

# **CORNERSTONE ACQUISITION & MANAGEMENT COMPANY LLC**

## **FORM ADV – PART 2A (FIRM BROCHURE)**

### **Item 1 – Identification**

#### **Principal Business Office Address:**

16236 San Dieguito Road Suite 2-  
20 Rancho Santa Fe, California 92067  
Main Telephone Number: 858-779-5800  
<http://www.cornerstoneamc.com>

**Brochure Date: March 31, 2021**

This Brochure provides information about the qualifications and business practices of Cornerstone Acquisition & Management Company LLC (“Cornerstone”). If you have any questions about the contents of this Brochure, please contact us at (858) 779-5800. 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.

Cornerstone is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

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

## **Item 2 – Material Changes**

Since the last update to this Brochure on March 31, 2020, material changes, if any, are listed below. In addition to reviewing the material changes, we recommend clients review the entire Brochure.

Each year, this Item will discuss only specific material changes that are made to the Brochure and will provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

Pursuant to SEC Rules, we are required to ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year of December 31<sup>st</sup>. We will further provide you with a new Brochure based on material changes as required by law.

Our Brochure may be requested by contacting us at P.O. Box 8049, Rancho Santa Fe, California 92067, or by phone at (858) 779-5800.

There were no material changes from March 31, 2020 to March 31, 2021

Our last annual update was March 31, 2020.

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Brochure Supplement(s) are provided separately to clients.

## **Item 4 – Advisory Business**

### **Section A.**

#### **THE COMPANY**

Cornerstone Acquisition & Management Company LLC (“Cornerstone” or “the Firm” or “we”) is organized as a limited liability company under the laws of the state of Delaware and is registered as an investment adviser with the SEC. Cornerstone has been in business since 2004 and has been registered with the SEC since 2006. The Firm has its headquarters in Rancho Santa Fe, California.

#### **OWNERSHIP**

Cornerstone is owned by Derren L. Geiger.

### **Section B.**

#### **TYPES OF ADVISORY SERVICES**

Cornerstone provides discretionary investment management services regarding securities and non-securities primarily to U.S. and non-U.S. private investment funds, which are organized as domestic limited partnerships, limited liability companies, and offshore corporations, for which Cornerstone acts, pursuant to a separate investment management agreement as investment manager (collectively, the “Private Funds”). Please refer to Schedule D of the Form ADV Part I for a list of the Private Funds. Cornerstone also may provide, but does not at this time, discretionary investment management services for other institutional clients (collectively, with the Private Funds, “Clients”).

### **Section C.**

#### **OVERVIEW OF ADVISORY SERVICES**

With regard to its investment advisory services, Cornerstone’s specialization is primarily, but is not limited to, trading in U.S.-based oil and natural gas interests and similar securities. Cornerstone also may trade in bank loans and other private investment funds, which may invest in a variety of securities and non-securities. Cornerstone’s advisory services are tailored to each private fund’s investment objectives and guidelines.

Portfolios for the Private Funds are managed in accordance with each fund’s investment objectives and guidelines, which are set forth in such fund’s offering documents or private placement memoranda (“PPMs”). Cornerstone’s advisory services are tailored to each Private Fund’s investment objectives and guidelines.

### **Section D.**

#### **WRAP FEE PROGRAMS**

Cornerstone does not participate in wrap fee programs.

### **Section E.**

#### **ASSETS UNDER MANAGEMENT**

As of February 28, 2021 Cornerstone has \$39,127,268.00 in assets under management. This entire amount is managed on a discretionary basis subject to the investment guidelines set forth in the offering documents for the Private Funds.

## Item 5 – Fees and Compensation

### COMPENSATION

Cornerstone generally receives a management fee of 1% per annum of assets under management, generally charged monthly in advance in accordance with the Private Funds' PPMs. Fees charged in advance will be refunded for partial periods if the advisory relationship with a Client or an investor in a Private Fund is terminated within a calendar month. If any fees are charged in arrears, they will be prorated for any partial period of investment advisory service.

Fees may be negotiable or waivable depending upon a variety of factors, including the strategy of a Private Fund, the type of advisory service offered, the amount of assets under management, or the overall relationship with the Client or investor in the Private Fund. Fees charged with respect to an investment in a Private Fund, including whether Cornerstone's fees may be deferred, are set forth in such Private Fund's offering documents and may include lock-ups.

All Cornerstone client assets are held by a "qualified custodian," as that term is defined in Advisers Act Rule 206(4)-2, to the extent required by law. Cornerstone bills its Clients directly or indirectly through the primary investment manager.

**Other Fees.** Cornerstone may provide additional services not covered under the terms of a contract for investment advisory services. The above fees exclude a number of ancillary services that are separately borne by the Client to the extent that they are incurred. Examples of these ancillary services include: accounting, administration, custodian, tax compliance, and reporting services. Cornerstone will make facilities and personnel available to the Private Funds and may hire the above ancillary service providers at the Private Funds' expense. Fees for such services will be determined before starting additional work as mutually agreed by the parties. Cornerstone may receive additional compensation from referrals and non-clients as described in Item 14.

**Out-of-Pocket Expenses.** In addition to fees, Clients may be responsible for certain out-of-pocket expenses for reasonable and direct costs incurred by Cornerstone on the Client's behalf. These out-of-pocket expenses may include travel costs and expenses incurred by Cornerstone in connection with meetings, copying, long-distance telephone calls, facsimile charges, messenger and/or express delivery services, and special research items as well as other related fees as outlined in the Private Funds' offering documents. Cornerstone will provide its clients with an invoice containing a description of such expenses.

Fees to Cornerstone also do not include any fees due to brokers or custodians. The client may contract directly with investment managers, brokers, and custodians to provide services with regard to his or her assets and thus will be charged separately by such entities for their services. Item 12 further describes the factors that Cornerstone considers in selecting or recommending custodians and broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

## Item 6 – Performance-Based Fees and Side-by-Side Management

Cornerstone is also compensated for investment advisory services based on a share of the overall account performance of all or a portion of client assets ("performance-based fee"). The terms of any performance-based fee are based upon a negotiated arrangement with the

Client or, in the case of Private Funds, based on the PPMs. Cornerstone anticipates that such client relationships and arrangements will also pay “management fees” calculated on the market value of the assets under management. Cornerstone's performance-based compensation is equal to 20% of the net profit, before management fees, and is generally charged monthly and non-refundable. For purposes of calculating the performance-based compensation, net profit includes both realized and unrealized gains.

Performance-based compensation is charged by Cornerstone in conformity with Rule 205-3 under the Investment Advisers Act of 1940, as applicable.

Performance-based fee arrangements create conflicts of interests. Cornerstone may make investments that are riskier than it would otherwise make. In addition, because the performance-based fee is calculated on a basis that includes unrealized appreciation of the Private Fund's assets, it may be greater than if such allocation was based solely on realized gains. The performance-based fee, although accrued monthly, is ultimately calculated and allocated over a period of time (semi-annually) shorter than that used by many investment funds (annually), which increases the risk that an investor will incur a performance allocation for only short-term positive performance. To manage such conflicts, the performance-based fee is subject to a loss carry forward or high watermark so that losses must be recouped before Cornerstone will be entitled to performance-based compensation.

## **Item 7 – Types of Clients**

Currently, Cornerstone provides, either directly or indirectly as a subadviser to certain affiliated and unaffiliated investment advisers, discretionary investment advice to private pooled investment vehicles, the Private Funds.

Because Cornerstone does not have any separately managed accounts at this time, there are no requirements for opening or maintaining an account, such as a minimum account size. Each Private Fund has a minimum investment requirement for investors as set forth in the Private Fund's respective offering documents. Investors also are required to meet certain eligibility standards as set forth in the Private Fund's respective offering documents.

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

### **Section A.**

#### **METHODS OF ANALYSIS**

Cornerstone's methods of analysis include charting, fundamental, technical and cyclical. Investing in securities involves the risk of loss. As investment in any of the Private Funds is suitable only for person who meet the Private Fund's suitability criteria, who do not require liquidity in their investment and who can withstand the loss of their entire investment.

- **Charting** - In this type of technical analysis, charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Also charts of market, security and economic data are used to help identify the timing of the market moving up or down and to predict how long trends may last and when trends might reverse. A chart is a historical record of price movements. Charting will often reveal patterns that repeat over and over with the same outcome but there is no guarantee in finding these

tendencies and patterns or that historical records are an indicator of current or future movements.

- **Fundamental** - Fundamental analysis is using real data to evaluate a security's value. For example, fundamental analysis can be performed on a bond's value by looking at economic factors, such as interest rates and the overall state of the economy, and information about the bond issuer, such as potential changes in credit ratings. For assessing stocks, this method uses revenues, earnings, future growth, return on equity, profit margins and other data to determine a company's underlying value and potential for future growth. In terms of stocks, fundamental analysis focuses on the financial statements of the company being evaluated. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating a security.
- **Technical** - This form of value analysis focuses on patterns of volume and price fluctuations for a given stock as compared to the activity of the larger, general market indicators. Securities are evaluated for purchase or sale based on an analysis of market statistics such as volume and prices over time as seen on charts, etc. that are believed to establish relational patterns that can predict future movements in the markets. This relative comparison has little or no concern for any company's fundamental structure, production or worth. Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although the market can act in irrational ways. Technical analysis purports to see repeatable patterns in similar market conditions, but any one of many factors may alter the outcome of an otherwise similar situation.
- **Cyclical** - There are industries in which profits rise and fall on a cyclical basis. As profits of companies follow cyclical patterns, so do their stocks: going up and down, reflecting the current stage of the business cycle. There are a wide variety of industries that can be described as having distinct business cycles: oil and gas, semi-conductors, car-manufacturing, mining, home-building, fertilizer production and many others. Their main feature is that their profits and thus stock prices follow similar rising and falling patterns over the long run. There is no guarantee that historical trends will indicate current cycles.

In addition, Cornerstone also utilizes its own proprietary methodologies and models to analyze potential investments. Further, the Private Funds are subject to the methods of analysis described in their offering documents, which may be different than the methods of analysis explained above. Please see such funds' offering documents for further information.

The main sources of information that Cornerstone uses includes publicly available sources, such as industry periodicals, newspapers, company press releases, annual reports and corporate rating services, as well as internal research developed by Cornerstone's own investment professionals.

## **Section B.**

### **INVESTMENT STRATEGIES USED TO IMPLEMENT INVESTMENT ADVICE**

Any investment advice provided by Cornerstone to clients is based on a number of factors, including, but not necessarily limited to, the client's investment objectives, risk tolerances, asset-class preferences, time horizons, liquidity needs, expected returns, and an assessment

of current economic and market views expressed by economists, analysts, banks, and securities firms.

At present, the investment strategies used by Cornerstone are those set forth in the Private Funds' offering documents. Generally, the portion of the Private Funds' investment objective that Cornerstone oversees is to seek to receive consistent income and profit primarily from a portfolio of private United States and Canadian oil and natural gas royalty and working interests, overriding royalty interests, non-operated working interests, and minerals (collectively, "Royalty Interests"), a portion of which may, but is not required to, be hedged against oil and gas commodity price movements. These investments are not subject to specific percentage limitations or diversification requirements of any kind, including with respect to: Royalty Interests; other securities or instruments; geography; type; the number or size, or the number of operators, of any of the wells or underlying properties tied to any Royalty Interest; issuer; or kind. Accordingly, Cornerstone may, from time to time, invest, whether leveraged or otherwise, a substantial portion of a fund's assets into any one of the Royalty Interests or other securities described herein, or any single issuer thereof, whether U.S. or non-U.S. issued. The investment policy is generally to be able to use leverage of up to 3:1; hedging strategies may, but are not required to, include purchasing oil and gas futures, options, and swaps or other derivatives in an effort to hedge against changes in oil and gas spot prices.

Generally, this investment strategy emphasizes long-term investments. Nevertheless, investment strategies used to implement investment advice include short-term purchases (securities sold within a year), trading (securities sold within 30 days), long-term purchases (securities held at least a year), short sales, option-writing strategies, including covered options or spreading strategies, or margin transactions. Cornerstone retains broad investment discretion and may change its policies at any time. Also, there can be no assurance that Cornerstone will achieve its investment objectives.

For more information about the investment strategies of the Private Funds that Cornerstone manages, please see such funds' offering documents for further information.

### **Section C.**

#### **RISK OF LOSS**

Investing in securities involves risk of loss that clients should be prepared to bear. All investments carry the risk of loss and there is no guarantee that any investment strategy will meet its objective. Cornerstone generally will be investing client assets in Royalty Interests and securities and instruments related thereto, all of which may involve a high degree of risk. This investment strategy is speculative and is suitable only for investors who are willing to accept substantial risks of loss, including entire loss of principal. Accordingly, a Client's account may face the following investment risks. An investment in the Private Funds also is subject to the risks described in their respective offering documents, which investors are urged to review prior to deciding whether to invest in any Private Fund.

**Royalty Income is Sensitive to the Volatility of Crude Oil and Natural Gas Prices.** The monthly royalty income depends, in part, on the price of oil and natural gas. Oil and natural gas prices can fluctuate widely on a month to month basis in response to a variety of factors that are beyond the control of Cornerstone. Such factors may include: (i) international political conditions, including, but not limited to, political conditions in the Middle East; (ii) worldwide economic conditions; (iii) consumer demand; (iv) the price and availability of



alternative fuels; (v) the effect of worldwide energy conservation measures; (vi) domestic and foreign governmental regulation; (vii) the ability of oil and natural gas companies to raise capital; (viii) weather conditions and natural disasters; (ix) available pipeline and other oil and natural gas transportation capacity; (x) the level and price of foreign oil and natural gas transportation; (xi) the domestic and foreign supply of oil and natural gas; (xii) the cost of exploring for, producing and transporting oil and natural gas; (xiii) the level of oil and natural gas prices, expectations about future oil and natural gas prices and the ability of international cartels to set and maintain production levels and prices; and (xiv) acts of terrorism and continued geopolitical hostilities. No assurance can be given that current levels of oil and natural gas prices will continue. Cornerstone expects that oil and natural gas prices, as well as the oil and natural gas industry generally, will continue to be volatile.

Declines, whether or not significant or extended, in oil and natural gas prices could have an adverse effect in the value of an investment. Cornerstone may try to, although there is no guarantee that it will be able to, mitigate this risk through commodity price hedging.

Uncertain Assessments of the Value of Royalty Interest Acquisitions. Acquisitions of Royalty Interests will be based on assessments made by Cornerstone based upon the quality of the underlying oil and gas properties. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas from the property, future prices of oil and natural gas, government levies and other government regulation and many other factors that are subject to change and are beyond the control of Cornerstone. All assessments also involve a measure of geological and engineering uncertainty which could result in lower production and reserves than originally anticipated for the property or interest therein being acquired. Royalty Interest values can be subject to mispricing, little or no institutional investment banking research coverage, and inefficiencies in the market place due to the potentially illiquid nature of Royalty Interests, all of which, could have material adverse effects.

Risks of Illiquidity. Royalty Interests have an active, but still potentially illiquid, secondary market serviced by numerous oil and gas divestment firms and auctions. Cornerstone currently believes that Royalty Interests generally take 45-90 days, on average, to sell at a reasonable price; however, there is no guarantee that Royalty Interests can be sold at reasonable prices or within such periods of time. Because of the potentially illiquid nature of the Royalty Interests, these investments may be a longer-term investment than most hedge funds.

Dependence on the Ability of Third Party Operators. The continuing production from a property and, to some extent, the marketing of production is dependent on the ability of the operators of the property. If the operator fails to perform these functions properly or becomes insolvent then the royalty income from those properties may be reduced. Royalty income is paid by the operator and, therefore, there is a risk of delay, reduction or non payment of such royalties.

No Control of the Underlying Properties. The Private Funds do not operate any of the underlying properties that the royalty income is derived from and cannot influence or control the operation or future development of such underlying properties. Dependence on the

operator to influence operations and associated costs could materially adversely affect your investment. The success and timing of drilling, development and exploitation activities on properties operated by others depend on a number of factors that are beyond Cornerstone's and the Private Funds' control.

Development, Production, Transportation Risks. Drilling oil and natural gas wells involves numerous risks, including the risk that commercially productive oil and natural gas reservoirs are not encountered. The presence of unanticipated pressures or irregularities in formations, miscalculations or accidents may cause drilling activities to be unsuccessful. In addition, there is often uncertainty as to the future cost or timing of drilling, completing and operating wells. Further, development activities may be curtailed, delayed or canceled as a result of a variety of factors, including: unexpected drilling conditions; restricted access to land for drilling or laying pipeline; pressure or irregularities in formations; equipment failures or accidents; and costs of, or shortages or delays in the availability of, drilling rigs, tubular materials and equipment. While these risks do not expose royalty interests to liabilities of the drilling contractor or operator of the well, they can reduce net proceeds payable to the royalty interests by decreasing oil and gas revenues or increasing production expense or development costs from the underlying properties. On the other hand, the owners of non-operated working interests are required to pay their pro-rata share of the costs of drilling and production operations and also are subject to the risk of incurring additional liabilities, such as environmental liabilities, personal injury claims and/or other liabilities. Although insurance coverage typically is carried for such occurrences, losses may exceed policy limits and policies may contain exclusions with respect to various types of losses or other matters. Furthermore, these risks may cause the costs of development activities on the underlying properties to exceed the revenues therefrom, thereby reducing net proceeds payable to the owners of royalty and non-operated working interests. Also, the cost of transportation of oil or gas to market may increase or decrease depending on available gathering, collecting, or pipeline capacity.

Operational Risks and Hazards. There are operational risks and hazards associated with the production and transportation of oil and natural gas, including without limitation blowouts, explosions, fires, leakage of oil or natural gas, releases of other hazardous materials, mechanical failures, cratering, and pollution, all of which may have material adverse effects on the Royalty Interests. Any of these or similar occurrences could result in the interruption or cessation of operations, personal injury or loss of life, property damage, damage to productive formations or equipment, damage to the environment or natural resources, or cleanup obligations. The operation of oil and gas properties is also subject to various laws and regulations. Non-compliance with such laws and regulations could subject the operator to additional costs, sanctions or liabilities. The uninsured costs resulting from any of the above or similar occurrences could be deducted as a production expense or development cost in calculating the net proceeds payable to the Royalty Interests and would therefore reduce distributions to the Royalty Interests by the pro rata amount of such uninsured costs. Furthermore, since owners of non-operated working interests are liable for their pro-rata share of drilling and production expenses, the Private Funds could have to come out of pocket to fund such expenses (which could result in liabilities to the Private Funds that exceed the principals amounts invested in non-operated working interests.)

Abandonment of Underlying Properties. Operators of the underlying properties may abandon any well or property without the consent of the Royalty Interest holders if such operators reasonably believe that the well or property can no longer produce in commercially economic quantities. This could result in the termination of the Royalty Interests relating to the abandoned well or property.

Competition. The oil and natural gas industry is highly competitive and many other funds and businesses are engaged in the business of investing in Royalty Interests. While Cornerstone believes that most do not focus their activities in the same way as does the Private Funds, there are numerous firms with greater financial, analytical, trading and other resources at their disposal, which engage to varying degrees in the purchase and sale of Royalty Interests.

Risks of Hedging Arrangements. To seek to reduce the Private Funds' exposure to fluctuations in oil and natural gas prices, the Private Funds may enter into hedging arrangements. These hedging arrangements expose the Private Funds to risk of financial loss in some circumstances, including, but not limited to, when: (i) production is less than expected; (ii) the counterparty to the hedging contract defaults on its contract obligations; or (iii) there is a change in the expected differential between the underlying price in the hedging agreement and actual prices received.

Extensive Regulation. Extensive federal, state and local regulation of the oil and natural gas industry significantly affects operations on the underlying properties. In particular, oil and natural gas development and production are subject to stringent environmental regulations. These regulations have increased the costs of planning, designing, drilling, installing, operating and abandoning oil and natural gas wells and other related facilities, which costs could reduce net proceeds payable to the Royalty Interests. These regulations may become more demanding in the future.

**Other Funds and Managers -** In addition to the Private Funds, Cornerstone may invest in other, unaffiliated funds (including, but not limited to, U.S. or offshore unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private alternative or other investment funds, regardless of whether any of the foregoing investment vehicles are affiliated with us) (collectively, "Other Funds and Managers"). These Other Funds and Managers will charge their own management and other fees, so that if we invest in them, you will bear an additional level of fees and expenses. Some of these funds may pay fees to Cornerstone or its affiliates. Also, U.S. mutual funds generally must distribute all gains, including to investors who may not have an economic gain, which can lead to negative tax effects on investors, particularly non-U.S. persons. Cornerstone may also invest in exchange traded funds, unit investment trusts, or other similar vehicles designed to track the performance of a specific index or sector. These Other Funds and Managers may have unique risks of loss as described in their offering documents.

**Equity Risk -** Investments in equity securities generally involves a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be

temporary or last for extended periods. In addition to, or in spite of, the impact of movements in the overall stock market, the value of investments may decline if the particular investments within the portfolio do not perform well in the market. Prices of growth stocks may be more sensitive to changes in current or expected earnings than prices of other stocks. Prices of stocks may fall or fail to appreciate regardless of movements in securities markets.

**Market Risk** - The success of client portfolio activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws, trade barrier, currency fluctuations and controls, and national and international political circumstances. These factors may affect the level of volatility of securities prices and the liquidity of investments in client portfolios. Such volatility or illiquidity could impair profitability or result in losses.

**Extraordinary Events** - Global terrorist activity and United States involvement in armed conflict may negatively affect general economic fortunes, including sales, profits, and production, and may lead to depressed securities prices and problems with trading facilities and infrastructure.

**Increased Regulations** - Events during the past several years and adverse financial results have focused attention upon the necessity to maintain adequate risk controls and compliance procedures. These events have led to increased governmental and self-regulatory authority scrutiny of the financial industry. Various national governments have also expressed concern regarding disruptive effects of speculative trading and the need to regulate the markets in general. Any regulations that restrict the ability to employ, or broker-dealers and counterparties to extend, credit or restrict trading activities could adversely impact profit potential.

**Potential Concentration** - Client portfolios have highly concentrated positions in issuers engaged in one or a few industries. This increases the risk of loss relative to the market as a whole.

**Non-U.S. Investments** - Cornerstone invests client funds in securities (*debt, equity, currencies, derivatives, etc.*) domiciled outside the United States. Such investments expose the portfolio to a number of risks that may not exist in the domestic market alone. Such risks include, among other things, trade balances and imbalances and related economic policies, currency exchange rate fluctuations, imposition of exchange control regulation, withholding taxes, limitations on the removal of funds or other assets, possible nationalization of assets or industries, political difficulties, and political instability in foreign nations.

**Short Sales, Leverage and Derivatives** - Short sales, leverage and derivatives all represent substantial risks given their inherent heightened risk of loss. Leverage and derivatives imply borrowing capital. When such borrowing is deployed, losses can escalate quickly should investments suffer even small losses. Short sales involve a finite opportunity for appreciation, but a theoretically unlimited risk of loss. Short positions are also subject to a “short squeeze” that could lead to accelerating losses for those short that particular security.

## **Item 9 – Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Cornerstone's advisory business or the integrity of our management.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### **Section A. BROKER DEALER**

Cornerstone neither is registered nor has an application pending to register as a broker-dealer.

### **Section B. COMMODITY POOL OPERATOR AND COMMODITY TRADING ADVISER**

Neither Cornerstone nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing. Nevertheless, Cornerstone currently operates and conducts its business within certain exemptions from registration as a commodity pool operator and/or commodity trading advisor under the Commodity Exchange Act and the rules of the Commodity Futures Trading Commission ("CFTC").

### **Section C. OTHER RELATIONSHIPS AND/OR ARRANGEMENTS MATERIAL TO ADVISORY BUSINESS**

**(1) Broker-Dealers.** Cornerstone is not affiliated with any broker-dealers.

**(2) Investment Advisers.** Cornerstone can provide, upon request, a supplementary list of other non-U.S. based unregistered advisers, some of whom may do business under the "Cornerstone" name and may or may not have certain arm's-length business relationships with Cornerstone (the "Non-U.S. Advisers" and collectively with the U.S. Adviser, "Other Advisers"). Notwithstanding the foregoing, Cornerstone believes that it is not affiliated or related with, and therefore need not list herein, the Non-U.S. Advisers because:

- 1) Cornerstone and the Non-U.S. Advisers are not under common ownership or control;
- 2) Cornerstone and the Non-U.S. Advisers do not have any overlap in executive officers;
- 3) Cornerstone and the Non-U.S. Advisers do not conduct joint operations; and
- 4) Cornerstone does not provide advice that is formulated in whole or part by the Non-U.S. Advisers.

**(3) Entities that Create or Package Limited Partnerships.** In some cases, Cornerstone may hire or be hired by one or more Other Advisers as subadviser to make investment decisions as disclosed in the offering documents for the relevant fund (available upon request). Cornerstone is aware of its fiduciary duties and conflicts related to selecting and providing advisory services through Other Advisers.

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

### **Section A. CODE OF ETHICS**

Pursuant to SEC Rule 204A-1, Cornerstone has adopted a written Code of Ethics (“Code”) that sets forth standards of conduct and federal securities law requirements applicable to all supervised persons as defined in the Advisers Act. The Code governs personal trading by its principals, employees and related accounts (“Employees”). Employees are permitted to maintain personal securities accounts provided that such accounts are disclosed to Cornerstone and that any personal trading is consistent with applicable law and with the Code. Subject to compliance with the Code, Employees may buy, sell or hold, for their own personal trading accounts, securities that Cornerstone also may buy, sell or hold for Clients. Certain employee trades are subject to pre-approval by Cornerstone. The Code contains policies and procedures that among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to Clients,
- prohibit trading on the basis of material nonpublic information,
- place limitations on personal trading by Employees and impose preclearance (in certain cases) and reporting obligations with respect to trading, and
- require initial and annual reports of securities holdings and monthly transaction reports by Employees.

Further, employees are required to report all Code violations to the Chief Compliance Officer (“CCO”). Code violations may result in disciplinary action or dismissal. Cornerstone will provide a copy of its Code to any client or prospective client upon request. Cornerstone’s Code of Ethics is available upon request by contacting Derren L. Geiger, Cornerstone’s CCO at [dg@cornerstoneamc.com](mailto:dg@cornerstoneamc.com).

### **Section B. PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Cornerstone may from time to time act as investment manager to numerous clients. Cornerstone may give advice and take action with respect to any Private Funds or accounts it manages that may differ from action taken by Cornerstone on behalf of other Private Funds or accounts. Cornerstone is not obligated to recommend, buy, or sell or to refrain from recommending, buying, or selling any security that Cornerstone or its access persons, as defined by rules under the Advisers Act and the 1940 Act, may buy or sell for their own accounts or for the accounts of any other client. Cornerstone is not obligated to refrain from investing in securities held by Private Funds or accounts that it manages except to the extent that such investments violate the Code adopted by Cornerstone.

Certain Cornerstone officers, members, and employees (“Related Persons”) are also clients or investors. Cornerstone may invest client accounts in, among other things, securities in which Cornerstone or its Related Persons have a financial interest. Cornerstone or its Related Persons may purchase for themselves securities or other investments which one or more clients own, previously owned, or will own in the future, including units of the Private Funds. As these situations may represent a potential conflict of interest, Cornerstone has adopted

procedures relating to personal securities transactions and insider trading, both of which are described below, that are reasonably designed to prevent actual conflicts of interest.

If it is appropriate to buy or sell a security at the same time for both a client and a Related Person, combined orders may be placed and if any order is not filled at the same price, prices obtained may be allocated among accounts on an average basis. Placing combined orders is not required. There may be times when the sale or purchase of a security for a Related Person may precede, occur at the same time, or follow the sale or purchase of a security for a client, subject to the overriding principle that the interests of clients must come before the interests of Cornerstone or its Related Persons.

Cornerstone, directly or through an affiliate, may manage simultaneously parallel accounts in some cases with the same portfolio managers, with similar objectives, but with differing fees to Cornerstone, in some cases performance-based fees. Cornerstone also may similarly manage simultaneously certain accounts that may hold short positions in a security for which other managed accounts are long. Cornerstone may, from time to time, unknowingly recommend the purchase or sale of securities in which an affiliate has a position or interest or does business. Cornerstone's many affiliates with multiple lines of business make this likely. Cornerstone's policy is to manage each account independently and fairly and recognizes and seeks to control the conflicts of interests inherent in such practices.

In general, Cornerstone has a policy under which most investment advisory activities are generally autonomous from any investment or other securities activities of the affiliated investment advisers. This investment philosophy is designed to prevent Cornerstone's personnel from having knowledge of the business and investment activities carried on by those Other Advisers for their own accounts, other than in a fiduciary capacity, and viceversa. To the extent that Cornerstone advises or subadvises client accounts for affiliates, Cornerstone is responsible for and knowledgeable about such affiliates' client accounts, and certain affiliate personnel will receive information about Cornerstone investment activity for the account. Some Cornerstone officers also have officer titles at other affiliates. The sale or other sharing of or shared access to research or other information might allow its recipient to compete with or precede Cornerstone with respect to an investment opportunity on behalf of itself or its clients.

As the adviser of the Private Funds, Cornerstone participates in the Private Funds' investments, pro rata, in accordance with its capital accounts. Principal executive officers and other personnel of Cornerstone may receive annual compensation and bonuses based, in part, on the performance of certain private equity Private Funds as more fully disclosed in the PPMs for those funds. In addition, certain personnel of Cornerstone are also permitted to invest in the Private Funds as knowledgeable employees.

### ***Restrictions on Personal Securities Transactions***

To address the conflicts of interest that arise with the personal trading of Cornerstone employees, Cornerstone has defined the categories of personnel who fall within the term "Access Person" and, as required by Advisers Act's Rule 204A-1, such Access Persons must report their securities holdings annually and their securities transactions quarterly, subject to limited exceptions. Employees are forbidden to invest in any initial public offerings and/or private placements. All Access Persons may direct their brokers to forward copies of all personal securities transaction confirmations and brokerage statements for every account in which they or their immediate family members have a beneficial interest in lieu of transaction reports. These reports or confirmations and statements are submitted to and reviewed by the CCO or his designee.

## ***Insider Trading Policy***

Cornerstone may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Under applicable law, Cornerstone may be prohibited from improperly disclosing or using such information for its personal benefit or for the benefit of any other person, regardless if such other person is a client. Accordingly, should such persons come into possession of material nonpublic or other confidential information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, clients and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, clients when following policies and procedures designed to comply with law.

The Code also contains a policy "Statement on Insider Trading," adopted in accordance with Advisers Act Section 204A, which establishes procedures to prevent the misuse of material nonpublic information by supervised persons. Supervised persons are prohibited from trading, either personally or on behalf of others, while in possession of material nonpublic information in violation of the law. Any supervised person who fails to observe the aforementioned policies risks serious sanctions, including dismissal and personal liability.

## **Item 12 – Brokerage Practices**

### **SELECTION CRITERIA FOR BROKERS AND DEALERS**

In the exercise of its discretionary authority, Cornerstone has the authority to determine, without obtaining specific Client consent, (1) securities to be bought or sold, (2) the amount of the securities to be bought or sold, (3) the broker or dealer to be used, and (4) commission rates paid. Limitations on Cornerstone's authority are guided by, among other things, (i) its responsibility to act as a fiduciary when handling clients' accounts, (ii) the investment strategies and objectives of its Clients, and (iii) with respect to a Private Fund, the Private Fund's offering documents.

In making its selection of brokers and dealers ("Brokers"), Cornerstone generally may take into account the Broker's reliability, reputation, financial responsibility, stability, ability to execute trades, operations, market making, related services, commission rate and responsiveness to Cornerstone and accuracy of recommendations on particular securities. Cornerstone will not adhere to any rigid formulas in making its selection of Brokers, but will weigh a combination of the criteria set forth herein. It is expected that Cornerstone generally will select well established Brokers to execute, clear and settle most of Cornerstone's transactions. Cornerstone has no fixed internal brokerage allocation procedures designating specific percentages of commissions to particular Brokers. Cornerstone will seek best execution in transactions or overall and will direct brokerage to firms providing Products and Services when they are able to provide best execution as described below.

### **COMMISSION RATES OR EQUIVALENTS**

Cornerstone is not obligated to seek the lowest commission. In selecting Brokers, Cornerstone generally seeks the best and most efficient execution, on an overall or transaction basis. Cornerstone need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Although Cornerstone generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Given the brokerage services that Brokers generally offer, Cornerstone may be deemed to be paying for other services provided by a Broker which are



included in the commission rate, such as related brokerage services including order routing, clearing, custodial and settlement services. Cornerstone, based on its knowledge of the industry, will attempt to have Cornerstone's brokerage arrangements be competitive with similarly situated companies. However, certain transactions may involve specialized services on the part of the broker or dealer involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type. Cornerstone may select broker-dealers based on its assessment of their ability to provide quality executions and its belief that the non-research, information and other services provided by such broker-dealer may benefit client accounts. It is not possible to place a dollar value on the special executions or on the research services Cornerstone receives from dealers effecting transactions in portfolio securities. Accordingly, broker-dealers selected by Cornerstone may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions if Cornerstone determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or services provided by those broker-dealers, viewed either in terms of a particular transaction or Cornerstone's overall duty to its discretionary accounts.

#### **"SOFT DOLLAR" OR RESEARCH/EXECUTION POLICY**

Although Cornerstone may receive unsolicited research from Brokers it uses, it does not direct trades in exchange for research products or research services, it does not select Brokers based on the receipt of such research and it otherwise does not enter into any "soft dollar" arrangements. Nevertheless, Cornerstone reserves the right to enter into "soft dollar" arrangements in the future. Cornerstone may direct transactions for client accounts to broker-dealers who provide Cornerstone with research and brokerage products and services but Cornerstone will not "pay up" for research or enter into any oral or written agreement or understanding with any broker-dealer which would obligate Cornerstone to direct a specific amount of brokerage transactions or commissions in return for such research or services. There can be no guarantee, however, that brokers who provide unsolicited research do not have some expectation of receiving a specific amount of transactions. The research provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by a third party but provided by broker-dealer).

Research services obtained by Cornerstone through brokers may include:

1. analytical and other information pertaining to specific fixed income or equity securities;
2. research information relating to overall investment strategy including macroeconomics forecasts and analyses;
3. other statistical information including, and/or but not limited to, computer and other electronically transmitted data, technical market data, and other services used in formulating investment decision or trading.

On a limited basis, Cornerstone may receive incidental economic benefits from the Brokers it uses, including free attendance at conferences or seminars sponsored by such Brokers and related hotel and meal accommodations, which may include capital introduction conferences with prospective investors. Although the commission rate charged by such Brokers are

represented as not reflecting any such additional benefits, the commission rates charged by such Brokers may be higher or lower than other Brokers. Cornerstone may have a potential conflict of interest between its duty to obtain best execution for a client and its interest in receiving such economic benefits in the future.

When an investment adviser uses client brokerage commissions to obtain such research or other products or services, the adviser receives a benefit because it did not have to produce or pay for the research, products or services.

In selecting Brokers, Cornerstone generally intends not to consider such research but shall consider the value of the following, either provided by the Broker or paid for by the Broker (either by cash payments or by commissions) to be provided by others: brokerage and/or brokerage-related services (such as clearing, order routing, custodial and settlement services) ("Products and Services"). Generally, the receipt of such Products and Services is intended to be in compliance with Section 28(e) of the Securities Exchange Act of 1934. Although Products and Services and research that may be obtained by Cornerstone will generally be used to service all of Cornerstone's Clients, it may not be used for all Clients and a commission paid by a specific Client may be used to pay a Broker for unsolicited research that is not used in managing that specific Client's account. Similarly, it is possible that a Client who did not pay a Broker may receive soft-dollar benefits from another Client's transaction.

In recognition of the value of Products and Services provided by a Broker, Cornerstone may effect transactions which cause it to pay such Broker, including a Broker who provides unsolicited research, an amount of commissions in excess of the amount of commissions another Broker would have charged. However, Cornerstone will only direct brokerage to firms providing Products and Services when they are able to provide best execution.

In connection therewith, Cornerstone will make a good faith determination that the amount of commission is reasonable in relation to the value of the Products and Services received, viewed in terms of either the specific transaction, Client transactions overall or Cornerstone's overall responsibility to its Clients. Because Cornerstone may receive research it does face some of the same conflicts faced in traditional "soft dollar" arrangements.

Portions or all of a client account may be managed by other affiliated or unaffiliated investment advisers. Such advisers may have soft-dollar arrangements and "soft dollar" policies that differ from Cornerstone. Please see the Form ADV for such advisers for further information.

#### **BROKERAGE FOR CLIENT REFERRALS**

Cornerstone generally does not consider referrals of potential Clients or investors in the Private Funds as a factor in the selection of Brokers. However, a Broker to be used by Cornerstone may have referred a Client or investor, or may refer them, to Cornerstone, and accordingly Cornerstone may have a potential conflict of interest between its duty to obtain best execution for a Client and its interest in receiving future referrals. Commission rates charged by Brokers that may refer Clients or investors to Cornerstone may be higher or lower than the commission rates charged by other Brokers that Cornerstone uses.

Cornerstone's selection of Brokers is guided and/or limited by (i) its responsibility to act as a fiduciary when handling Clients' accounts, (ii) its obligation, to the extent applicable and subject to the conditions hereinabove specified, to select Brokers who offer overall best execution on Clients' trades, and (iii) with respect to a Private Fund, the Private Fund's offering documents.

## **AGGREGATION**

Aggregation or "bunching" of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges. From time to time, it may be appropriate for more than one client account to trade in the same securities at the same time (which may include "new issues" but only to the extent such accounts are eligible under applicable law). Consistent with its fiduciary duties, Cornerstone's policy generally is to allocate investment opportunities to its Clients on an equitable and fair basis, based on a variety of criteria, including asset size of account, and consistent with a Client's investment guidelines and strategies, including for Private Funds, the disclosures set forth in such Private Fund's offering documents. Because of the diversity of objectives, risk tolerances, portfolio guidelines and limitations, tax consequences and other differences, there may often be differences among Client accounts in the particular securities and other instruments held, including in the weighting of particular positions.

To the extent applicable, as a general policy if Cornerstone believes it is appropriate under the circumstances, Client securities orders for the same security on the same day may be combined (or bunched) and allocations among such Clients are effected on a pro rata basis, based on the relative value of the accounts, or otherwise on an allocation amount or methodology determined at or prior to the time of the order. To the extent applicable and if the same prices or execution cannot be obtained, the orders are combined (or bunched) such that each of the accounts will have their same day orders filled on an average price basis (such that each receives the same price). While Cornerstone's goal is to be fundamentally fair on an overall basis with respect to all Clients, there can be no assurance that on an overall or trade-by-trade basis that any particular Client will not be treated more favorably than another.

## **Item 13 – Review of Accounts**

### **PORTFOLIO REVIEWS**

Client accounts and portfolios are reviewed at least weekly (generally daily) by members of Cornerstone's Investment Committee and Executive Management. Client accounts and portfolios are reviewed monthly by the Private Funds' administrator. Additionally, where applicable, Client accounts and portfolios are audited yearly by outside parties. Designated members of Cornerstone's Investment Committee and Executive Management also review portfolio transactions daily.

More frequent reviews may occur based on directives from the Investment Committee, portfolio values, and client objectives, among other factors.

### **CLIENT REPORTS**

Investors in the Private Funds generally are provided with unaudited monthly statements and annually receive audited fiscal year-end financial information. Clients receive statements and other information as agreed to between Cornerstone and the Client. These statements would provide pertinent information with regard to a Client's account(s), including but not limited to account values, net contributions and withdrawals.

This monthly statement is not intended to replace the statement provided by your custodian, which should be considered your official record for all pertinent account information. Cornerstone's reports are provided in a different format from that of your custodian and may

vary in content and scope. Therefore, you should compare the asset information to the statement provided by your custodian.

## **Item 14 – Client Referrals and Other Compensation**

### **COMPENSATION TO EMPLOYEES FOR CLIENT REFERRALS**

Cornerstone may compensate certain of its employees for introducing or referring advisory clients (or investors). Such compensation is based on a percentage of the annual advisory fees earned by Cornerstone on the assets under management of such clients (or investors). These referral arrangements will conform to Rule 206(4)-3 under the Investment Advisers Act of 1940, as applicable. Employees may also receive a rebate of the fees earned by Cornerstone on investments made by such employee in a Private Fund.

### **COMPENSATION TO OTHERS FOR CLIENT REFERRALS**

Cornerstone may on occasion enter into solicitation agreements with individuals, financial intermediaries, or others who may or may not be affiliated with Cornerstone. All solicitation agreements will comply with Cornerstone's policy and Rule 206(4)-3 under the Advisers Act and any other law as applicable. These solicitation arrangements, where applicable, require an affiliated solicitor to disclose such affiliation and require a third party solicitor to provide each prospective client with a copy of adviser's Form ADV Part 2 and to disclose to the prospective client the nature of the arrangement between the solicitor and adviser. Under the current arrangements that Cornerstone has with third parties, fees are generally performance based (a percentage of the fees generated from the investor) and, in limited cases, are fixed payments. Payment to the solicitor by Cornerstone will not increase the general fees paid by the prospective client.

Cornerstone may share with persons within its affiliated companies or receive from persons within the affiliated companies or those formerly related to the affiliated companies, various internal credits or payments in connection with various service arrangements among such companies.

In compliance with applicable law, Cornerstone or an affiliate may, from time to time, pay event attendance or participation or other fees, underwrite charitable or industry events, including sponsoring independent or affiliated speakers or provide gifts of value to, or at the request of, an organization or individual that, among other things: (i) offers or includes products or services of Cornerstone or an affiliate in a particular program; (ii) permits Cornerstone access to their financial advisers, brokers, employees, or other affiliated persons to provide training, marketing support, and educational presentations on products or services affiliated with Cornerstone; and/or (iii) refers or has referred a client to Cornerstone. Cornerstone may obtain products and services from consulting firms separate and apart from any recommendations made to clients for Cornerstone's investment services. Additionally, certain affiliated or third-party institutions provide financial support on a voluntary basis for marketing, educational, and sales meetings of Cornerstone and affiliates. The amount of any such payments to or from Cornerstone and affiliates may be substantial. These payments pose conflicts of interest for the parties that receive them. A client should obtain from its intermediary any details of any such payments received by such intermediary from Cornerstone or affiliates. This type of payment generally does not increase the product cost to clients.

## **Item 15 – Custody**

Cornerstone is not a qualified custodian and does not provide custodial services to its Clients. Clients select banks or registered broker-dealers that are “qualified custodians” to provide custody of client assets. However, under the SEC’s Custody Rule, Cornerstone is deemed to have custody based on its status as akin to “general partner” of the Private Funds. Cornerstone subjects Private Funds to annual audits to ensure that its status does not result in Cornerstone having custody of the accounts. Further, Cornerstone does not serve in any physical custody capacity, does not engage in any banking or related accounting activities and does not maintain possession of any securities it manages. Accordingly, Cornerstone has determined that it qualifies for exemption from the requirement of a surprise audit because it obtains audited financial statements for the Private Funds.

You should receive quarterly custodial statements directly from your qualified custodian. We urge you to carefully review those statements and compare the custodial records to the reports we provide you. Comparing reports will allow you to determine whether account transactions, including paying advisory fees, are proper. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

Cornerstone accepts discretionary authority to manage securities accounts on behalf of its clients. In connection with the Private Funds, Cornerstone has executed an investment advisory (or subadvisory) agreement before exercising any discretionary authority. In all cases, however, such discretion is exercised, observing investment limitations and restrictions that are outlined in each client’s investment advisory agreement or in the case of the Private Funds, the funds’ offering documents. Clients can place reasonable restrictions on Cornerstone’s investment discretion. The most common restrictions are set forth in the Private Funds’ offering documents and limit the amount of leverage that Cornerstone may employ and direct the investment objective of such fund. Such investment guidelines and restrictions, and changes thereto, must be provided to Cornerstone in writing. Such restrictions may impact performance.

See Item 4 for additional information about Cornerstone’s discretionary services.

## **Item 17 – Voting *Client* Securities**

At this time, the Royalty Interests and other private assets in which Cornerstone invests do not generate voting proxies or otherwise include the right to vote on any matters. In the circumstance that Cornerstone received voting proxies, it would vote such proxies in accordance with its policy. Cornerstone’s policy is to affirmatively vote proxies for proposals that, as interpreted, are deemed to be in the best economic interest of its Clients as shareholders and beneficiaries to those actions. Cornerstone evaluates each proxy on a case-by-case basis and considers the facts that it deems material. Some factors that are always considered include: executive and operating management styles; its corporate culture and governance processes; implicit and explicit social and economic product benefits; and the impact or economic implications of the available alternatives.

Where a material conflict of interest exists or is perceived to exist on any proxy proposal, Cornerstone would determine the most fair and reasonable arrangements to be followed to properly address all conflict concerns. Cornerstone may employ one or more of the suggestions listed below:

- Retain an independent fiduciary to vote the shares; or
- Pass the proxy material to the client so that the client can vote on all issues.

Although Cornerstone would do its best to alleviate or diffuse known conflicts, there is no guarantee that all situations would be mitigated through proxy policy incorporation.

Cornerstone's Chief Compliance Officer oversees and manages the process by which it votes proxies. Cornerstone's proxy voting policy is available upon request. A Client may obtain Cornerstone's proxy voting policy or a record of Cornerstone's proxy voting for such Client by contacting Derren Geiger, Cornerstone's Chief Operating Officer, at 858-779-5800.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Cornerstone's financial condition. Cornerstone has no financial commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients and has not been the subject of any bankruptcy proceeding.

## **Item 19 – Privacy Policy**

Cornerstone and the Private Funds it manages:

- Collect non-public personal information about their clients and investors from the following sources:
  - Information received from clients or investors on applications or other forms, and
  - Information about clients' or investors' transactions with Cornerstone, its affiliates or others;
- Do not disclose any non-public personal information about their clients or investors or former clients/investors to anyone, except as permitted by law;
- Restrict access to non-public personal information about their clients and investors only to employees on a need to know basis to provide services to clients; and
- Maintain physical, electronic and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.