

**Item 1 - Cover Page**



**Cornerstone Investment Partners, LLC**  
**CRD# 111753**

Phipps Tower  
3438 Peachtree Road, NE  
Suite 900  
Atlanta, Georgia 30326

(404) 751-3900

[www.Cornerstone-IP.com](http://www.Cornerstone-IP.com)

**March 28, 2014 Brochure**

This brochure provides information about the qualifications and business practices of Cornerstone Investment Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (404) 751-3900 or [marketing@cornerstone-ip.com](mailto:marketing@cornerstone-ip.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Cornerstone Investment Partners, LLC is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Cornerstone Investment Partners, LLC also is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

**Item 2 - Material Changes**

This Brochure is prepared in the revised format required beginning in 2011. Registered Investment Advisers are required to use this format to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. The Brochure requirements include providing a Summary of Material Changes (the "Summary") reflecting any material changes to our policies, practices, or conflicts of interest made since our last required "annual update" filing. In the event of any material changes, this Summary is provided to all clients within 120 days of our fiscal year-end. Our last annual update was filed on March 26, 2013. Of course the complete Brochure is available to clients at any time upon request.

<b>Item 3 - Table of Contents</b>	<b>Page</b>
Item 1 - Cover Page .....	1
Item 2 - Material Changes.....	1
Item 3 - Table of Contents .....	2
Item 4 - Advisory Business .....	3
Item 5 - Fees and Compensation .....	5
Item 6 - Performance-Based Fees and Side-By-Side Management.....	6
Item 7 - Types of Clients .....	6
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9 - Disciplinary Information .....	9
Item 10 - Other Financial Industry Activities and Affiliations .....	9
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..	10
Item 12 - Brokerage Practices .....	11
Item 13 - Review of Accounts .....	12
Item 14 - Client Referrals and Other Compensation .....	12
Item 15 - Custody .....	13
Item 16 - Investment Discretion.....	13
Item 17 - Voting Client Securities .....	13
Item 18 - Financial Information.....	16
Brochure Supplements.....	Exhibit A

#### ***Item 4 - Advisory Business***

##### **General Information**

Cornerstone Investment Partners, LLC ("Cornerstone") was formed in 2001 and provides portfolio management services to its clients.

Cornerstone is 100% owned by CIM Holdings LLC, which is 100% owned by current employees of Cornerstone. No single employee has a majority ownership. Please see Cornerstone Investment Partners, LLC ***Brochure Supplements***, Exhibit A, for more information on the individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

As of December 31, 2013, Cornerstone managed \$8,210,564,248 on a discretionary basis, and \$395,986,588 of assets on a non-discretionary basis.

#### **SERVICES PROVIDED**

Cornerstone serves three primary types of clients: Institutional clients, Wrap Account Clients and High Net Worth clients. Institutional clients usually select one or more of Cornerstone's Portfolios in which to invest based on the needs of the Institution. Wrap Account Clients are referred by the Sponsor of the wrap program. The Sponsor representative works with the client to decide which Portfolio(s) offered by Cornerstone may be appropriate for the client. (More information regarding wrap account management is detailed below.) At the outset of each High Net Worth Client relationship, Cornerstone spends time with the client, asking questions, discussing the client's investment experience, risk tolerance and financial circumstances. Cornerstone's approach to investing and its management style is explained to the client to be sure it is compatible with the client's investment objective.

Cornerstone also provides its research services to some financial intermediaries as a non-discretionary investment advisor in Unified Managed Account Programs.

##### **Portfolio Management**

Institutional clients include, but are not limited to, public and private retirement plans, union and management plans along with endowment and foundation accounts. Accounts in the institutional realm are mostly tax-exempt but may include taxable portfolios or entities. These institutional clients can approach Cornerstone directly or through an intermediary. The direct approach would most likely be the result of a review of peers within a performance database such as PSN or eVestment Alliance. These databases are a central repository of investment performance and statistical data on managers both domestic and global. Clients then seek out those managers that meet their investment criteria. Clients can also find managers using an intermediary, generally an investment consultant. Investment Consultants are used either on a retainer or project basis to assist institutional clients in manager selection. Once managers are identified, institutional clients will provide them with their specific investment guidelines and policy requirements, which detail all approved and/or restricted activity as it relates to their portfolio. Institutional clients are the most sophisticated users of our services.

As described above, at the beginning of a High Net Worth Client relationship, Cornerstone meets with the client, gathers information, and performs limited research and analysis as necessary to understand the client's Investment Objectives and Guidelines. Cornerstone does not provide

retirement, cash flow, tax or liquidity planning for its clients. The Investment Objectives and Guidelines will be updated from time to time when requested by the client, or when determined to be necessary or advisable by Cornerstone based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, Cornerstone will manage the client's investment portfolio on a discretionary basis or a non-discretionary basis. As a discretionary investment adviser, Cornerstone will have the authority to supervise and direct the portfolio without prior consultation with the client. Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

Notwithstanding the foregoing, clients may impose certain written restrictions on Cornerstone in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments (e.g., "sin stocks") in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of Cornerstone.

#### Wrap Program Clients

Cornerstone participates in a number of managed account/wrap programs sponsored by broker/dealers who are also registered investment advisers ("Sponsors"). Clients of these Sponsors may pay a bundled fee that includes the investment management, custodial services and brokerage commissions to the extent transactions are executed through the Sponsor. In cases where Cornerstone's fee is not bundled with the Sponsor's fee, Cornerstone's fee is billed and collected separately and is in addition to the Sponsor's fee.

In a managed account/wrap program, it is the Sponsor who has the primary client relationship and contact. The Sponsor is responsible for evaluating the client's needs and objectives, and assessing the suitability of investment strategies, fee arrangements, and outside manager selection in the context of those needs and objectives. Once the Sponsor, in consultation with the client, determines that Cornerstone's investment management services are appropriate for a client, the Sponsor recommends Cornerstone to the client to manage all or a portion of the client's assets. If engaged, Cornerstone would then manage the client's assets in accordance with the selected investment style. Although the Sponsor has the primary client relationship and contact, Cornerstone is available to communicate and/or meet with the client as the need arises or the client or Sponsor requests on matters concerning the investment of the client's assets managed by Cornerstone.

## ***Item 5 - Fees and Compensation***

### General Fee Information

Fees paid to Cornerstone are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third party consultants. Please see ***Item 12 - Brokerage Practices*** for additional information. Fees paid to Cornerstone are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, custodians, Cornerstone and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

### Portfolio Management Fees

The annual fee schedule, based on a percentage of assets under management, is as follows:

#### *Institutional Client Fee Schedule*

First \$10,000,000	0.75%
Next \$10,000,000	0.55%
Thereafter	0.35%

#### *High Net Worth Client Fee Schedule*

First \$10,000,000	1.00%
Next \$10,000,000	0.75%
Thereafter	0.55%

The minimum portfolio value is generally set at \$3,000,000. Minimum annual fees may apply. Cornerstone may, at its discretion, make exceptions to the foregoing fee structures or negotiate special fee arrangements where Cornerstone deems it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in arrears. If management begins after the start of a quarter, fees will be prorated accordingly.

Either Cornerstone or the client may terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to Cornerstone from the client will be invoiced or deducted from the client's account prior to termination.

### Wrap Program Fees

In some instances, Cornerstone is retained under wrap fee arrangements offered or sponsored by certain institutions which may be organized as a Broker/Dealer, a Registered Investment Adviser or both (each collectively referred to herein as a "Sponsor"). Clients participating in such arrangements generally pay the Sponsor an all-inclusive annual fee to cover the cost of securities transactions executed by or through the Sponsor, as well as advisory and custodial services provided. In some cases the Sponsor collects the entire fee and remits a portion to Cornerstone; in other cases Cornerstone may collect its fee separately. In either case the fee arrangements are disclosed to the client. Each Sponsor determines if its fees are paid in advance or in arrears.

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

Cornerstone does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Cornerstone has no performance-based fee accounts, it has no side-by-side management.

### ***Item 7 - Types of Clients***

Cornerstone serves pension and profit-sharing plans, corporations, state or municipal government entities, other pooled investment vehicles, trusts, estates, individuals and charitable organizations. With some exceptions, the minimum portfolio value eligible for conventional investment advisory services is \$3,000,000. Minimum annual fees may apply. Under certain circumstances and in its sole discretion, Cornerstone may negotiate such minimums.

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

Cornerstone believes that stock prices of large companies are more volatile than the underlying fundamentals of a given company. This anomaly provides an opportunity for us, as disciplined investors, to exploit security mispricing.

### **Key tenets of our investment philosophy**

1. **Fundamentals Determine Value:** Large companies have embedded characteristics that tend to persist. The focus of our investment research is to determine if a company's historical fundamentals are likely to continue into the future. Over the long-term, price and value tend to converge as near term issues are resolved. If our assessment is correct, a company we buy needs only to continue its past history to outperform. We see this as a much lower risk approach to investing than requiring that a company does something unproven or exceptional in order to outperform.
2. **Information is a Commodity:** We believe the market is efficient in so far as it incorporates all current available information. There is no sustainable advantage to be derived from trying to uncover incremental material information that is not yet known by the market. However, the market price overly weights investor fears, hopes, forecasts, and expectations about the future that are often overly optimistic or pessimistic. We believe we have a better way of processing information and that is our competitive advantage.
3. **Avoid Forecasting Inputs:** Forecasting forms a precarious basis for any investment process. The ability to forecast the future accurately and consistently is extremely rare. Furthermore, to be useful, a forecast must be not only correct, but it must also be different from the consensus (otherwise the forecast is already reflected in current prices). Relying upon forecasts interjects an over-confidence bias to security selection that puts value at risk.

### **Overview of the Investment Process**

The investment team uses its internally developed investment model (Fair Value Model) to screen for attractive companies. The model is based in financial theory; it identifies a company's fair value

based on operating and financial fundamentals. Risk is controlled at the stock level by focusing on companies with demonstrated financial strength, long-term profitability, and a stock price that is below intrinsic value.

**Universe:** Cornerstone has constructed a universe of 800 of the largest securities traded on US exchanges. Generally speaking, these 800 stocks are the S&P 500 plus 300 other names actively selected by the investment team. Roughly 75 of these names are ADRs, acknowledging that many large cap firms are multinational organizations and that the philosophy persists regardless of domicile. The additional 300 members of the universe are selected because the team wishes to be able to consider them for purchase. The additional candidates must meet high standards for liquidity, financial transparency and disclosure.

The investment team makes adjustments to the reported data to put all companies on equal footing with respect to their return metrics. Stocks are then ranked based on their current discount to fair value. Those companies trading at the largest discounts should theoretically provide higher returns. These stocks are then reviewed by the investment team to determine if the historical track record is relevant and ultimately repeatable.

**Investment Analysis:** The investment team begins work by analyzing the most attractive names filtering through our proprietary valuation screen. The investment team goes through these names each week and culls out those that would obviously not clear fundamental review. For example, a name that is in danger of going bankrupt may look very inexpensive, but the team will usually avoid these names as we seek first to preserve capital for our clients. Stocks may be excluded because the team is familiar with management and considers them weak, the competitive position is poor, or we believe there are financial disclosure problems. This process of exclusion allows the investment team to spend greater time analyzing each surviving name.

**Determining Fair Value:** Our investment team conducts fundamental research to identify the embedded characteristics that have enabled the company to achieve its long-term profitability and to ensure those characteristics are still in place. Embedded characteristics would include quality of management, patents, products, distribution, culture, brand value, etc.

Cornerstone continues to use its valuation methodology throughout the selection process to adjust the fair value for each company based on scenario analysis (continuing earnings trends, worst case scenarios, etc.) and sensitivity analysis. This is possible because our valuation work not only identifies securities that appear undervalued, but also explains why they appear undervalued. This differentiating capability allows the investment team to direct their research on the key determinants of value. We judge companies on their relevant proven financial record and the repeatability of that record. The team will not value a company using unrealistic profitability assumptions or a level of growth the company has never achieved. We use a long-term investment horizon when evaluating the respective outlooks for each company.

During the portfolio design stage of our investment process, it is our objective to include those names with the greatest margin of safety and the greatest chance of achieving fair value. Industry and sector weightings are strictly an outgrowth of our bottom-up, stock selection process.

We use a model portfolio approach to ensure that all clients with like mandates receive similar holdings and weightings.

### Investment Strategies

Cornerstone's strategic approach is to invest each portfolio in accordance with the investment guidelines established for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

Margin Transactions – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

### Risk of Loss

While Cornerstone seeks to diversify clients' investment portfolios across various securities consistent with their investment objectives in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

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

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, Cornerstone may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* Cornerstone will invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* Cornerstone may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* Cornerstone may invest portions of client assets into foreign securities (either through ADRs or through ordinary shares) or pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

#### ***Item 9 - Disciplinary Information***

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Cornerstone or the integrity of Cornerstone's management. Cornerstone has no disciplinary events to report.

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

In some instances, Cornerstone is retained under wrap fee arrangements offered or sponsored by certain institutions which may be organized as a Broker/Dealer, a Registered Investment Adviser or both (each collectively referred to herein as a "Sponsor"). Clients participating in such arrangements generally pay the Sponsor an all-inclusive annual fee to cover the cost of securities transactions executed by or through the Sponsor, as well as advisory and custodial services provided through the Sponsor. These fees may be paid in advance or in arrears as determined by each Sponsor. In evaluating such an arrangement, a client should recognize that brokerage commissions for the execution of transactions in the clients' accounts are typically not negotiated by Cornerstone. Transactions are executed "net," i.e., without commission, and a portion of the wrap fee payables to the Sponsor is generally considered to be in lieu of commissions. Trades are generally executed only with the specific Sponsor, so that Cornerstone might not be able to seek the best price and execution by placing brokerage transactions with other Broker/Advisers. This is typically the case in light of the all-inclusive nature of the wrap fee payable by the client and the fact that brokerage transactions effected through other Broker/Dealers could subject the clients' accounts to additional expense which is otherwise covered under the wrap fee arrangement.

While it has been Cornerstone's experience that the Sponsor generally can offer best price and execution for securities transactions, no assurance can be given that this will be the case for each brokerage transaction effected on behalf of a client who has entered into a wrap fee arrangement with a Sponsor. Accordingly, the client may wish to satisfy himself that the Sponsor can provide adequate price and execution on most or all securities transactions. The client should also consider whether, depending upon the level of the fees charged by the Sponsor, the amount of portfolio

activity in the client's account, the value of custodial, advisory and other services which are provided under the particular wrap fee arrangement, and other factors, the fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if Cornerstone were free to negotiate commissions and seek best price and execution of securities transactions for the client's account. At the same time, clients should weigh that the advisory and other services provided by the Sponsors pursuant to wrap fee arrangements might not be available to the client otherwise than pursuant to that arrangement.

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

**Code of Ethics and Personal Trading**

Cornerstone has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. Cornerstone's Code has several goals. First, the Code is designed to assist Cornerstone in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, Cornerstone owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with Cornerstone (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Cornerstone's associated persons. Under the Code's Professional Standards, Cornerstone expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, Cornerstone associated persons are not to take inappropriate advantage of their positions in relation to Cornerstone's clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, Cornerstone's associated persons may invest in the same securities recommended to clients. Under its Code, Cornerstone has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

**Participation or Interest in Client Transactions**

Because associated persons may invest in the same securities as those held in client accounts, Cornerstone has established a policy requiring its associated persons to pre-clear transactions in these securities with the Chief Compliance Officer. The goal of this policy is to avoid any conflict of interest that may present itself in these situations. Certain securities, such as CD's, treasury obligations and open-end mutual funds, which are not advised or sub-advised by Cornerstone are exempt from this pre-clearance requirement. However, in the event of other identified potential trading conflicts of interest, Cornerstone's goal is to place client's interests first.

Consistent with the foregoing, Cornerstone maintains policies regarding participation in initial public offerings (IPOs) and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a Cornerstone associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

## ***Item 12 - Brokerage Practices***

### **Best Execution, Benefits of Brokerage Selection and Soft Dollars**

When given discretion to select the brokerage firm that will execute orders in client accounts, Cornerstone seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, Cornerstone may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services (soft dollar benefits) received in connection with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of Cornerstone's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected. Cornerstone may have an incentive to execute a higher proportion of trades to a broker/dealer providing more favorable soft dollars benefits due to the fact that these brokers provide research and execution services. However, all brokers used for trade execution provide excellent service to client accounts and very competitive commission pricing.

In addition, Cornerstone participates in the institutional platforms established by a number of broker/dealers for investment advisers. These platforms provide, among other things, access to institutional trading, custody, reporting and related services, which are typically not available to retail investors. The broker/dealers may also make available various support services. Some of those services help Cornerstone manage or administer clients' accounts while others help Cornerstone manage and grow our business. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. These services are not soft dollar arrangements, but are part of the institutional platform offered by the broker/dealers.

### **Directed Brokerage**

Clients may direct Cornerstone to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

By directing brokerage arrangements, the client acknowledges that the economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers may in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing Cornerstone to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with Cornerstone that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the

specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

**Aggregated Trade Policy**

Accounts are assigned to a Trading Group, each according to the level and type of restriction(s) placed on the account by the client as well as trade direction. Accounts over which Cornerstone exercises full discretion with no restrictions, directed brokerage or other restrictive guidelines imposed by the client, are clearly able to be traded most efficiently, and are therefore normally traded first. Wrap programs and high net worth custodians that allow for step-outs may be traded with the discretionary accounts depending on the applicability of doing so in light of the liquidity and volatility of the security being traded and any additional charges by the Sponsor firm. Cornerstone has full discretion on whether to step out, or trade through the various programs platforms as part of the normal rotation.

Trades in non-discretionary, or otherwise restricted accounts, delays the processing of the trade and may impact the terms of the trade as well. The most restricted accounts are usually traded last. Within each Trading Group, trades in the same security for different client accounts are then aggregated and executed according to executing broker. In each case the executing broker is selected with the objective of minimizing explicit (e.g., commissions) and implicit (e.g., market impact, delay and missed trade opportunity costs) trading costs. With respect to all aggregated trades, each executing broker's trades will be dollar-averaged (i.e., each account receives the same price), but different accounts may pay different commissions owing either to the size of each separate account's position, or to the minimum ticket charges applied by the custodian, or both. In any unfilled aggregated block trade, the trader allocates the fills on a pro rata basis among participating accounts. In some cases, it may be necessary to exclude certain client accounts from aggregated block trades due to legal or regulatory concerns, or client restrictions. UMA Programs are grouped with the Wrap Programs.

***Item 13 - Review of Accounts***

Managed portfolios are reviewed at least quarterly by portfolio managers, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by Cornerstone. These factors may include, but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement), economic, political or market conditions.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, Cornerstone provides at least a quarterly report for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. Additional reports are available at the request of the client.

***Item 14 - Client Referrals and Other Compensation***

From time to time, Cornerstone may enter into arrangements with third parties ("Solicitors") to identify and refer potential clients to Cornerstone. Consistent with legal requirements under the Investment Advisers Act of 1940, as amended, Cornerstone enters into written agreements with

Solicitors under which, among other things, Solicitors are required to disclose their compensation arrangements to prospective clients before they enter into an agreement with Cornerstone.

#### ***Item 15 - Custody***

It is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify Cornerstone of any questions or concerns. Clients are also asked to promptly notify Cornerstone if the custodian fails to provide statements on each account held.

From time to time and in accordance with Cornerstone's agreement with clients, Cornerstone will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the custodian's statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades and other similar issues.

#### ***Item 16 - Investment Discretion***

As described in ***Item 4 - Advisory Business***, Cornerstone will accept clients on either a discretionary or non-discretionary basis. For *discretionary accounts*, an Investment Management Agreement ("IMA") is executed by the client, giving Cornerstone the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. Cornerstone then directs investment of the client's portfolio using its discretionary authority. The client may limit authority granted to Cornerstone to the extent consistent with the client's investment advisory agreement with Cornerstone and the requirements of the client's custodian.

For *non-discretionary accounts*, the client also generally executes an IMA, which allows Cornerstone to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between Cornerstone and the client, Cornerstone does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the authority of Cornerstone.

#### ***Item 17 - Voting Client Securities***

With respect to securities selected on behalf of the client in a managed account or recommended to a client, Cornerstone may vote proxies where required under client agreements. Cornerstone seeks to vote proxies in the best interest of the client(s) holding the applicable securities. In voting proxies, Cornerstone considers factors that Cornerstone believes relate to the client's investment(s) and factors, if any, that are set forth in written instructions from the client.

Our Proxy Voting Principles serve as the background for our Proxy Voting Guidelines, which, in turn, act as general guidelines for the specific decisions that we make with respect to proxy voting. It is important to recognize that such principles are not intended to dictate but guide. Certain of the principles may be inappropriate for a given company, or in a given situation. Additionally, the principles are evolving and should be viewed in that light. Our principles are and will be influenced by current and forthcoming legislation, rules and regulations, and stock exchange rules. Examples include:

- the Sarbanes-Oxley Act of 2002 and implementing rules promulgated by the U.S. Securities & Exchange Commission

- revised corporate governance listing standards of the New York Stock Exchange and resulting SEC rules
- corporate governance reforms and subsequent proposed rule filings made with the SEC by The NASDAQ Stock Market, Inc. and resulting SEC rules

In general:

- Directors should be accountable to shareholders, and management should be accountable to directors.
- Information on the Company supplied to shareholders should be transparent.
- Shareholders should be treated fairly and equitably according to the principle of one share, one vote.

A. Director Independence

It is our view that:

- A two-thirds majority of the Board should be comprised of independent directors.
- Independent directors should meet alone at regularly scheduled meetings, no less frequently than semi-annually, without the Chief Executive Officer or other non-independent directors present.
- When the Chairman of the Board also serves as the company's Chief Executive Officer, the Board should designate one independent director to act as a leader to coordinate the activities of the other independent directors.
- Committees of the Board dealing with the following responsibilities should consist only of independent directors: audit, compensation, nomination of directors, corporate governance, and compliance.
- No director should serve as a consultant or service provider to the Company.
- Director compensation should be a combination of cash and stock in the company, with stock constituting a significant component.

In our opinion, an independent director, by definition, has no material relationship with the Company other than his or her directorship. This avoids the potential for conflict of interest. Specifically such director:

- should not have been employed by the Company or an affiliate within the previous five years;
- should not be, and should not be affiliated with, a company that is an adviser or consultant to the Company or affiliate, or to a member of the Company's senior management;
- should not be affiliated with a significant customer or supplier of the Company or affiliate;
- should have no personal services contract with the Company or affiliate, or a member of senior management;
- should not be affiliated with a not-for-profit organization that receives significant contributions from the Company or affiliate;
- within the previous five years, should not have had any business relationship with the Company or affiliate which required disclosure in the Company's Form 10-K;
- should not be employed by a public company at which an executive officer of the Company serves as a director;
- should not be a member of the immediate family of any person described above.

B. Board operating procedures

- The Board should adopt a written statement of its governance principles, and regularly re-evaluate them.
- Independent directors should establish performance criteria and compensation incentives for the Chief Executive Officer, and regularly review his or her performance against such criteria. Such criteria should align the interests of the CEO with those of shareholders, and evaluate the CEO against peer groups.
- The independent directors should be provided access to professional advisers of their own choice, independent of management.
- The Board should have a CEO succession plan, and receive periodic reports from management on the development of other members of senior management.
- Directors should have access to senior management through a designated liaison person.
- The Board should periodically review its own size, and determine the appropriate size.

C. Requirements for individual directors

We recommend that:

- The Board should provide guidelines for directors serving on several Boards addressing competing commitments.
- The Board should establish performance criteria for itself and for individual directors regarding director attendance, preparedness, and participation at meetings of the Board and of committees of the Board, and directors should perform satisfactorily in accordance with such criteria in order to be re-nominated.

D. Shareholder rights

- A simple majority of shareholders should be able to amend the company's bylaws, call special meetings, or act by written consent.
- In the election of directors, there should be multiple nominees for each seat on the Board
- "Greenmail" should be prohibited.
- Shareholder approval should be required to enact or amend a "poison pill" (i.e., "shareholder rights") plan
- Directors should be elected annually.
- The Board should ordinarily implement a shareholder proposal that is approved by a majority of proxy votes.
- Shareholders should have effective access to the director nomination process.

A copy of our complete policy, as well as records of proxies voted; are available to clients upon request. As required under the Advisers Act, such records are maintained for a period of five (5) years.

Class Action Lawsuits

Cornerstone does not accept responsibility for responding to, completing or delivering to any party, client or otherwise, documentation of any sort associated with class action lawsuit events. However, any assistance that is provided is a service to our clients and does not indicate acceptance of responsibility with respect to class action lawsuits.

***Item 18 - Financial Information***

Cornerstone does not require nor solicit prepayment of more than \$1,200 in fees per direct advisory client, six months or more in advance, and therefore has no disclosure required for this item.

Set forth below is the Summary of Material Changes for Cornerstone Investment Partners, LLC:

Date of Change	Description of Item
June 2013	Todd C. Harlicka became an Investment Advisory Representative of Cornerstone Investment Partners, LLC. Please see <b><i>Appendix A, Brochure Supplement</i></b> for more information on this material change.

**Item 1 - Cover Page**  
of  
**Brochure Supplement for**  
**John Campbell, CFA**  
**CRD# 1264584**  
of  
**Cornerstone Investment Partners, LLC**  
Phipps Tower  
3438 Peachtree Road, NE  
Suite 900  
Atlanta, Georgia 30326  
(404) 751-3850  
**www.Cornerstone-IP.com**

March 28, 2014

This brochure supplement provides information about John Campbell, and supplements the Cornerstone Investment Partners, LLC ("Cornerstone") brochure. You should have received a copy of that brochure. Please contact us at (404) 751-3850 if you did not receive Cornerstone's brochure, or if you have any questions about the contents of this supplement.

Additional information about John is available on the SEC's website at **www.AdviserInfo.sec.gov**.

---

***Item 2 - Educational Background and Business Experience***

John Campbell (year of birth 1959) serves as Chief Investment Officer for Cornerstone and a Partner in its holding company, CIM Holdings, LLC.

John had 12-year tenure at Invesco Capital Management where he was a Global Partner and Portfolio Manager. In his last five years, John was in charge of managing Invesco Capital Management's US Large Cap Value portfolio where he achieved top decile returns. He was also one of five members of the International Investment Committee, which managed over \$15 billion in assets. Prior to Invesco Capital Management, John was at SouthTrust Bank for 12 years. His last several years were spent as a portfolio manager and head of the investment division in Atlanta.

John graduated from State University of New York at Fredonia in 1981 with a degree in business finance. John has earned the Chartered Financial Analyst® designation\* and, in the past, has been a CFA review course instructor, test grader, and exam writer.

\* The Chartered Financial Analyst® (“CFA”) designation is a professional designation given by the CFA Institute that measures the competence and integrity of financial analysts. The CFA® Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. Candidates are required to pass three levels of examinations covering areas such as accounting, economics, ethics, money management and security analysis. Before a candidate is eligible to become a CFA charterholder, he/she must meet minimum experience requirements in the area of investment/financial practice. To enroll in the program, a candidate must hold a bachelor's degree.

***Item 3 - Disciplinary Information***

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however, John has no such disciplinary information to report.

***Item 4 - Other Business Activities***

John is not engaged in any other business activities.

***Item 5 - Additional Compensation***

John has no other income or compensation to disclose.

***Item 6 - Supervision***

John Campbell is the Chief Investment Officer of Cornerstone and a Partner of CIM Holdings, LLC, the holding company for Cornerstone. John heads the investment committee and is responsible for supervising the portfolio managers and reviewing accounts.

Overall investment decisions are made as a team by the investment committee, and portfolio activity based on these decisions will be carried by the portfolio managers, as assisted by other staff members of the firm. Their contact information is on the cover page of this disclosure document.

**Item 1 - Cover Page**  
of  
**Brochure Supplement for**  
**Richard M. van Nostrand, CFA**  
**CRD# 4072618**  
of  
**Cornerstone Investment Partners, LLC**  
Phipps Tower  
3438 Peachtree Road, NE  
Suite 900  
Atlanta, Georgia 30326  
(404) 751-3850  
**www.Cornerstone-IP.com**

March 28, 2014

This brochure supplement provides information about Rick van Nostrand, and supplements the Cornerstone Investment Partners, LLC ("Cornerstone") brochure. You should have received a copy of that brochure. Please contact us at (404) 751-3850 if you did not receive Cornerstone's brochure, or if you have any questions about the contents of this supplement.

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

---

***Item 2 - Educational Background and Business Experience***

Rick M. van Nostrand (year of birth 1970) is a Portfolio Manager of Cornerstone and a Partner in its holding company, CIM Holdings, LLC. Rick shares responsibility for research and portfolio management at Cornerstone.

Prior to Cornerstone, Rick was a Principal and researched equity securities at Bluebird Advisors, was a voting member of the investment committee at EARNEST Partners and served on the Fundamental Value product at Invesco Capital Management. Rick's prior background is in management consulting. He has served clients across industries at McKinsey & Company and Accenture (then Andersen Consulting).

In 1998, Rick earned an MBA with a concentration in Finance from the Wharton School at the University of Pennsylvania, and in 1993 earned a Bachelor of Science in Computer Science Engineering from Southern Methodist University. Rick has also earned the Chartered Financial Analyst® designation\* and serves on the board of the CFA Society of Atlanta.

\* The Chartered Financial Analyst® ("CFA") designation is a professional designation given by the CFA Institute that measures the competence and integrity of financial analysts. The CFA® Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. Candidates are required to pass three levels of examinations covering areas such as accounting, economics, ethics, money management and security analysis. Before a candidate is eligible to become a CFA charterholder, he/she must meet minimum experience requirements in the area of investment/financial practice. To enroll in the program, a candidate must hold a bachelor's degree.

***Item 3 - Disciplinary Information***

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however, Rick has no such disciplinary information to report.

***Item 4 - Other Business Activities***

Rick is not engaged in any other business activities.

***Item 5 - Additional Compensation***

Rick has no other income or compensation to disclose.

***Item 6 - Supervision***

John Campbell is the Chief Investment Officer of Cornerstone and a Partner of CIM Holdings, LLC, the holding company for Cornerstone. John heads the investment committee and is responsible for supervising Rick van Nostrand and reviewing accounts.

Overall investment decisions are made as a team by the investment committee, and portfolio activity based on these decisions will be carried by the portfolio managers, as assisted by other staff members of the firm. Their contact information is on the cover page of this disclosure document.

**Item 1 - Cover Page**

**of**

**Brochure Supplement for**

**Dean W. Morris, CFA**

**CRD# 2187176**

**of**

**Cornerstone Investment Partners, LLC**

Phipps Tower  
3438 Peachtree Road, NE  
Suite 900  
Atlanta, Georgia 30326

(404) 751-3850

**www.Cornerstone-IP.com**

March 28, 2014

This brochure supplement provides information about Dean Morris, and supplements the Cornerstone Investment Partners, LLC ("Cornerstone") brochure. You should have received a copy of that brochure. Please contact us at (404) 751-3850 if you did not receive Cornerstone's brochure, or if you have any questions about the contents of this supplement.

Additional information about Dean is available on the SEC's website at **www.AdviserInfo.sec.gov**.

---

***Item 2 - Educational Background and Business Experience***

Dean W. Morris (year of birth 1962) is a Portfolio Manager for Cornerstone and a Partner in its holding company, CIM Holdings, LLC. Dean shares responsibility for research and portfolio management at Cornerstone.

Dean joined Cornerstone from Invesco Capital Management after a 10-year tenure where he was a Partner and Senior Director. Dean co-managed the Invesco Capital Management U.S. Large Cap Value Portfolio with John Campbell for five years, in addition to providing research on U.S. financial stocks. During Mr. Campbell's and Mr. Morris' tenure at the helm, the Large Cap Value Portfolio achieved top decile returns against its peer universe. Prior to joining Invesco Capital Management, he was a Portfolio Manager with SunTrust Bank in Atlanta.

Dean graduated from Williams College in 1984 and holds an MBA from the University of Chicago. Dean has also earned the Chartered Financial Analyst® designation\*.

\* The Chartered Financial Analyst® ("CFA") designation is a professional designation given by the CFA Institute that measures the competence and integrity of financial analysts. The CFA® Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. Candidates are required to pass three levels of examinations covering areas such as accounting, economics, ethics, money management and security analysis. Before a candidate is eligible to become a CFA charterholder, he/she must meet minimum experience requirements in the area of investment/financial practice. To enroll in the program, a candidate must hold a bachelor's degree.

***Item 3 - Disciplinary Information***

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however, Dean has no such disciplinary information to report.

***Item 4 - Other Business Activities***

Dean is not engaged in any other business activities.

***Item 5 - Additional Compensation***

Dean has no other income or compensation to disclose.

***Item 6 - Supervision***

John Campbell is the Chief Investment Officer of Cornerstone and a Partner of CIM Holdings, LLC, the holding company for Cornerstone. John heads the investment committee and is responsible for supervising Dean Morris and reviewing accounts.

Overall investment decisions are made as a team by the investment committee, and portfolio activity based on these decisions will be carried by the portfolio managers, as assisted by other staff members of the firm. Their contact information is on the cover page of this disclosure document.

**Item 1 - Cover Page**  
**of**  
**Brochure Supplement for**  
**Cameron Clement, CFA**  
**CRD# 5762360**

**of**  
**Cornerstone Investment Partners, LLC**

Phipps Tower  
3438 Peachtree Road, NE  
Suite 900  
Atlanta, Georgia 30326

(404) 751-3850

[www.Cornerstone-IP.com](http://www.Cornerstone-IP.com)

March 28, 2014

This brochure supplement provides information about Cameron Clement, and supplements the Cornerstone Investment Partners, LLC ("Cornerstone") brochure. You should have received a copy of that brochure. Please contact us at (404) 751-3850 if you did not receive Cornerstone's brochure, or if you have any questions about the contents of this supplement.

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

---

***Item 2 - Educational Background and Business Experience***

Cameron Clement (year of birth 1977) is a Portfolio Manager for Cornerstone and a Partner in its holding company, CIM Holdings, LLC. Cameron shares responsibility for research and portfolio management at Cornerstone.

Cameron joined Cornerstone as a research analyst with a range of responsibilities including stock research, model maintenance and analysis, special projects, and trading. Prior to joining Cornerstone, Cameron was a Quantitative Analyst with Invesco Capital Management in the Multiple Asset Strategies team. He also served on the Investment Analytics team working on the proprietary equity investment model. Prior to this, Cameron was a member of the U.S. Large Cap Value

portfolio as an investment associate. Working with John Campbell, they achieved top quartile results.

Cameron graduated from the University of Strathclyde in 2000 with Joint Honours in Finance and French. Cameron has also earned the Chartered Financial Analyst® designation\*.

\* The Chartered Financial Analyst® (“CFA”) designation is a professional designation given by the CFA Institute that measures the competence and integrity of financial analysts. The CFA® Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. Candidates are required to pass three levels of examinations covering areas such as accounting, economics, ethics, money management and security analysis. Before a candidate is eligible to become a CFA charterholder, he/she must meet minimum experience requirements in the area of investment/financial practice. To enroll in the program, a candidate must hold a bachelor's degree.

***Item 3 - Disciplinary Information***

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however, Cameron has no such disciplinary information to report.

***Item 4 - Other Business Activities***

Cameron is not engaged in any other business activities.

***Item 5 - Additional Compensation***

Cameron has no other income or compensation to disclose.

***Item 6 - Supervision***

John Campbell is the Chief Investment Officer of Cornerstone and a Partner of CIM Holdings, LLC, the holding company for Cornerstone. John heads the investment committee and is responsible for supervising Cameron Clement and reviewing accounts.

Overall investment decisions are made as a team by the investment committee, and portfolio activity based on these decisions will be carried by the portfolio managers, as assisted by other staff members of the firm. Their contact information is on the cover page of this disclosure document.

**Item 1 - Cover Page**

**of**

**Brochure Supplement for**

**Patrick McGill, CFA**

**CRD# 2430457**

**of**

**Cornerstone Investment Partners, LLC**

Phipps Tower  
3438 Peachtree Road, NE  
Suite 900  
Atlanta, Georgia 30326

(404) 751-3850

**www.Cornerstone-IP.com**

March 28, 2014

This brochure supplement provides information about Patrick McGill, and supplements the Cornerstone Investment Partners, LLC ("Cornerstone") brochure. You should have received a copy of that brochure. Please contact us at (404) 751-3850 if you did not receive Cornerstone's brochure, or if you have any questions about the contents of this supplement.

Additional information about Patrick is available on the SEC's website at  
**www.AdviserInfo.sec.gov.**

---

***Item 2 - Educational Background and Business Experience***

Patrick McGill (year of birth 1964) is a Portfolio Manager of Cornerstone. Patrick shares responsibilities for research and portfolio management at Cornerstone.

He was a Director of Citi Capital Markets where he served as the Manager for the Southeast Region.

Patrick earned Bachelor of Science degrees in Electrical Engineering and Mathematics from Vanderbilt University in 1986, and a Masters of Science in Management Degree from The Georgia Institute of Technology in 1993. Patrick has also earned the Chartered Financial Analyst® designation\*.

\* The Chartered Financial Analyst® ("CFA") designation is a professional designation given by the CFA Institute that measures the competence and integrity of financial analysts. The CFA® Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. Candidates are required to pass three levels of examinations covering areas such as accounting, economics, ethics, money management and security analysis. Before a candidate is eligible to become a CFA charterholder, he/she must meet minimum experience requirements in the area of investment/financial practice. To enroll in the program, a candidate must hold a bachelor's degree.

***Item 3 - Disciplinary Information***

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however, Patrick has no such disciplinary information to report.

***Item 4 - Other Business Activities***

Patrick is not engaged in any other business activities.

***Item 5 - Additional Compensation***

Patrick has no other income or compensation to disclose.

***Item 6 - Supervision***

John Campbell is the Chief Investment Officer of Cornerstone and a Partner of CIM Holdings, LLC, the holding company for Cornerstone. John heads the investment committee and is responsible for supervising Patrick McGill and reviewing accounts.

Overall investment decisions are made as a team by the investment committee, and portfolio activity based on these decisions will be carried by the portfolio managers, as assisted by other staff members of the firm. Their contact information is on the cover page of this disclosure document.

**Item 1 - Cover Page**  
**of**  
**Brochure Supplement for**  
**Taylor Fairman, CFA**  
**CRD# 4833167**  
**of**  
**Cornerstone Investment Partners, LLC**  

Phipps Tower  
3438 Peachtree Road, NE  
Suite 900  
Atlanta, Georgia 30326  
(404) 751-3850  
[www.Cornerstone-IP.com](http://www.Cornerstone-IP.com)

March 28, 2014

This brochure supplement provides information about Taylor Fairman, and supplements the Cornerstone Investment Partners, LLC ("Cornerstone") brochure. You should have received a copy of that brochure. Please contact us at (404) 751-3850 if you did not receive Cornerstone's brochure, or if you have any questions about the contents of this supplement.

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

---

***Item 2 - Educational Background and Business Experience***

Taylor Fairman (year of birth 1975) is a Portfolio Manager of Cornerstone. Taylor is responsible for High Net Worth ("HNW") portfolio management at Cornerstone.

Prior to Cornerstone, Taylor was a Portfolio Manager at Worthscape, LLC, a boutique all capitalization equity firm. Before Worthscape, Taylor worked as a Portfolio Manager at Apogee Wealth Management and as a Vice President at Hirtle, Callaghan & Co.

Taylor earned a MBA from the Goizueta Business School at Emory University in 2004, a Bachelor of Arts from Rhodes College in 1997, and a Masters of Science in Accounting from the University of Rhode Island in 1999. Taylor has also earned the Chartered Financial Analyst® designation\*.

\* The Chartered Financial Analyst® (“CFA”) designation is a professional designation given by the CFA Institute that measures the competence and integrity of financial analysts. The CFA® Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. Candidates are required to pass three levels of examinations covering areas such as accounting, economics, ethics, money management and security analysis. Before a candidate is eligible to become a CFA charterholder, he/she must meet minimum experience requirements in the area of investment/financial practice. To enroll in the program, a candidate must hold a bachelor's degree.

***Item 3 - Disciplinary Information***

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however Taylor has no such disciplinary information to report.

***Item 4 - Other Business Activities***

Taylor is not engaged in any other business activities.

***Item 5 - Additional Compensation***

Taylor has no other income or compensation to disclose.

***Item 6 - Supervision***

John Campbell is the Chief Investment Officer of Cornerstone and a Partner of CIM Holdings, LLC, the holding company for Cornerstone. John heads the investment committee and is responsible for supervising Taylor Fairman and reviewing accounts.

Overall investment decisions are made as a team by the investment committee, and portfolio activity based on these decisions will be carried by the portfolio managers, as assisted by other staff members of the firm. Their contact information is on the cover page of this disclosure document.

**Item 1 - Cover Page**

**of**

**Brochure Supplement for**

**Fred Wetzel, Jr., CFA**

**CRD# 4573382**

**of**

**Cornerstone Investment Partners, LLC**

Phipps Tower  
3438 Peachtree Road, NE  
Suite 900  
Atlanta, Georgia 30326

(404) 751-3850

**www.Cornerstone-IP.com**

March 28, 2014

This brochure supplement provides information about Fred Wetzel, and supplements the Cornerstone Investment Partners, LLC ("Cornerstone") brochure. You should have received a copy of that brochure. Please contact us at (404) 751-3850 if you did not receive Cornerstone's brochure, or if you have any questions about the contents of this supplement.

Additional information about Fred is available on the SEC's website at **www.AdviserInfo.sec.gov**.

---

***Item 2 - Educational Background and Business Experience***

Fred Wetzel, Jr. (year of birth 1933) is a Portfolio Manager of Cornerstone and shares responsibility for research and portfolio management.

With over 40 years experience in the investment management industry, Fred has researched hundreds of companies across every major industry. Fred is the architect of Cornerstone's Fair Value Model which is the foundation of Cornerstone's Investment process. After beginning his investment career at Citizens and Southern National Bank and moving to Montag & Caldwell, Fred started Wetzel Investment Counseling to provide research services to Invesco Capital Management and investment management services to high net worth individuals.

Fred earned his Bachelor Degree from the College of New Jersey in 1955 and his MBA from Georgia State University in 1966. Fred has also earned the Chartered Financial Analyst® designation\*.

\* The Chartered Financial Analyst® ("CFA") designation is a professional designation given by the CFA Institute that measures the competence and integrity of financial analysts. The CFA® Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. Candidates are required to pass three levels of examinations covering areas such as accounting, economics, ethics, money management and security analysis. Before a candidate is eligible to become a CFA charterholder, he/she must meet minimum experience requirements in the area of investment/financial practice. To enroll in the program, a candidate must hold a bachelor's degree.

***Item 3 - Disciplinary Information***

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however, Fred has no such disciplinary information to report.

***Item 4 - Other Business Activities***

Fred is not engaged in any other business activities.

***Item 5 - Additional Compensation***

Fred has no other income or compensation to disclose.

***Item 6 - Supervision***

John Campbell is the Chief Investment Officer of Cornerstone and a Partner of CIM Holdings, LLC, the holding company for Cornerstone. John heads the investment committee and is responsible for supervising Fred Wetzel and reviewing accounts.

Overall investment decisions are made as a team by the investment committee, and portfolio activity based on these decisions will be carried by the portfolio managers, as assisted by other staff members of the firm. Their contact information is on the cover page of this disclosure document.

*Cornerstone Investment Partners, LLC  
Phipps Tower  
3438 Peachtree Rd. NE, Suite 900  
Atlanta, Georgia 30326*

## **NOTICE OF PRIVACY POLICY**

*This is for your information only. No action is required on your part.*

At Cornerstone Investment Partners, LLC, protecting your privacy is very important to us. We want you to understand what information we collect and how we use it. We collect and use “nonpublic private information” in order to provide our clients with a broad range of financial services as effectively and conveniently as possible. We treat nonpublic personal information in accordance with our privacy policy.

### **What Information We Collect and From Whom We Collect It:**

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us, our affiliates or others; and
- Information we receive from non-affiliated third parties, including consumer reporting agencies.

“Nonpublic personal information” is nonpublic information about you that we obtain in connection with providing a financial service or product to you.

### **What Information We Disclose and To Whom We Disclose It:**

We do not disclose any nonpublic information about you without your express consent, except as permitted by law. This applies to current as well as former clients. We restrict access to your nonpublic personal information to those employees, affiliates and independent third parties who need to know that information in order to provide products services to you.

Our “affiliates” are companies with which we share common ownership. We do not currently have any affiliated companies.

### **Our Security Procedures:**

We maintain physical, electronic and procedural safeguards to protect your nonpublic personal information. This includes measures to protect your information in the course of its disposal.

### **ADV Part 2 Offer:**

Cornerstone Investment Partners, LLC is registered as an Investment Advisor under the Investment Advisers Act of 1940. Cornerstone’s ADV Part 2 is available upon written request to Cornerstone Investment Partners, LLC, Phipps Tower, 3438 Peachtree Rd. NE, Suite 900., Atlanta, GA 30326 or call 404.751.3850

# Cornerstone Investment Partners

## Proxy Voting

### Principles and Guidelines

#### Introduction

Our Proxy Voting Principles serve as the background for our Proxy Voting Guidelines, which, in turn, act as general guidelines for the specific decisions that we make with respect to proxy voting. It is important to recognize that such principles are not intended to dictate but guide. Certain of the principles may be inappropriate for a given company, or in a given situation. Additionally, the principles are evolving and should be viewed in that light. Our principles are and will be influenced by current and forthcoming legislation, rules and regulations, and stock exchange rules. Examples include:

- the Sarbanes-Oxley Act of 2002 and implementing rules promulgated by the U.S. Securities & Exchange Commission
- revised corporate governance listing standards of the New York Stock Exchange and resulting SEC rules
- corporate governance reforms and subsequent proposed rule filings made with the SEC by The NASDAQ Stock Market, Inc. and resulting SEC rules

In general:

- Directors should be accountable to shareholders, and management should be accountable to directors.
- Information on the Company supplied to shareholders should be transparent.
- Shareholders should be treated fairly and equitably according to the principle of one share, one vote.

#### Principles

##### A. Director independence

It is our view that:

- A two-thirds majority of the Board should be comprised of independent directors.
- Independent directors should meet alone at regularly scheduled meetings, no less frequently than semi-annually, without the Chief Executive Officer or other non-independent directors present.
- When the Chairman of the Board also serves as the company's Chief Executive Officer, the Board should designate one independent director to act as a leader to coordinate the activities of the other independent directors.
- Committees of the Board dealing with the following responsibilities should consist only of independent directors: audit, compensation, nomination of directors, corporate governance, and compliance.
- No director should serve as a consultant or service provider to the Company.
- Director compensation should be a combination of cash and stock in the company, with stock constituting a significant component.

In our opinion, an independent director, by definition, has no material relationship with the Company other than his or her directorship. This avoids the potential for conflict of interest. Specifically such director:

- should not have been employed by the Company or an affiliate within the previous five years;
- should not be, and should not be affiliated with, a company that is an adviser or consultant to the Company or affiliate, or to a member of the Company's senior management;
- should not be affiliated with a significant customer or supplier of the Company or affiliate;
- should have no personal services contract with the Company or affiliate, or a member of senior management;
- should not be affiliated with a not-for-profit organization that receives significant contributions from the Company or affiliate;
- within the previous five years, should not have had any business relationship with the Company or affiliate which required disclosure in the Company's Form 10-K;
- should not be employed by a public company at which an executive officer of the Company serves as a director;
- should not be a member of the immediate family of any person described above.

#### B. Board operating procedures

- The Board should adopt a written statement of its governance principles, and regularly re-evaluate them.
- Independent directors should establish performance criteria and compensation incentives for the Chief Executive Officer, and regularly review his or her performance against such criteria. Such criteria should align the interests of the CEO with those of shareholders, and evaluate the CEO against peer groups.
- The independent directors should be provided access to professional advisers of their own choice, independent of management.
- The Board should have a CEO succession plan, and receive periodic reports from management on the development of other members of senior management.
- Directors should have access to senior management through a designated liaison person.
- The Board should periodically review its own size, and determine the appropriate size.

#### C. Requirements for individual directors

We recommend that:

- The Board should provide guidelines for directors serving on several Boards addressing competing commitments.
- The Board should establish performance criteria for itself and for individual directors regarding director attendance, preparedness, and participation at meetings of the Board and of committees of the Board, and directors should perform satisfactorily in accordance with such criteria in order to be re-nominated.

#### D. Shareholder rights

- A simple majority of shareholders should be able to amend the company's bylaws, call special meetings, or act by written consent.
- In the election of directors, there should be multiple nominees for each seat on the Board
- "Greenmail" should be prohibited.
- Shareholder approval should be required to enact or amend a "poison pill" (i.e., "shareholder rights") plan
- Directors should be elected annually.

- The Board should ordinarily implement a shareholder proposal that is approved by a majority of proxy votes.
- Shareholders should have effective access to the director nomination process.

## Proxy Voting Guidelines

Consistent with the above-listed principles, the proxy voting guidelines outlined below are written to guide the specific recommendations that we make to our clients. Ordinarily, we do not recommend that clients ABSTAIN on votes; rather, we recommend that they vote FOR or AGAINST proposals (or, in the case of election of directors, that they vote FOR ALL nominees, AGAINST the nominees, or that they WITHHOLD votes for certain nominees). In the latter instance, the recommendation on our report takes the form ALL, EXCEPT FOR and lists the nominees from whom votes should be withheld.

Whether or not the guideline below indicates “case-by-case basis,” every case is examined to ensure that the recommendation is appropriate.

## **Board of Directors**

### **Election of Directors in Uncontested Elections**

Case-by-case basis, examining composition of board and key board committees, attendance history, corporate governance provisions and takeover activity, long-term company financial performance relative to a market index, directors' investment in the company, etc..

WITHHOLD votes for nominees who:

- are affiliated outside directors and sit on the Audit, Compensation, or Nominating committees
- are inside directors and sit on the Audit, Compensation, or Nominating committees
- are inside directors and the company does not have Audit, Compensation, or Nominating committees
- attend less than 75 percent of the board and committee meetings. Participation by phone is acceptable.
- ignore a shareholder proposal that is approved by a majority of the shares outstanding
- ignore a shareholder proposal that is approved by a majority of the votes cast for two consecutive years
- fail to act on takeover offers where the majority of the shareholders have tendered their shares
- implement or renew a “dead-hand” or modified “dead-hand” poison pill
- sit on more than seven boards

In cases in which an issuer has engaged in the practice commonly referred to as “options backdating,” Cornerstone will typically withhold voting for nominees serving on the issuer's compensation committee, the issuer's entire board of directors, and/or its chief executive officer. Such recommendations will be made on a case-by-case basis, taking into consideration such matters as intent of the individuals involved, scope and timing of the practice, significance of financial restatement required, and corrective action taken.

Furthermore, we may recommend withholding votes from either members of an issuer's compensation committee, its entire board of directors and/or its chief executive officer where the issuer has engaged in what we judge to be other unsatisfactory compensation practices. Considerations may include such factors as "pay-for-failure" executive severance provisions, change-in-control payments which are either excessive or which are not tied to loss of job or significant reduction in duties, excessive executive perquisites, unjustified changes in the performance standards applied to performance-based compensation, and executive compensation out of proportion to performance of the issuer.

FOR responsible shareholder proposals calling for the company to name as directors only those who receive a majority of shareholder votes.

### **Separating Chairman and CEO**

Case-by-case basis on shareholder proposals requiring that positions of chairman and CEO be held separately.

### **Independent Directors**

FOR shareholder proposals asking that a two-thirds majority of directors be independent.

FOR shareholder proposals asking that board's Audit, Compensation, and/or Nominating committees be composed exclusively of independent directors.

Case-by-case basis on proposals asking that the Chairman be independent.

### **Stock Ownership Requirements**

AGAINST shareholder proposals requiring directors to own a minimum amount of company stock in order to qualify as a director or to remain on the board.

### **Term Limits**

AGAINST shareholder proposals to limit tenure of outside directors.

### **Age Limits**

AGAINST shareholder proposals to impose a mandatory retirement age for outside directors.

### **Director and Officer Indemnification and Liability**

Case-by-case basis on director and officer indemnification and liability, using Delaware law as the standard.

AGAINST proposals to eliminate entirely directors and officers liability for monetary damages for violating the duty of care.

AGAINST indemnification proposals that would expand coverage beyond legal expenses to acts, such as negligence, that are more serious violations of fiduciary obligation than mere carelessness.

FOR only those proposals providing such expanded coverage in cases when a director's or officer's legal defense was unsuccessful if (1) the director was found to have acted in good faith and in a manner that he or she

reasonably believed was in the best interests of the company, and (2) only if the director's legal expenses would be covered.

### **Charitable or Political Contributions**

AGAINST proposals regarding charitable or political contributions.

## **Proxy Contests (Contested Elections)**

### **Election of Directors in Contested Elections**

Case-by-case basis for voting for directors in contested elections, considering long-term financial performance of the target company relative to its industry, management's track record, background to the proxy contest, qualifications of director nominees on both slates, evaluation of what each side is offering shareholders as well as likelihood that proposed objectives and goals will be met, and stock ownership positions.

### **Reimburse Proxy Solicitation Expenses**

Case-by-case basis for reimbursement of proxy solicitation expenses. FOR reimbursing proxy solicitation expenses where is in favor of the dissidents.

## **Auditors**

### **Ratifying Auditors**

FOR proposals to ratify auditors, unless:

Non-audit fees exceed 50% of total fees.

Auditor has a financial interest in or association with the company, and is therefore not independent; or there is reason to believe that the independent auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position.

## **Proxy Contest Defenses**

### **Classified Board vs. Annual Election**

AGAINST proposals to classify the board.

FOR proposals to repeal ("de-stagger") classified boards and to elect all directors annually.

### **Removal of Directors**

AGAINST proposals that provide that directors may be removed only for cause.

FOR proposals to restore shareholder ability to remove directors with or without cause.

AGAINST proposals that provide that only continuing directors may elect replacements to fill board vacancies.

FOR proposals that permit shareholders to elect directors to fill board vacancies.

### **Cumulative Voting**

Case-by-case basis on proposals to eliminate cumulative voting.

### **Calling Special Meetings**

AGAINST proposals to restrict or prohibit shareholder ability to call special meetings.

FOR shareholder proposals to allow a shareholder holding a 25% or greater interest to call a special shareholder meeting.

FOR proposals that remove restrictions on the right of shareholders to act independently of management.

### **Acting by Written Consent**

AGAINST proposals to restrict or prohibit shareholder ability to take action by written consent.

FOR proposals to allow or make easier shareholder action by written consent.

### **Altering Size of the Board**

FOR proposals to fix the size of the board.

AGAINST proposals that give management the ability to alter size of the board without shareholder approval.

## **Tender Offer Defenses**

### **“Poison Pills”**

FOR shareholder proposals that ask the company to submit its “poison pill” for shareholder ratification.

Case-by-case basis for shareholder proposals to redeem a company's existing “poison pill.”

Case-by-case basis for management proposals to ratify a “poison pill.”

### **Fair Price Provisions**

Case-by-case basis for adopting fair price provisions, considering vote required to approve the proposed acquisition, vote required to repeal the fair price provision, and mechanism for determining the fair price.

AGAINST fair price provisions with shareholder vote requirements greater than a majority of disinterested shares.

### **“Greenmail”**

FOR proposals to adopt anti-“greenmail” charter or bylaw amendments or otherwise restrict the company's ability to make “greenmail” payments.

Case-by-case basis for anti-“greenmail” proposals which are bundled with other charter or bylaw amendments.

### **“Pale Greenmail”**

Case-by-case basis for restructuring plans that involve the payment of pale greenmail.

## **Unequal Voting Rights**

AGAINST dual-class exchange offers and dual-class recapitalizations.

## **Supermajority Requirement to Amend Charter or Bylaws**

AGAINST management proposals to require a supermajority shareholder vote to approve charter and bylaw amendments.

FOR shareholder proposals to lower supermajority shareholder vote requirements for charter and bylaw amendments.

## **Supermajority Requirement to Approve Mergers**

AGAINST management proposals to require a supermajority shareholder vote to approve mergers and other significant business combinations.

FOR shareholder proposals to lower supermajority shareholder vote requirements for mergers and other significant business combinations.

## **Placement of Equity with “White Squire”**

FOR shareholder proposals to require approval of “blank check preferred stock” issues for other than general corporate purposes.

## **Other Governance Proposals**

### **Confidential Voting**

FOR shareholder proposals that request that the company adopt confidential voting, use independent tabulators, and use independent inspectors of election as long as the proposals include clauses for proxy contests as follows: In the case of a contested election, management should be permitted to request that the dissident group honor its confidential voting policy. If the dissidents agree, the policy remains in place. If the dissidents do not agree, the confidential voting policy is waived.

FOR management proposals to adopt confidential voting.

### **Equal Access**

FOR shareholder proposals that would allow significant company shareholders equal access to management's proxy material in order to evaluate and propose voting recommendations on proxy proposals and director nominees, and in order to nominate their own candidates to the board.

### **Bundled Proposals**

Case-by-case basis for bundled or "conditioned" proxy proposals. Where items are conditioned upon each other, examine benefits and costs. AGAINST in instances when the joint effect of the conditioned items is not in shareholders' best interests. FOR if the combined effect is positive.

### **Shareholder Advisory Committees**

Case-by-case basis for establishing a shareholder advisory committee.

## **Capital Structure**

### **Common Stock Authorization**

Case-by-case basis for increasing the number of shares of common stock authorized for issuance.  
AGAINST increasing the number of authorized shares of the class of stock that has superior voting rights in companies that have dual-class capitalization structures.

### **Stock Distributions: Splits and Dividends**

FOR management proposals to increase common share authorization for a stock split, provided that the increase in authorized shares would not result in an excessive number of shares available for issuance, considering the industry and company's returns to shareholders.

### **Reverse Stock Splits**

FOR management proposals to implement a reverse stock split when the number of shares will be proportionately reduced to avoid delisting.

Case-by-case basis on proposals to implement a reverse stock split that do not proportionately reduce the number of shares authorized for issuance.

### **Preferred Stock**

AGAINST proposals authorizing creation of new classes of "blank check preferred stock" (i.e., classes with unspecified voting, conversion, dividend distribution, and other rights)

FOR proposals to create "blank check preferred stock" in cases when the company specifically states that the stock will not be used as a takeover defense.

FOR proposals to authorize preferred stock in cases where the company specifies the voting, dividend, conversion, and other rights of such stock and the terms are reasonable.

Case-by-case basis on proposals to increase the number of "blank check preferred shares" after analyzing the number of preferred shares available for issuance considering the industry and company's returns to shareholders.

### **"Blank Check Preferred Stock"**

FOR shareholder proposals to have placements of "blank check preferred stock" submitted for shareholder approval, except when those shares are issued for the purpose of raising capital or making acquisitions in the normal course.

### **Adjustments to Par Value of Common Stock**

FOR management proposals to reduce the par value of common stock.

### **Preemptive Rights**

Case-by-case basis on shareholder proposals that seek preemptive rights, considering size of the company and shareholder characteristics.

### **Debt Restructurings**

Case-by-case basis on proposals to increase number of common and/or preferred shares and to issue shares as part of a debt restructuring plan, considering dilution, any resulting change in control

FOR proposals that facilitate debt restructurings except where signs of self-dealing exist.

### **Share Repurchase Programs**

FOR management proposals to institute open-market share repurchase plans in which all shareholders may participate on equal terms.

### **Tracking Stock**

Case-by-case basis for creation of tracking stock, considering the strategic value of the transaction vs. adverse governance changes, excessive increases in authorized stock, inequitable distribution method, diminution of voting rights, adverse conversion features, negative impact on stock option plans, and other alternatives, such as spin-offs.

## **Compensation of Officers and Directors**

Case-by-case basis for director and officer compensation plans, but generally favoring responsible proposals calling for more use of performance-based equity in compensation plans. The term “performance-based equity” will not be interpreted to include conventional stock options, but will include such tools as indexed options, restricted stock, performance-contingent options, and premium-priced options.

### **Management Proposals Seeking Approval to Re-price Options**

Case-by-case basis on management proposals seeking approval to re-price options.

### **Director Compensation**

Case-by-case basis on stock-based plans for directors.

### **Employee Stock Purchase Plans**

Case-by-case basis on employee stock purchase plans.

### **Amendments that Place a Maximum limit on Annual Grants or Amend**

#### **Administrative Features**

FOR plans that amend shareholder-approved plans to include administrative features or place maximum limit on annual grants that any participant may receive to comply with the provisions of Section 162(m) of the Omnibus Budget Reconciliation Act (OBRA).

### **Amendments to Added Performance-Based Goals**

FOR amendments to add performance goals to existing compensation plans to comply with the provisions of Section 162(m) of OBRA.

## **Amendments to Increase Shares and Retain Tax Deductions Under OBRA**

Case-by-case basis on amendments to existing plans to increase shares reserved and to qualify the plan for favorable tax treatment under the provisions of Section 162(m).

## **Approval of Cash or Cash & Stock Bonus Plans**

FOR cash or cash & stock bonus plans to exempt compensation from taxes under the provisions of Section 162(m) of OBRA.

## **Limits on Director and Officer Compensation**

FOR shareholder proposals requiring additional disclosure of officer and director compensation.  
Case-by-case basis for all other shareholder proposals seeking limits on officer and director compensation.

## **“Golden Parachutes” and “Tin Parachutes”**

FOR shareholder proposals to have “golden and tin parachutes” submitted for shareholder ratification.  
Case-by-case basis on proposals to ratify or cancel “golden or tin parachutes.”

## **Employee Stock Ownership Plans (ESOPs)**

FOR proposals that request shareholder approval in order to implement an ESOP or to increase authorized number of shares for existing ESOPs, except in cases when the number of shares allocated to the ESOP is “excessive” (i.e., greater than five percent of outstanding shares).

## **401(k) Employee Benefit Plans**

FOR proposals to implement a 401(k) savings plan for employees.

## **State of Incorporation**

### **State Takeover Statutes**

Case-by-case basis on proposals to opt in or out of state takeover statutes (including control share acquisition statutes, control share cash-out statutes, freeze-out provisions, fair price provisions, shareholder laws, poison pill endorsements, severance pay and labor contract provisions, anti-“greenmail” provisions, and disgorgement provisions).

### **Reincorporation Proposals**

Case-by-case basis on proposals to change the company's state of incorporation.

## **Business Combinations and Corporate Restructurings**

### **Mergers and Acquisitions**

Case-by-case basis on mergers and acquisitions, considering projected financial and operating benefits, offer price, prospects of the combined companies, negotiation process, and changes in corporate governance.

### **Corporate Restructuring**

Case-by-case basis on corporate restructurings, including minority squeeze-outs, leveraged buyouts, spin-offs, liquidations, and asset sales.

### **Spin-offs**

Case-by-case basis on spin-offs, considering tax and regulatory advantages, planned use of proceeds, market focus, and managerial incentives.

### **Asset Sales**

Case-by-case basis on asset sales, considering impact on the balance sheet and working capital, and value received.

### **Liquidations**

Case-by-case basis on liquidations considering management's efforts to pursue alternatives, appraisal value, and compensation for executives managing the liquidation.

### **Appraisal Rights**

FOR providing shareholders with appraisal rights.

## **Mutual Fund Proxies**

### **Election of Directors**

Case-by-case basis for election of directors, considering board structure, director independence, director qualifications, compensation of directors within the fund and the family of funds, and attendance at board and committee meetings.

WITHHOLD votes for directors who:

are interested directors and sit on key board committees (Audit, Nominating or Compensation committees)

are interested directors and the company does not have one or more of the following committees: Audit, Nominating or Compensation.

attend less than 75 percent of the board and committee meetings. Participation by phone is acceptable.

ignore a shareholder proposal that is approved by a majority of shares outstanding

ignore a shareholder proposal that is approved by a majority of the votes cast for two consecutive years

serve as Chairman but are not independent (e.g. serve as an officer of the fund's advisor)

### **Converting Closed-end Fund to Open-end Fund**

Case-by-case basis for conversion of closed-end fund to open-end fund, considering past performance as a closed-end fund, market in which the fund invests, measures taken by the board to address the market discount, and past shareholder activism, board activity, and votes on related proposals.

### **Proxy Contests**

Case-by-case basis on proxy contests, considering past performance, market in which fund invests, and measures taken by the board to address issues raised, past shareholder activism, board activity, and votes on related proposals.

### **Investment Advisory Agreements**

Case-by-case basis on investment advisory agreements, considering proposed and current fee schedules, fund category and investment objective, performance benchmarks, share price performance relative to that of peers; and magnitude of any fee increase.

### **New Classes or Series of Shares**

FOR creating new classes or series of shares.

### **Preferred Stock Authorization**

Case-by-case basis for authorization for or increase in preferred shares, considering financing purpose and potential dilution for common shares.

### **1940 Act Policies**

Case-by-case basis for 1940 Act policies, considering potential competitiveness, regulatory developments, current and potential returns, and current and potential risk.

### **Changing a Fundamental Restriction to a Non-fundamental Restriction**

Case-by-case basis on changing fundamental restriction to non-fundamental restriction, considering fund's target investments, reasons for change, and projected impact on portfolio.

### **Changing Fundamental Investment Objective to Non-fundamental**

AGAINST proposals to change the fund's fundamental investment objective to non-fundamental.

### **Name Rule Proposals**

Case-by-case basis for name rule proposals, considering the following factors: political/economic changes in target market; bundling with quorum requirements or with changes in asset allocation, and consolidation in the fund's target market.

### **Disposition of Assets, Termination, Liquidation**

Case-by-case basis for disposition of assets, termination or liquidation, considering strategies employed, company's past performance, and terms of liquidation.

## **Charter Modification**

Case-by-case basis for changes to the charter, considering degree of change, efficiencies that could result, state of incorporation, and regulatory standards and implications.

## **Change of Domicile**

Case-by-case basis for changes in state of domicile, considering state regulations of each state, required fundamental policies of each state; and the increased flexibility available.

## **Change in Sub-classification**

Case-by-case basis for change in sub-classification, considering potential competitiveness, current and potential returns, risk of concentration, and industry consolidation in the target industry.

## **Authorizing Board to Hire and Terminate Sub-advisors without Shareholder Approval**

AGAINST authorizing the board to hire and terminate sub-advisors without shareholder approval

## **Distribution Agreements**

Case-by-case basis for approving distribution agreements, considering fees charged to comparably sized funds with similar objectives, proposed distributor's reputation and past performance, and competitiveness of fund in industry.

## **Master-Feeder Structure**

FOR establishment of a master-feeder structure.

## **Changes to Charter**

Case-by-case basis for changes to the charter, considering degree of change implied by the proposal, resulting efficiencies, state of incorporation, and regulatory standards and implications.

## **Mergers**

Case-by-case basis for proposed merger, considering resulting fee structure, performance of each fund, and continuity of management.

## **Shareholder Proposals**

### **Independent Directors**

FOR shareholder proposals asking that a three-quarters majority of directors be independent.

FOR shareholder proposals asking that board's Audit, Compensation, and/or Nominating committees be composed exclusively of independent directors.

For proposals asking that the Chairman be independent.

## **Establish Director Ownership Requirement**

AGAINST establishing a director ownership requirement.

## **Reimbursement of Shareholder for Expenses Incurred**

Case-by-case basis for reimbursing proxy solicitation expenses.

FOR reimbursing proxy solicitation expenses in cases where Cornerstone is in favor of the dissidents.

## **Terminate the Investment Advisor**

Case-by-case basis for terminating the investment advisor, considering fund's performance and history of shareholder relations.

# **Social Issues**

## **Energy and Environment**

AGAINST on proposals that request companies to follow the CERES Principles.

FOR reports that seek additional information, if it appears company has not adequately addressed shareholders' relevant environmental concerns.

## **Northern Ireland**

AGAINST on proposals related to the MacBride Principles.

FOR reports that seek additional information about progress being made toward eliminating employment discrimination, if it appears company has not adequately addressed shareholder relevant concerns.

## **Military Business**

AGAINST on defense issue proposals.

FOR reports that seek additional information on military related operations, if the company has been unresponsive to shareholder relevant requests.

## **Maquiladora Standards and International Operations Policies**

AGAINST on proposals relating to the Maquiladora Standards and international operating policies.

FOR reports on international operating policy issues, if it appears company has not adequately addressed shareholder relevant concerns.

## **World Debt Crisis**

AGAINST on proposals dealing with Third World debt.

FOR reports on Third World debt issues, particularly when it appears company has not adequately addressed shareholder relevant concerns.

### **Equal Employment Opportunity and Discrimination**

AGAINST on proposals regarding equal employment opportunities and discrimination.

FOR reports that seek additional information about affirmative action efforts, if it appears company has been unresponsive to shareholder relevant requests.

### **Animal Rights**

AGAINST on proposals that deal with animal rights.

### **Product Integrity and Marketing**

AGAINST on ceasing production of socially questionable products.

FOR reports that seek additional information regarding product integrity and marketing issues, if it appears company has been unresponsive to shareholder relevant requests.

### **Human Resources Issues**

AGAINST on proposals regarding human resources issues.

FOR reports that seek additional information regarding human resources issues, if it appears company has been unresponsive to shareholder relevant requests.