

Chevy Chase Trust Company

Form ADV Part 2 Brochure

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This brochure provides information about the qualifications and business practices of Chevy Chase Trust Company. If you have any questions about the contents of this brochure, please contact us at 240-497-5000 or pduncan@chevychasetrust.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training. .

ITEM 2: SUMMARY OF MATERIAL CHANGES

No material changes in this update from Chevy Chase Trust Company's Form ADV Part 2 brochure dated March 31, 2017.

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ITEM 4: ADVISORY BUSINESS

Chevy Chase Trust Company (“CCTC”) was established in 1997, and is a privately held Maryland corporation, and Maryland state-chartered trust company, with its principal place of business in Bethesda, Maryland. CCTC is a subsidiary of Chevy Chase Trust Holdings, LLC, and is also affiliated with ASB Capital Management LLC (“ASBCM”), a registered investment adviser. CCTC provides support services such as accounting and information technology, to ASBCM, and several employees are dual employees of both CCTC and ASBCM.

CCTC primarily provides investment management services to high net worth individuals, but also offers personal trust services, wealth family services, financial planning services, institutional custody services, and for qualifying entities, participation in collective investment funds. CCTC’s advisory services encompass discretionary and non-discretionary advice for strategies in equities and fixed income securities. CCTC also provides discretionary advice, on a limited basis, for unique and hard to value assets. CCTC’s assets under management for December 31, 2017 were \$ 29,765,835,444 on a discretionary basis, which includes assets invested in collective investments funds.

Setting portfolio goals and parameters is a collective effort of the client and portfolio manager and involves, but is not limited to, assessing the following factors: regulatory requirements, capital preservation; asset/liability flows; income production or liquidity needs; risk tolerance; client preferences, and reporting structure and standards for measuring performance both as to time and relevant indices or comparisons. The client's investment objectives and restrictions are then documented and a compatible management strategy is agreed upon. The investment objectives and restrictions not only provide a reference for the day-to-day management of funds, but also are also essential to the review of the account by the Portfolio Review Committee. The investment objectives and restrictions are reviewed periodically to reflect any changes in a client's needs and a corresponding investment strategy shift is initiated, if required.

ITEM 5: FEES & COMPENSATION

CCTC’s advisory fees are primarily based on a percentage of each client’s assets under management. The fees are generally payable in arrears on a monthly or quarterly basis unless the frequency is otherwise provided by agreement. Clients may decide whether their fees are automatically deducted from their account(s), or if they are invoiced for the fees.

The asset-based fees documented below are for CCTC’s investment management services, subject to negotiation where circumstances warrant. A \$35,000 minimum fee applies, with certain pre-approved exceptions. Fees are also prorated for an initial or final month in which the assets are managed by CCTC. The basic fee schedules are as follows, based on a \$3 million minimum:

I. Investment Management Services:

Annual Fee Calculation:

1.25% on the first \$2,000,000

1.00% on the next \$3,000,000

.75% on the next \$5,000,000

.50% on the balance

II. Fixed Income Only

Annual Market Value Fee Rate:

.50% on the first \$5,000,000

.40% on the next \$5,000,000

.30% on the balance

Fees for additional services are agreed to by the client and CCTC, as applicable.

Investors may be eligible to invest in the ASB Allegiance Real Estate Fund, a core, open-end investment vehicle. The fee schedule for the ASB Allegiance Real Estate Fund is as follows:

III. ASB Allegiance Real Estate Fund

1.25% (125 basis points) on the first \$5 million

1.00% (100 basis points) on the next \$10 million

0.90% (90 basis points) on the next \$60 million

0.75% (75 basis points) on the balance (over \$75 million)

Where CCTC acts as investment manager, custody and safekeeping services are included in the fee schedules above. CCTC charges different fees for serving as trustee or solely providing custodial services. Fee schedules for such services are available upon request.

Clients will also pay brokerage expenses related to the buying and selling of securities in their account. Brokerage expenses are included into the cost of the transaction. CCTC does not receive fees for brokerage transactions but directs a portion of the commissions to a broker or third party in return for certain eligible services. Additional information regarding brokerage activities and brokerage fees is in Item 12 of this brochure.

If a client chooses to use another institution for custody and safekeeping of their assets, the client may pay that institution for those services in addition to the fee schedule above. If a client holds commingled investment instruments such as mutual funds, exchange-traded funds, collective investment funds or investment trusts, the client may pay operating fees and other fees charged directly by the commingled investment, which will reduce the return on that instrument. CCTC does not receive 12b-1 fees or other compensation from the mutual funds held in client accounts.

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

Not Applicable.

ITEM 7: TYPES OF CLIENTS

CCTC serves high net worth individuals, families and institutions that Clients include:

- Professionals and business executives who plan on transitioning their source of income from intellectual capital to investment capital.
- Business owners and entrepreneurs who want a diversified investment portfolio that complements their concentrated assets.

- Individuals with accumulated wealth or with a liquidity event—such as an inheritance, divorce settlement, stock option exercise, or sale of a business—seeking a thoughtful approach to their investments and financial planning.
- Institutions seeking wealth management services outside of daily cash management transactions typically provided by commercial banking relationships.
- Eligible qualified plans and fiduciary clients desiring to participate in the collective investment funds sponsored by CCTC and ASB.

CCTC's minimum relationship size is \$3 million. Smaller relationships, or other fee or account accommodations, are accepted based on expectations of future relationship size or at the discretion of executive management.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis:

CCTC employs conventional methods of selecting securities, i.e., fundamental research, technical analysis and cyclical timing. The sources of information to make investment decisions comes from inspection of corporate activities, third party research materials, corporate rating services, annual reports, filings with the Securities and Exchange Commission, company press releases and financial newspapers, magazines and web sites.

Investment Strategies:

CCTC invests in exchange-listed securities, securities traded over-the-counter, foreign issuers, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities and mutual fund shares), United States government securities, options on securities and interests in partnerships investing in real estate. CCTC invests primarily in securities that, in the portfolio managers' opinions, are expected to help the client achieve his or her investment objective.

The goal of CCTC's investment strategy is to generate attractive returns relative to appropriate benchmarks over a full market and business cycle. CCTC does not focus on the typical categorizations of value/growth, small/mid/large capitalization, and domestic/international. Instead, CCTC diversifies portfolios by concentrating on themes, sectors and their underlying industries. CCTC will look to invest across many asset classes within the equities selections.

There are typically organizing themes found among CCTC portfolios, referred to as thematic investing. CCTC defines thematic investing as capitalizing on secular trends, disruptive ideas, innovations and economic forces that may impact world markets. Thematic investing builds portfolios of companies positioned to exploit these transformational changes and, just as importantly, avoids companies that may be disrupted by creative destruction. CCTC begins with a macro view of the domestic and global economic picture. Then long-term themes are addressed in portfolios. Woven into the portfolios are securities geared to participate in these trends.

One of CCTC's risk management approaches includes avoiding company-specific risks by concentrating on a basket of securities that may benefit from our themes. Positions are typically

initiated at 1-2% and are allowed to grow to 4-5%. As the economy and world markets fluctuate, this approach may vary.

Within bond portfolios, CCTC buys high quality government, municipals, agency, taxable and corporate bonds. From time to time, CCTC invests in foreign bonds when it sees a yield advantage and when there is opportunity to participate in a strengthening currency.

Overall, CCTC strives to produce sensible risk-adjusted returns for clients through portfolios customized to meet the liquidity needs, income requirements, and time horizon of each client. Comprehensive portfolio management requires thoughtful analysis of each client's unique situation. CCTC invests primarily for long term holding periods of greater than one year. However, shorter holding periods are possible. Tax implications of a sale are considered as part of this decision. On a limited basis, CCTC carries covered option positions for clients to remove concentration risk for larger positions within their portfolio.

Risks of Loss

Risk is inherent in all investing. There is no assurance that a client's account will meet its investment objectives. The value of a client's investments, as well as the amount of return a client may receive on an investment, may fluctuate significantly. It is possible that a client may lose part or all of his or her investment or the investment may not perform as well as other similar investments. A client's account at CCTC is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency, entity or person. A client should consider how CCTC's investment strategies fit into an overall investment program.

Enterprise-Level Risks

Changes in Laws. Because increases in state or local sales, income, service or transfer taxes are generally not passed through to tenants under leases, such increases may adversely affect a client's cash flow and its ability to make distributions to the investors. Real property is also subject to various federal, state and local regulatory requirements and to state and local fire and life-safety requirements. Failure to comply with these requirements could result in the impositions of fines by governmental authorities or awards of damages to private litigants.

New Regulations. The regulatory environment in which CCTC operates is subject to heightened regulation. It is difficult to determine the scope and extent of the impact of any new laws, regulations (such as regulations pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act) or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could make compliance more difficult and expensive and affect the manner in which a client or CCTC operates.

Global Economy and Regulatory Environment. The range and potential implications of possible political, regulatory, economic and market outcomes are difficult to predict. The effect of any such political, regulatory, economic or market outcomes on a client could be adverse.

The outcome of the U.S. Presidential election, for example, has increased uncertainty regarding future political, legislative or administrative changes that may impact CCTC and its affiliates, a client, a client's subsidiaries, investors and a client's portfolio. Significant uncertainty remains in the market regarding

the consequences of the election, and the range and potential implications of possible political, regulatory, economic and market outcomes are difficult to predict. Uncertainty regarding the consequences of the election may have an adverse effect or may cause volatility in the U.S. or global economies and currency and financial markets in the short or long term, as well as the values of a client's investments and a client's ability to execute its investment strategy. Such changes could impact the laws and regulations applicable to CCTC and its affiliates, a client, a client's subsidiaries, investors or a client's portfolio. While certain of such changes could beneficially impact a client, a client's subsidiaries or certain of a client's investments, other changes may more beneficially impact competitors of a client, or could adversely impact a client, a client's subsidiaries, investors or a client's portfolio.

Cybersecurity Risk. CCTC its affiliates, CCTC's service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect a client, a client's subsidiaries, the investors and a client's portfolio, despite the efforts of CCTC, its affiliates and a client's service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a client, a client's subsidiaries and the investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of CCTC, its affiliates, CCTC's service provider's, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of CCTC's or its affiliates' systems to disclose sensitive information in order to gain access to CCTC's or its affiliates' data or that of the investors. A successful penetration or circumvention of the security of CCTC's or its affiliates' systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause a client, a client's subsidiaries, CCTC, its affiliates or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Active Management Risks:

Asset allocation risk: The level of risk in a client's portfolio will directly correspond to the risks of the underlying asset classes in which the portfolio is constructed. The client and the portfolio manager agree to asset allocation targets as part of determining the client's investment objective. However, market price fluctuations can bring a client's portfolio outside of the asset allocation targets. Decisions by the portfolio manager as to the timing of reallocation of client assets among the various asset classes could cause the client's portfolio to underperform relative to other client portfolios with similar investment objectives.

Market conditions and issuer risk: The prices of, and the income generated by, the common stocks, bonds and other securities held in a client's portfolio can decline due to market conditions and other factors, including those directly involving the issuers of securities. An individual security, or a basket of securities such as mutual funds or exchange traded funds, can be significantly impacted by these factors. At any time, the value of a security can fluctuate more than the market and can perform differently from the value of the market as a whole. A client's portfolio can experience a substantial or complete loss on an individual investment.

Investing in equity: Stocks generally fluctuate in value more than bonds and their values increase or decrease significantly over shorter periods of time. The value of a client's portfolio that invests in equity rises or declines due to general market conditions or because of factors that affect a particular industry, market sector, or issuer.

Investing in fixed income: Rising interest rates will generally cause the prices of bonds and other debt securities to fall. In addition, falling interest rates can cause an issuer to redeem, "call" or refinance a security before its stated maturity, which can result in the portfolio having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities are subject to greater price fluctuations than shorter maturity debt securities.

Investing outside the United States: Securities of issuers domiciled outside the United States, or with significant operations outside the United States, can lose value because of political, social or economic developments in the country or region in which the issuer operates. These securities can also lose value due to changes in the exchange rate of the country's currency against the U.S. dollar. Securities markets in certain countries may be more volatile and/or less liquid than those in the United States. Investments outside the United States are also subject to different settlement and accounting practices and different regulatory, legal and reporting standards than those in the United States. These risks are heightened in connection with investments in emerging market countries.

ITEM 9: DISCIPLINARY INFORMATION

Not Applicable.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

CCTC is a subsidiary of Chevy Chase Trust Holdings, LLC, and an affiliate of ASBCM. ASBCM has been hired by CCTC to provide investment advice to collective investment funds for which CCTC serves as trustee and custodian. Investment officers at CCTC and ASBCM support various business lines and several employees are dual employees of both CCTC and ASBCM. As noted earlier, CCTC provides support services, such as, accounting and information technology, to ASBCM.

Conflicts of interests between the affiliates are mitigated because CCTC and ASBCM have different product offerings and investment styles. CCTC's equity style is based on thematic investing, which involves capitalizing on powerful secular themes and global trends through consideration of cyclical views and economic factors, among others. This style is different from ASBCM's equity offering, which is managed more specifically to a relevant benchmark. CCTC's fixed income offerings are tailored to high net worth individuals with liquidity needs and tax considerations, while ASBCM's fixed income offerings are designed to be managed against fixed income benchmarks, with client-specific considerations in mind.

Occasionally, CCTC recommends or selects other investment advisers for its clients. Please see Item 16 for more information, including information on fees to other investment advisers.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

All CCTC employees, officers, directors and consultants with access to CCTC's recommended investments ("Access Persons") have a fiduciary duty under state and federal securities laws to act in the best interest of our clients. An integral part of this duty is the avoidance of conflicts of interest. Therefore, CCTC Access Persons are prohibited from using their position, or information they learn at CCTC, to create a conflict or the appearance of a conflict between their personal interests and those of any client. CCTC maintains a Code of Ethics, adopted pursuant to SEC Rule 204A-1, that includes a Personal Securities Transaction Policy, an Insider Trading Policy, and other matters related to conduct. A copy of the Code of Ethics is available upon request.

Personal Securities Transaction Policy

Personal securities transactions create potential conflicts of interests. In general, Access Persons must pre-clear all equities, debt securities, options and futures purchases or sales with the CCTC Compliance Officer, or his or her designee, before a transaction is initiated for their personal accounts. Access Persons are prohibited from purchasing or selling, for their personal accounts, any securities which were purchased or sold for CCTC's actively managed accounts for a period of 7 calendar days and for a period of 7 calendar days before the same security is purchased or sold for any of CCTC's client accounts. Furthermore, Access Persons are not permitted to indicate to other members of CCTC, or any third party, which issues are under consideration for portfolio action. All trades purchased or sold for CCTC clients will be maintained by the Compliance Officer, or his or her delegate, on a Restricted List. A detailed description of the Personal Securities Transaction Policy is available upon request.

Exemptions from pre-clearance include:

1. The purchase or sale of a security where the issuer has a market capitalization of \$2.5 billion or more on the date of the transaction. The transaction cannot total more than \$25,000;
2. The purchase or sale of any security where the total transaction is under \$1,000;
3. A sale in an Access Person's Account that follows the sale of the same security in a CCTC's client account. When a program sale of a security takes place for client accounts over several days, an Access Person is prohibited from selling the same security in their own Account until the program sale has been completed;
4. Accounts for which the Individual has given full investment and management discretion to an asset manager are excluded from the provisions of this policy and procedure;
5. The purchase or sale of shares of registered open-end mutual funds and money market funds;
6. The purchase or sale of treasury bonds, treasury notes, treasury bills, U.S. Savings Bonds, and other instruments issued by the U.S. Government;
7. The purchase or sale of debt instrument issue by a banking institution, such as bankers' acceptances and bank certificates of deposit (Note that bonds issued by a banking institution must be pre-cleared);
8. The purchase or sale of commercial paper and other high-quality short-term debt instruments;
9. The purchase or sale of investment grade municipal bonds;
10. The purchase of up to 5 option contracts where the underlying security's issuer has a market capitalization of \$2.5 billion or more on the date of the transaction;

11. The purchase or sale of U.S. and foreign currency;
12. Transactions effected pursuant to an automatic investment plan;
13. Dividend reinvestment programs; and
14. Exchange traded funds.

The CCTC Compliance Officer will verify compliance with the pre-clearance process, and will resolve any discrepancies in an appropriate manner.

Annual Holdings Report

All CCTC employees, officers, and directors are required to complete an annual holdings report of all reportable securities. These reports are submitted to the Chief Compliance Officer. The Chief Compliance Officer monitors the annual holding reports and will resolve any conflicts in an appropriate manner.

Insider Trading Policy

It is the policy of CCTC to comply with the restrictions of 17 CFR 240.10b.5 (Rule 10b.5) and the Insider Trading and Securities Fraud Enforcement Act with regard to buying and selling securities. If any CCTC personnel possess material inside (non-public) information it should be brought to the attention of the President of CCTC and the Insider Trading Officer. They shall direct the investment personnel to (1) keep the information confidential; (2) refrain from trading in or recommending the securities concerned while such information remains undisclosed to the investing public; and (3) any other actions deemed appropriate to prevent unintentional disclosure. Directors, officers, employees, consultants, public accountants, attorneys of CCTC are deemed to be insiders. Furthermore, all CCTC directors, officers and employees are subject to CCTC's Insider Trading Policy.

Privacy Policy

In order to protect the confidentiality of clients' non-public, financial information, CCTC maintains a Privacy Policy that specifies the procedures used to secure sensitive client information. All CCTC employees and officers are required to receive annual privacy training. A Privacy Pledge summarizing CCTC's policies regarding client information is provided at the time of account opening and annually thereafter. The Privacy Pledge is also available on CCTC's website, www.chevychasetrust.com, and on the client portal login page at <https://mfaservices.cconnect.com>.

ITEM 12: BROKERAGE PRACTICES

Selection Criteria for Brokers and Dealers

CCTC generally has discretionary authority to manage its clients' accounts, which includes the authority to determine, without specific client consent, the broker-dealer used in client securities transactions and the commission rate or price to be paid to such broker-dealer, provided the commission is reasonable in relation to the services received.

For all transactions, CCTC considers the full range of quality of a broker's services, including, but not limited to:

- Brokerage capacity (principal or agent);
- Execution capability;
- Commission rates;
- Value of research;
- Available liquidity;
- Responsiveness to CCTC;
- Trading expertise;
- Access to underwritten offerings and secondary markets;
- Reliability in executing trades and keeping records;
- Reputation and integrity;
- Financial services offered;
- Willingness and ability to commit capital;
- Fairness in resolving disputes;
- Timing and size of order; and
- Current market conditions.

CCTC considers the foregoing factors, which it expects to enhance the portfolio management capabilities of CCTC, without demonstrating that such factors are of a direct benefit to its clients. Trading execution is examined on a quarterly basis by the Trust Investment Committee.

“Soft Dollar” or Research/Execution Policy

“Soft Dollars” and brokerage research present a potential conflict of interest in that CCTC may not receive the lowest available commission when placing trades by giving preference to brokers that provide CCTC with “soft dollar” research services, including sell-side research. The selection of brokerage research services and soft dollar arrangements are made in consultation with the CCTC Investments, the Chief Compliance Officer and executive management. The Trust Investment Committee oversees all brokerage research services and soft dollar arrangements on a monthly basis to ascertain that all arrangements continue to be consistent with CCTC’s fiduciary duties (including its duty to obtain best execution for its clients) and applicable law.

If CCTC determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided by the executing broker, viewed in terms of the specific transaction or CCTC’s overall responsibilities to its clients, consistent with Section 28(e) of the Securities Exchange Act of 1934, CCTC will pay commissions to brokers at a level which is higher than those charged by other qualified brokers.

Under these arrangements, CCTC receives certain products, research and services that provide lawful and relevant assistance in the performance of its investment decision-making responsibilities for clients. The products, research and services received by CCTC are written, oral or online and include proprietary research from the brokerage firm, third-party research contracted by the brokerage firm, research data on particular industries and companies, economic surveys, analysis, seminars and consultations, and certain hardware and software for CCTC’s local area network.

CCTC does not typically negotiate “execution-only” commission rates; thus, clients are paying for other services, including research, with their commission dollars. Research is used to service some or, in certain circumstances, all clients, subject to compliance with applicable law. Research is not necessarily used by CCTC in servicing the clients whose commission dollars paid for the research. Some clients direct CCTC to use certain brokers (described above under “Client Directed Brokerage”); some clients require CCTC to effect trades through their custodial brokers; and some clients’ investment style results in minimal trading in their accounts. Such clients’ commission dollars are unavailable to pay for research received from other brokers, so those clients who grant CCTC full discretion to select brokers are subsidizing the research provided to all clients.

Client-Directed Brokerage Transactions

Advisory clients may direct CCTC to execute trades with a specific broker-dealer. Although CCTC’s objective is to seek the best price and execution for every transaction, the fact that CCTC does not have flexibility in selecting a broker or the ability to aggregate the trade with other client orders for a directed trade, may impact the execution price the directing client receives and the directing client may not realize the same price or commission rate achieved for other clients. Furthermore, CCTC retains sole and absolute discretion to not engage a broker-dealer to execute any transaction for the client if the use of the services of such broker-dealer would violate applicable law, regulation or stated position of the Securities and Exchange Commission or other regulatory body, or if CCTC determines that the use of such broker-dealer is inconsistent with its fiduciary duty to the client.

Batch Transaction Policy

Investment allocation presents a risk that CCTC shows preferences in which clients receive investment opportunities. It is CCTC’s policy that when combining or “batching” orders of the same security for more than one account:

- The resulting benefits in price and broker-dealer charges are applied on a pro-rata or average basis to the accounts involved in the transaction if the entire order can be executed; or
- To pro-rate to each account its allocable share of the securities purchased or sold if the entire order cannot be executed.

Where purchase or sale orders of the same security cannot be combined, transactions will be made on a first-in, first-out basis.

Cross Trade Transactions

A cross trade is a transaction that CCTC executes between client accounts without using a broker in the middle. Cross trades present the risk that CCTC will benefit one client over another by executing the cross trade at a price different from the market price of the security. CCTC occasionally engages in cross-trade transactions between client accounts for fixed income trades to avoid paying brokerage markups and markdowns. For all cross-trade transactions, CCTC obtains pricing from independent sources, documents these prices, and then uses the average of these prices to determine the value for each transaction.

ITEM 13: REVIEW OF ACCOUNTS

CCTC reviews accounts at the inception of the account and annually thereafter. The Trust Administrative Committee ("TAC") performs an initial account acceptance review, which includes, but is not limited to, an assessment of the proposed account's documentation, fee schedule, current investments, investment objectives, CCTC's capacity and CCTC's invest authority. After an account is accepted by the TAC, it is presented to the Trust Investment Committee ("TIC") for an initial investment review. This review details the account's investment objectives, concentrated positions, and current holdings. The accounts are reviewed by both the TAC and the TIC, and, when applicable, subcommittees thereof, on an annual basis. In some circumstances, clients can access account reports and transactions through the online client portal link at www.chevychasetrust.com. Account statements are made available, at least quarterly, from CCTC's qualified custodian. Clients are encouraged to review these reports online or in paper format. Additionally, CCTC prepares quarterly correspondence and market commentary for use when a portfolio manager meets with clients, as well as for delivery to all CCTC clients. More information about account information and CCTC's qualified custodian is noted in Item 15 below.

Additionally, CCTC serves as the trustee for four collective trust funds: The ASB Allegiance Real Estate Fund, the Focused Core Fixed Income Fund, and the IBEW-NECA Equity Index Fund and the AFL-CIO Equity Index Fund. CCTC has hired ASBCM as an investment adviser for all of these funds. The aforementioned Trust Administrative Committee monitors the participant additions and withdrawals to the Focused Core Fund, the IBEW-NECA Equity Index Fund and the AFL-CIO Equity Index Fund. The AFL-CIO and IBEW funds independently sponsor an index fund for their respective members. CCTC does not receive any licensing fees or other remuneration from these entities. However, CCTC receives indirect benefits for sponsoring the funds. CCTC's Trust Investment Committee monitors the investment performance of these funds. Additionally, executive management receives routine reporting from ASBCM on the funds' performance.

CCTC's Board of Directors formed the ASBCM Real Estate Investment Division's ("ASBREI's") Investment Committee. The Committee, REIAC, performs oversight of all real estate investment recommendations made by ASBREI for the ASB Allegiance Real Estate Fund. ASBREI management is responsible for reviewing investment properties on an annual basis, as well as reviewing proposals regarding the acquisition, disposition, development or change in financial structure of properties. ASBREI makes presentations to REIAC, which then provides its advice.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

CCTC may enter into written agreements with unaffiliated third parties under which CCTC compensates the respective entity/party for referrals made to CCTC that result in the opening of a new account. CCTC's payment of referral fees will not increase any fee charged to the client. Furthermore, CCTC is the only entity providing the client with fiduciary services, except in circumstances where ASBCM provides the same, and referral sources will not provide CCTC with any support services.

All referral payments will comply with applicable federal and state laws including the Investment Adviser's Act Rule 206(4)-3.

ITEM 15: CUSTODY

Clients can elect to have CCTC serve as custodian of their assets. SEI Private Trust Company (“SPTC”), a federal savings bank chartered and regulated by the Office of the Comptroller of the Currency (“OCC”), serves as CCTC’s qualified custodian. Clients should receive and carefully review their statements from SPTC. SPTC’s address is:

SEI Private Trust Company
One Freedom Valley Drive
Hillside 2nd Floor
Oaks, PA 19456

In its custodian role, SPTC provides the following administrative services for CCTC clients:

- Settlement of all securities trades;
- Reconciliation/confirmation of all asset positions deposited;
- Production of client account statements no less than quarterly;
- Posting of all dividend income and corporate action distributions (splits, mergers, tenders, etc.);
- As appropriate, issuance of checks and wires;
- All mutual fund trades; and
- All claims for class action suits.

All clients that choose CCTC as custodian will have their assets held in a custody account at SPTC, for the benefit of CCTC and further credit to our respective clients. As a trust institution, SEI Private Trust Company segregates assets it holds from its own assets. By doing so, the assets in a CCTC custody account do not become the assets of SPTC, but remain the assets of CCTC’s respective clients. Therefore, in the unlikely event of SPTC’s insolvency, SPTC’s creditors would have no legal claim to such assets.

For further information about SEI Private Trust Company, upon request and on a confidential basis CCTC can provide SEI’s Statement for Attestation Engagements (SSAE) No. 16. The SSAE 16 Report is an auditing standard developed by the American Institute of Certified Public Accountants. An auditor's examination performed in accordance with SSAE 16 is widely recognized, because it represents that an organization has been through an in-depth audit of its control objectives and control activities, which often include controls over information technology and related processes.

ITEM 16: INVESTMENT DISCRETION

CCTC typically manages accounts on a discretionary basis. CCTC portfolio managers exercise direct discretion by selecting the securities in the client portfolio. Clients will provide CCTC with full discretion of the assets in their account(s) by signing CCTC’s Investment Management Agreement for Discretionary Accounts. However, CCTC occasionally employs outside managers to augment its investment strategy. A CCTC portfolio manager is responsible for selecting the outside manager based on the unique needs of the client. The performance of the outside manager for each client account is formally reviewed at the Portfolio Review Committee on an annual basis. The outside

manager's fee is deducted from a client's account in accordance with the terms of the CCTC Investment Management Contract.

ITEM 17: VOTING CLIENT SECURITIES

Under Rule 206(4)-6 of the Investment Advisers Act of 1940, CCTC is a fiduciary that owes each of its clients a duty of care and loyalty with respect to all services undertaken on the client's behalf, including proxy voting. Therefore, CCTC has an obligation to vote proxies solely in the best interest of its clients. To ensure that this obligation is fulfilled, all votes for CCTC's clients will generally follow Institutional Shareholder Services ("ISS") voting guidelines. After a detailed analysis of each proxy vote, ISS provides recommendations that are believed to be in the best interests of shareholders. ISS also votes the ballots and documents all voting activity. Copies of CCTC's proxy voting policies and procedures, as well as how proxies were voted, are available to clients by contacting Paul Duncan at 240-482-2990.

If CCTC is not authorized by the client to vote proxies, the client will receive their proxies or other solicitations directly from their custodian or a transfer agent.

ITEM 18: FINANCIAL INFORMATION

Not Applicable. CCTC does not require prepayment of client fees.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not Applicable.