



## FORM ADV: Uniform Application for Investment Adviser Registration

### PART 2A: Disclosure Brochure

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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](mailto: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](http://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 annual updating amendment to, and reflects the following material changes since Cornerstone Capital Inc.'s brochure dated November 21, 2019. The material changes are summarized below.

Craig Metrick was named Chief Investment Officer on January 19, 2020. Craig has been with the Firm since 2015 and previously held the role of Managing Director, Institutional Consulting and Research.

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## Item 4. Advisory Business

### Description

Cornerstone Capital Inc. d/b/a Cornerstone Capital Group is a registered investment adviser based in New York, NY with offices in Denver, CO. We are organized as a corporation under the laws of the State of Delaware. Erika Karp, Founder and CEO, is the majority owner of the firm. We are not a subsidiary, parent or affiliate of another firm.

Cornerstone Capital Inc.'s investment strategy seeks to systematically incorporate and articulate sustainability into the investment advisory services it offers. To implement our strategy, we seek to utilize environmental, social and governmental ("ESG") metrics to measure an issuer's or an Underlying Manager's adherence to, or adoption of, sustainability. Our advisory solutions and recommendations are informed by Thematic investment research reports which allow for deeper Due Diligence into Underlying Managers.

We offer investment advisory services which are personalized to each individual client and which include (i) discretionary and non-discretionary investment advisory services, (ii) selection of approved third party investment managers (the "Underlying Managers") to manage all or a portion of client's portfolio (consistent with their sustainability investment strategy) and (iii) Additional Services, including, but not limited to: (a) financial planning advice; (b) development of a financial summary; (c) development of a financial management strategy; and (d) consulting services relating to financial reporting. The provision of any Additional Services will be agreed on an individual basis with each client.

Our investment advice is tailored to meet our clients' needs and investment objectives. Once engaged by a client to provide investment advisory services, we work with them to determine their investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We use this information to develop a strategy that enables our firm to give each client continuous and focused investment advice and/or to make investments on their behalf. As part of our investment advisory services, we invest our clients' assets according to an investment portfolio specifically tailored for them. Once we construct an investment portfolio for a client, we monitor the client's portfolio's performance on an ongoing basis, and, with respect to a client that receives discretionary Investment advisory services, may rebalance such client's portfolio as required by changes in market conditions and in such client's financial circumstances.

The investment portfolios recommended by our portfolio management team may consist of mutual funds, exchange traded funds ("ETFs") and/or allocations to Underlying Managers to manage all, or a portion of, our clients' investment portfolios. In addition, we may provide investment advice regarding individual stocks, bonds, and other securities, financial instruments, interests and/or any other property (collectively, "Securities"). Clients may request that we refrain from recommending a particular Underlying Manager, ETF or mutual fund or certain types of Securities. You must provide these restrictions to our firm in writing.

### Other Services

Cornerstone 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.

In addition to the services outlined above, Cornerstone offers Other Services to certain non-investment advisory clients, including Capital Markets Advisory Services and speaking engagements.

The Firm also serves as an investment adviser to the Cornerstone Capital Access Impact Fund, (the "Mutual Fund") an open-end mutual fund and a series of Capitol Series Trust, a registered investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Mutual Fund is a multi-manager fund for which the Firm has appointed one or more discretionary third-party investment managers, which are referred to as "Subadvisers".

### Assets Under Management/Advisement

As of December 31, 2019, we had approximately \$1,243,049,817 of assets under management/advisement consisting of:

- \$80,339,285 on a discretionary basis,
- \$1,064,506,814 on a non-discretionary basis, and
- \$98,203,718 in assets under advisement.

## Item 5. Fees and Compensation

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.

We may provide certain additional services to our Investment Advisory clients, including, but not limited to: (i) financial planning advice; (ii) development of a financial summary; (iii) development of a financial management strategy; (iii) consulting services relating to financial reporting (the "Additional Services"). There may be an additional charge for any Additional Services we may provide. Any such additional fees will be negotiated on an individual basis and may be charged on an hourly or flat fee 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 typically 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 typically calculated based on the net asset value of the client's assets for which we provide Investment Advisory 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/or Brokerage Fees vary per custodian 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’s services. Accounts are analyzed regularly 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 based on 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.

Certain clients reimburse direct out-of-pocket expenses including reasonable travel expenses and third-party vendor support for certain services. These expenses are agreed to and pre-approved by these clients in advance. Any agreements to this affect will be reflected in individual client contracts or a component thereof.

### **Registered Mutual Fund Fee**

Specific management fee and related expense information can be found in the prospectus and statement of additional information for the Cornerstone Capital Access Impact Fund. The fees are based on the portion of assets managed by us, which are calculated by the Registered Mutual Fund.

## Item 6. Performance-Based Fees and Side-By-Side Management

We do not accept performance-based fees or participate in side-by-side management.

## Item 7. Types of Clients

Our typical clients include charitable organizations, foundations, endowments trusts, family offices, high net worth individuals, registered mutual funds and other investment advisors.

Effective November 13, 2019, the Firm serves as an investment adviser to the Cornerstone Capital Access Impact Fund, (the "Mutual Fund") an open-end mutual fund and a series of Capitol Series Trust, a registered investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Mutual Fund is a multi-manager fund for which the Firm has appointed one or more discretionary third-party investment managers, which are referred to as "Subadvisers".

In general, we do not require a minimum dollar amount to open and maintain accounts with our custodial partners. However, we reserve the right to decline an investment advisory relationship, and to terminate an existing client's investment advisory relationship and/or decline to provide other services to existing clients, if it falls below a minimum size which presents challenges in our ability to effectively manage the assets. The Mutual Fund outlines its minimum investment levels in its prospectus.

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

### Investment Advisory Services

Our investment process involves the selection of Subadvisers for the Mutual Fund, 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, Underlying Managers, and Subadvisers, 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 metrics 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, or selecting a Subadviser to the Mutual Fund, 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 monitor the performance of Subadvisers to the Mutual Fund on an ongoing basis using data obtained daily from its Administrator. We do not conduct separate performance calculations on managers, mutual funds or ETFs.

Custodians and third-party data and reporting vendors, including the Mutual Fund's Administrator, 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. A Subadviser to the Mutual Fund must first be approved for use by the IPC as an Underlying Manager through the process described above. Subadvisers to the Mutual Fund must then be recommended by the Mutual Fund's portfolio manager to the Investment Fund Committee ("IFC") and finally, approved by the IFC. In addition, Underlying Managers and subadvisers 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 Managers, mutual funds and ETFs may be set forth in the account and/or fund documents of the Underlying Managers, mutual funds and ETFs as well as in the Forms ADV Part 2A of the respective Underlying Managers and respective managers for the mutual funds and ETFs.

**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

Cornerstone 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.

Cornerstone serves as the Adviser to the Cornerstone Capital Access Impact Fund (the “Mutual Fund”).

## 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 firm's 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 access person shall acquire beneficial ownership of any private placement, or trade shares of the Mutual Fund greater than a de minimis threshold of \$10,000 or participate in an initial public offering without prior approval from the CCO.

Any access person 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.

A conflict of interest may arise if Cornerstone recommends the Mutual Fund to its clients and also own units of the Mutual Fund. Cornerstone manages its own assets and employee assets along with client assets and may be incented to provide preferential treatment to its employee and internal accounts. To address this potential conflict Cornerstone has developed procedures that provides for these accounts to be treated similarly to any other client account and in a manner that Cornerstone believes does not conflict with the interests of any client.

## Item 12 Brokerage Practices

### Investment Advisory Services

When we allocate client assets to Managers, including Subadvisers to the Mutual Fund, 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, Including the Cornerstone 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).

The registered Mutual Fund managed by Cornerstone receives reports as requested by its board or as required by relevant laws, including the Investment Company Act of 1940, as amended.

## 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 provide custodial services to our clients.

We are not a broker-dealer and do not typically take possession of client assets. Our client assets are housed at custodians, which are selected by the clients themselves.

Cornerstone does not allow arrangements with clients that authorize or permit Cornerstone to withdraw client funds or securities maintained with a qualified custodian under a standing letter of authorization ("SLOA"). Further, Cornerstone does not allow arrangements with clients that authorize or permit Cornerstone to move money between clients' own accounts ("first-person transfers") by wire transfer. Cornerstone may, however, direct debit fees from some clients' accounts, which would be deemed to be custody under Rule 206(4)-2(d)(2)(ii).

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge clients to carefully review such statements and compare such official custodial records to the account statements that we may provide. Clients are also asked to promptly notify Cornerstone if the custodian fails to provide statements on each account held. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies used for certain securities.

## 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 Inc's 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).

The Mutual Fund is a multi-manager fund for which the Firm has appointed one or more discretionary third-party investment managers, which are referred to as "Subadvisers". As a result, each Subadviser has the investment discretion to determine which securities or other investments to purchase or sell.

Although Cornerstone does not anticipate trading the Mutual Fund's assets in securities and other instruments directly, it retains the discretion do so and may exercise this discretion in order to invest the Mutual Fund's assets in cash and/or money market funds pending allocation to a Subadviser. Additional information is contained in the Mutual Fund's prospectus and statement of additional information.

## 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, 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.

Subadvisers to the Mutual Fund and 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.