquidity in their investment and can bear the economic risk of the loss of their entire investment. Further, due to the illiquid nature of certain assets, some investments may be redeemed or withdrawn at a price that may not always accurately reflect the value of the investment.

CornerStone seeks to select only third-party investment managers (e.g., "managers" or "money managers") who will invest assets with the highest level of integrity, but our investment selection process cannot ensure that managers will perform as desired. We have no control over the day-to-day operations of any money manager, and we would not necessarily be aware of certain activities, including, without limitation, a manager engaging in unreported risks, regulatory breach, or fraud. There can be no assurance that a manager will conform its conduct to the desired standards.

Investments with money managers are subject to inherent risks associated with securities investing, as well as additional risks. Managers may suffer loss because of poor performance, failure to raise assets, regulatory violations and enforcement actions, fraud, and other factors, which may result in a complete loss of the investment. Other risks include, but are not limited to, lack of liquidity, lack of diversification or transparency, reliance on managers for performance and valuation information, dependence on key personnel, the use of short sales, the use of leverage, custodian and prime broker insolvency, counterparty credit, and settlement default risk. There can be no assurance that client portfolios will achieve their

investment objectives. Changing economic, political, regulatory or market conditions, interest rates, general levels of economic activity, the price of securities and debt instruments, and participation by other investors in the financial markets may affect the value, number, and size of investments considered.

CornerStone Partners and its clients, client custodians, managers, administrators and other service providers rely on complex information technology and communication systems to conduct business operations. These systems are subject to a various threats, risks, and attacks that may result in a breach of information security. CornerStone has procedures and safeguards in place intended to secure its systems and the information maintained on our network, and continuously monitors and defends against incoming intrusions to prevent data loss or unauthorized disclosure. There can be no assurance, however, that CornerStone, its clients, client custodians and other third-party service providers will not suffer losses relating to cyber-attacks or information security breaches in the future. In the event any such information security breach occurs, CornerStone Partners is committed to ensure all required state and federal privacy laws are regulations are followed, including providing required notifications of privacy breaches to all relevant government entities and individual clients impacted.

9 - DISCIPLINARY INFORMATION

As a registered investment adviser, CornerStone Partners is required to disclose all material facts for any legal or disciplinary event that would be material to a client or a potential client's evaluation of the firm and the integrity of the business and personnel employed by the firm. None of CornerStone's partners or employees have ever been the subject of any legal or disciplinary actions material to our business.

10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

CornerStone Partners' only business is to provide OCIO services to clients. Neither the Firm nor any employee has relationships or arrangements with other financial services companies that pose material conflicts of interest.

Some CornerStone employees may be invited to serve on the advisory boards of investment funds in which CornerStone clients invest. In so doing, they may provide advice on certain conflicts of interest and other matters pertaining to such investment funds. There may be instances where such persons are asked to vote on issues taking the needs of all investors in such investment funds into account. Neither CornerStone nor any CornerStone employee receives any form of compensation for serving on these advisory boards.

CornerStone Partners does not have any arrangement with a related person who is a broker-dealer or registered representative of a broker-dealer; commodity pool operator or commodity trading advisor; investment company; other investment adviser; financial planning firm; futures commission merchant; real estate broker, dealer or agent; insurance broker or agent; bank or trust company; registered municipal advisor; registered security-based swap dealer or major security-based swap participant; or other financial product salesperson or entity that creates or packages investment vehicles.

11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

CornerStone believes that high ethical standards are essential if we are to earn and maintain the confidence of our clients. We have adopted a Code of Ethics designed to prevent and detect possible conflicts of interest, and compliance with CornerStone's Code of Ethics is a condition of employment. All CornerStone employees must acknowledge the Code and agree to comply upon employment, annually thereafter, and whenever material changes are made to the Code.

It is each employee's responsibility to ensure that they and those they manage are conducting business professionally and complying with the procedures and policies governing CornerStone's collective responsibility. Any director, partner, officer or employee not in observance of the provisions of our Code of Ethics is subject to termination. A copy of CornerStone's Code of Ethics is available to any client or prospective client upon request.

The following highlights some of the provisions under CornerStone Partners' Code of Ethics:

- As an adviser and fiduciary, we owe clients our undivided loyalty. No person of CornerStone shall place his or her own interests above those of CornerStone clients.
- We seek to provide objective, independent investment advice that is fair, accurate, balanced, and not misleading in any way.
- CornerStone Partners employees may not buy or sell securities for their personal account(s) where the decision is substantially derived, wholly or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.
- CornerStone Partners employees may not invest with money managers or in investment funds where a CornerStone client is invested, or where the investment may be considered for client investment.
- CornerStone employees interact with investment managers and may occasionally receive material non-public information related to certain securities. In such instances, the securities are placed on a restricted trading list.
- We maintain an inventory of employees' securities holdings, and require
 - a) Reporting of all personal accounts of the employee and his/her immediate family members living in the same household that hold, or can hold, Securities,
 - b) Pre-clearance for certain personal securities transactions,
 - c) Pre-clearance and annual certification of outside business and volunteer activities,
 - d) Quarterly transaction reports that reflect all trades in all reportable securities held in the account reported in a) above,
 - e) Initial and annual holdings reports of all reportable securities.

CornerStone reviews and maintains records of the reportable personal securities transactions of employees to ensure that clients' and the Firm's interests are protected.

12 - BROKERAGE PRACTICES

Soft Dollars

CornerStone Partners does not participate in any formal soft dollar arrangements but may receive research products or services from client custodians, their broker-dealers and other counterparties or other intermediaries that, to the best of the firm's knowledge, are generally made available to all institutional clients doing business with these counterparties. These products and services are made available to us on an unsolicited basis and without regard to transaction costs paid by our clients. We do not separately compensate such third parties for research or services, which are supplemental to CornerStone's own research efforts.

The third-party managers CornerStone recommends, or invests with on behalf of discretionary clients, generally limit the use of "soft dollars" to obtaining research and brokerage services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports; certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy advisory services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software used to transmit orders; clearance and settlement in connection with a trade; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. Soft dollar products and services may be provided directly by brokers, by third parties at the direction of brokers, or purchased by the third-party investment manager or fund manager for the fund or account with credits or rebates provided by brokers.

Third-party investment managers may use soft dollar products and services in certain circumstances, provided that the fund or account does not pay a rate of commission in excess of what is competitively available from comparable brokerage firms for comparable services, and considering various factors, including commission rates, financial responsibility and strength and ability of the broker to execute transactions efficiently. Commissions or other forms of compensation related to transactions effected in futures, currencies or certain derivatives are outside the parameters of Section 28(e)'s "safe harbor". Certain soft dollar items received may be permitted in some cases outside the "safe harbor" of Section 28(e) under the specific authority of a fund's governing documents or account's investment management agreement.

Best Execution

CornerStone Partners does not have the authority to determine the broker, dealer, or other intermediary that might be used to purchase securities and other investments for non-discretionary client accounts. CornerStone generally has authority to determine the broker, dealer, or other intermediary that would be used to purchase securities and other investments for discretionary client accounts; however, investments with third-party investment managers and private funds generally do not involve brokers, dealers, or other intermediaries.

To the limited extent CornerStone Partners may transact in publicly traded securities for discretionary client accounts or engage intermediaries to effect transactions in private securities or other private investments for discretionary client accounts, we intend to select brokers, dealers or other intermediaries based upon their ability to provide best execution. CornerStone is generally authorized to make some or all

of the following determinations for discretionary clients, subject to each client's investment management agreement: (i) which securities or other investments to buy or sell; (ii) the total amount of securities or other investments to buy or sell; (iii) the executing broker or dealer or other intermediary for any transaction; and (iv) the commission rates or commission equivalents charged for transactions.

In making decisions regarding the allocation of brokerage transactions, third-party managers will consider a variety of factors, including, but not limited to, general expertise and background, the type and size of the transaction involved, the stability or solvency of the broker, dealer or intermediary, settlement capabilities, time required to complete the role sought, research services or any arrangements relating to overall performance in the best interest of the client. Although third-party managers generally seek competitive commission rates and equivalents, they will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker, dealer or intermediary, which may justify higher commissions and equivalents than would be the case for more routine services.

In such circumstances, transactions for the fund or account are usually allocated to brokers in consideration of such factors as price, the ability of the brokers to effect the transactions, the brokers' facilities, reliability and financial responsibility, and any research or investment management-related services and equipment provided by such brokers. Accordingly, if an investment manager determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the fund or account may pay commissions to such broker in an amount greater than the amount another broker might charge.

Third-party investment managers are expected to use their best efforts to assure either that the fees and costs for services ultimately provided to clients by such brokers are reasonable in relation to the fees and costs charged by other equally capable brokers not offering such services or that the clients also will benefit from the services. The receipt by investment managers of these benefits may increase brokerage expenses.

Directed Brokerage

Clients may have a pre-established relationship with a broker, and if so, they may instruct CornerStone to execute any relevant, directly traded securities transactions through that broker. In directing the use of a particular broker or dealer, CornerStone may be unable to achieve the most favorable execution of the client's transaction(s). As a result, directed brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because CornerStone may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices, resulting in less favorable overall execution.

Aggregation of Transactions

CornerStone Partners may aggregate investment transactions among clients when such aggregation is expected to be in the best interest of all clients and in compliance with such client investment management agreements. When applicable, CornerStone will allocate aggregated transactions on terms and conditions that are substantially the same, unless specific legal, tax, regulatory or other restrictions apply.

13 - REVIEW OF ACCOUNTS

Client portfolios are regularly reviewed for performance of investments and strategy of managers. CornerStone's senior managing directors are responsible for conducting these reviews, which focus on the consistency of portfolio investments with objectives and risk tolerances. Asset allocation, cash management, market prospects and underlying manager activity are also considered to ensure compliance with investment parameters. Other factors we consider include changes in general economic and market conditions, corporate news and interest rate movements. Formal portfolio reviews occur monthly and quarterly; informal reviews occur more frequently, in light of changing economic, market, or political conditions, and other client-specific considerations.

The Firm provides detailed and customized written performance summaries to each client on a monthly and/or quarterly basis, based upon the client's request. Among other information, these reports include the client's investment value with each manager/fund, gains and losses, and the performance of all investments.

CornerStone's senior investment professionals generally hold in-person quarterly meetings with the investment or finance committee and staff of each client. We tailor meeting agendas to topics relevant for each client and provide detailed written reports and analysis in advance of each quarterly meeting for review and discussion at the meeting. In addition, CornerStone often prepares ad hoc reports in response to client inquiries.

14 - CLIENT REFERRALS AND OTHER COMPENSATION

Client Referrals

CornerStone Partners does not receive compensation or economic benefit from anyone who is not a client. We do not compensate anyone, directly or indirectly, for client referrals.

Charitable Contributions

In the normal course of business, CornerStone Partners or its employees may provide gifts that in some cases take the form of charitable contributions and donations to various individuals and entities such as clients. These gifts are not premised upon client referrals nor on any other type of benefit to CornerStone Partners or its employees. Nevertheless, this practice may present the appearance of a conflict of interest if the individual or entity refers a prospective client to the firm, or if any such contributions were made to influence an institution to become or remain a client of the firm. These contributions are not made for that purpose and, given their amount and nature, CornerStone does not believe that they have that effect.

CornerStone Partners maintains written policies and procedures for gifts and entertainment to help minimize the risks associated with conflicts of interest of the firm and clients.

15 - CUSTODY

Client assets are held in custody by a qualified custodian in accordance with Rule 206(4)-2 under the Advisers Act. The custodian is chosen by the client and unaffiliated with CornerStone Partners. CornerStone Partners cannot access advisory clients' accounts directly and is not considered to have custody of advisory client investments.

For portfolios managed on a discretionary basis, CornerStone is not considered to have custody of client funds or securities. CornerStone sends every client an invoice itemizing the Firm's management fee. Itemization includes the formula used to calculate the fee, including the value of the assets the fee is based on and the time period covered by the fee. CornerStone has the authority to deduct its own management fees from one discretionary client account; nonetheless, every CornerStone client authorizes and pays CornerStone fee payments directly.

Each discretionary client maintains a Delegation of Authority form ("DOA"), signed by the client and agreed to by its custodian, which establishes the authority granted to CornerStone Partners in its management of the client's investments. The DOA allows authorized parties of CornerStone to transfer cash and securities between the client accounts that are listed on an Authorized Accounts List ("List") and attached to the DOA. Full details for each account are provided on the List, including the name of the account and investment, account numbers of the sending and receiving accounts, routing numbers, and reference numbers, if any. CornerStone's transaction authority is limited; we can direct transactions between the client accounts identified on the List, but we cannot withdraw funds from client accounts or arrange for third-party payments, including third-party manager fees. Only the client can authorize the opening of a new account and the addition of an account or a change of account details to the Authorized Accounts List.

Most clients have online access to their custodian's customer account platform to view portfolio activity. Clients typically receive monthly and/or quarterly account statements from their custodian. Statements identify the value of the assets in each account at the end of the period and set forth all cash and investment transactions during the period. Clients are urged to carefully review and compare the official custodial records with the reports they receive from CornerStone. CornerStone reports may vary from custodial statements based on month-end closing dates at the custodian, client-specified reporting dates and accounting procedures, and valuation methodologies of certain securities.

16- INVESTMENT DISCRETION

CornerStone Partners does not have discretionary authority for all of its clients' accounts. (See *Section 4 - Assets Under Management* for approximate value of Discretionary vs Non-Discretionary Assets.) However, each third-party investment manager that CornerStone recommends or selects for the client generally will have investment discretion over that portion of the client's account. Each client has a direct contractual relationship with each such third-party investment manager and receives disclosures of each manager's practices, including brokerage, aggregation of orders, and use by the manager of "soft dollars".

The designation by a client of a particular broker for execution of account transactions (e.g., "directed brokerage arrangement") (particularly if it differs from the brokers used by that manager for execution of most of the manager's other clients' accounts) may affect the commission rates and the method and pricing of execution of the client's account transactions for the portion of the client's portfolio managed by a particular investment manager. Clients should review each third-party investment manager's disclosures.

on brokerage practices in deciding whether to direct the manager to use a particular broker-dealer for execution of the client's portfolio transactions.

Third-party investment managers may occasionally execute over-the-counter ("OTC") securities transactions on an agency basis. Thus, clients may incur two transaction costs for a single trade: a commission paid to the executing broker-dealer plus any mark-up or mark-down charged by the market-making broker-dealer, which is included in the offer of bid price of the securities purchased or sold.

Where clients have provided CornerStone with discretionary investment authority, CornerStone may determine appropriate investment strategies, retain third-party investment managers, and arrange securities transactions and other investments, subject to each client's investment management agreement. Investments are registered in each client's name and held in custody with a qualified custodian chosen by the client and unaffiliated with CornerStone Partners.

17 - VOTING CLIENT SECURITIES

CornerStone Partners does not have authority to vote proxies for securities held by non-discretionary client accounts; however, as part of our due diligence process, CornerStone seeks to ensure that the third-party investment managers it recommends will vote proxies in the best interest of CornerStone clients and in a manner that is consistent with the fiduciary responsibilities of the investment manager under its agreement with the client and under applicable law.

CornerStone has the authority to vote proxies for securities held by discretionary client accounts. For commingled funds, proxy-voting authorization is typically delegated by the client to the third-party investment manager within the client's IMA with the investment manager. For accounts that are separately managed, CornerStone delegates proxy-voting authority to the third-party investment manager. Whether for commingled funds or separately managed accounts, CornerStone seeks to ensure that the investment manager in voting proxies will vote in the best interest of shareholders and in a manner that is consistent with the fiduciary responsibilities of the investment manager under its agreement with the client and under applicable law.

CornerStone Partners does not participate in class action settlements on behalf of clients. Clients assume the sole responsibility of evaluating the merits and risks associated with any class action settlement; therefore, clients are responsible for filing proofs of claims.

18 - FINANCIAL INFORMATION

CornerStone does not require or solicit prepayment of fees from any client six months or more in advance. CornerStone Partners has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.