



2 Wisconsin Circle, Suite 600
Chevy Chase, MD 20815

Tel (301) 951-5288
Fax (301) 951-0411
www.carderockcapital.com

This Brochure was last updated on March 13, 2020

This Brochure provides information about the qualifications and business practices of Carderock Capital Management, Inc. ("Carderock Capital"). If you have any questions about the contents of this brochure, please contact us at 301-951-5288 or jwm@carderockcapital.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. Carderock Capital is registered with the SEC as an investment adviser; please note that registration does not imply a certain level of skill or training.

Additional information about Carderock Capital is available on the SEC's website at www.adviserinfo.sec.gov.

TABLE OF CONTENTS*

STATEMENT OF MATERIAL CHANGES

A.	ADVISORY BUSINESS	4
1.	Background	4
2.	Services Provided	4
3.	Assets Managed	5
B.	FEES AND COMPENSATION	5
C.	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	7
D.	TYPES OF CLIENTS	7
E.	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	7
F.	DISCIPLINARY INFORMATION	9
G.	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	9
H.	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	9
1.	Code of Ethics	9
2.	Participation or Interest in Client Transactions	9
3.	Personal Trading	9
I.	BROKERAGE PRACTICES	10
1.	Directed Brokerage	12
2.	Suggested or Required Broker	12

* A NOTE ABOUT THE FORMAT OF THIS BROCHURE: The SEC requires all investment advisers to organize their disclosure documents according to specific categories, some of which may not pertain to a particular adviser's business. Where a required category is not relevant to our business, we list the category and state that it does not apply.

3. Bundling of Trades	12
J. REVIEW OF ACCOUNTS	13
K. CLIENT REFERRALS AND OTHER COMPENSATION	14
L. CUSTODY	14
M. INVESTMENT DISCRETION	14
N. VOTING CLIENT SECURITIES	14
O. FINANCIAL INFORMATION	14
BROCHURE SUPPLEMENT	15

A. ADVISORY BUSINESS

1. Background

Founded in 1986, Carderock Capital is an independent, registered investment management firm serving the Washington, D.C. area. Carderock Capital is jointly owned by James "Skip" Mersereau, CFA, CIC and Daniel Kane, CFA, CIC.

2. Services Provided

Carderock Capital's primary business consists of providing investment supervisory services to clients directly and through other financial advisers. Although we have broad experience in managing personal and institutional investment portfolios over a series of markets and for a broad array of needs, our investment supervisory services are focused primarily on the active management of accounts balanced between holdings of stocks, bonds and cash reserves. All managed accounts have the right to elect "DO NOT BUY" and "DO NOT SELL" both by specific security and by security type or class.

We do not presently seek to manage accounts using alternative strategies, although exceptions may be made if circumstances warrant. In addition to investment supervisory services, we also offer custom consulting services on a project basis. Our specific services are as follows:

Direct Managed Separate Account Services

Carderock Capital's Direct Managed Account Services provide discretionary management of client accounts with at least \$ 500,000 in assets¹ according to clients' long-term investment needs. These services typically begin with the development of a customized Investment Plan for the client. In developing an Investment Plan, Carderock Capital constructs a model of client and market data, which serves to illustrate the interaction between a client's objectives and constraints and the risk-reward alternatives of the market. Through an iterative process, Carderock Capital and the client review the model and arrive at an understanding regarding the investment of the client's assets. This understanding is then reflected in the Investment Plan.

Once the Investment Plan is approved, Carderock Capital implements the Plan in accordance with currently prevailing market conditions and expectations. Portfolios constructed by the firm include common stocks, and corporate, government and municipal bonds. Portfolios also may include other investments such as selected mutual fund shares, unit trusts and exchange-traded funds. Any one holding of common stock generally will be limited to 5 - 7% of the aggregate value of all common stocks and cash reserves in the account. Please see Section L below for information on custody of client accounts.

Once the investment portfolio is constructed, Carderock Capital continuously supervises and re-optimizes it as changes in market conditions and client circumstances require.

¹ Carderock Capital also provides direct management services to certain smaller legacy accounts.

Carderock Capital also supplies periodic reports which enable the client to monitor the account's progress towards the objectives established in the client's Investment Plan.

Managed Account Services Through Other Financial Advisers

Carderock Capital also provides its investment supervisory services to clients of financial planners, accountants, lawyers, insurance agents or other types of financial intermediaries (each called a "Financial Adviser"). The precise nature of these services and relationship between Carderock Capital and the client may vary from Financial Adviser to Financial Adviser. In all cases, the division of responsibilities between Carderock Capital and the Financial Adviser is clearly disclosed to the client.

As with the Direct Managed Account Services described above, the services offered through Financial Advisers typically involve the development of an Investment Plan for the client and the construction of a portfolio in accordance with that Plan. Where the equity portion of a client's account is valued at less than \$500,000, Carderock Capital reserves the right, in consultation with both the Client and the Financial Adviser, to impose reasonable restrictions and limitations on management, consistent with the circumstances and objectives.

After the client's investment portfolio is constructed, Carderock Capital continuously supervises and re-optimizes it as changes in market conditions, client circumstances and the Financial Adviser's policies dictate. Carderock Capital supplies the Financial Adviser (and, in some cases, the client) with periodic reports. Carderock Capital also consults with the Financial Adviser regarding the account's progress towards the objectives established in the client's Investment Plan.

Custom Consulting Services

In addition to the foregoing investment supervisory services, we also offer custom advisory services on a project basis. These may include, for example, an annual review of an unmanaged portfolio, the performance of a private company or portfolio estate valuation or related services.

3. Assets Managed

At the end of 2019, Carderock Capital had discretionary authority to manage accounts with assets totaling approximately \$ 500.1 million.

B. FEES AND COMPENSATION

Because Carderock Capital is not a broker, dealer or custodian, our income is derived solely from the advisory fees we charge to clients. The fees for our investment supervisory services are based on assets under management, while our consulting fees are charged on an hourly basis. Other investment advisers may charge higher or lower fees for services similar to those we provide.

Please note that our advisory fees are often subject to negotiation. Lower fees may be available depending on the size of the account, the fee schedule in use at the time the advisory relationship was formed, the nature of the portfolio (e.g., fixed-income-only accounts or asset allocation accounts investing only in mutual funds), the nature of the client (e.g., eleemosynary accounts) or other factors. Carderock generally aggregates accounts held by clients in the same household for purposes of computing breakpoints on fees.

All managed accounts incur brokerage and other transaction costs and may incur custody fees. Please refer to Section I below for a discussion of the brokerage practices pertaining to different types of managed accounts. Please also note that Carderock Capital sometimes buys shares of no-load or load-waived open-end mutual funds, closed-end funds or exchange-traded funds for client accounts. In such cases, in addition to paying advisory fees to Carderock Capital, the client pays a proportionate amount of the mutual fund's operating expenses, including management fees paid to the fund's adviser.

Annual fees for the Direct Managed Account Services

1.00% on the First	\$ 2,000,000 of market value
0.80% on the Next	\$ 2,000,000 of market value, and
0.70% on All Over	\$ 4,000,000 of market value

Minimum Account Size:	\$ 500,000
Minimum Annual Fee:	\$ 5,000

Fees are billed quarterly, in advance, at one-fourth the annual rate, and are calculated based on the value of the assets in the account at the end of the previous quarter. The valuation used in billing is the value reported to clients on their Carderock quarterly Portfolio Appraisal reports, less accrued interest. Carderock's reported account values use prices provided by InterActive Data Corp., which prices may differ from those provided by the account's custodian. Unless otherwise specifically agreed between Carderock Capital and the client, fees are automatically deducted from the managed account.

Services begin on the date of the contract, unless Carderock and the client agree otherwise. If a contract begins during a calendar quarter, Carderock reserves the right to bill the client a pro-rated fee based on the value of the account at the end of the first month. Billing as described above begins at the outset of the first full quarter.

Contracts for the Direct Managed Account Services may be terminated at any time on 30 days' notice. If the contract is terminated other than at the end of a billing quarter, the advisory fees will be pro-rated based on the number of months in the quarter during which services were rendered, and unearned, prepaid advisory fees will be returned to the client. Partial months will be rounded up or down, depending on when in the month the advisory relationship terminated.

Annual fees for the Managed Account Services Through Other Financial Advisers

Our fees for these services are negotiated directly with the Financial Adviser, but generally do not exceed 1% annually of the assets under management, with a minimum annual fee of \$5,000. Fees may vary, depending on the division of responsibilities between Carderock

Capital and the Financial Adviser and the factors identified above. In some cases, our fees may be combined with those of the Financial Adviser, to present a unified bill to clients; in other cases, Carderock Capital and the Financial Adviser bill the client separately. Clients may separately grant the same or another Financial Adviser authority to bill the account for unrelated services. Where these services and billings are integrated, the division of revenues between Carderock Capital and the Financial Adviser is always fully disclosed to the client. Unless otherwise specifically agreed between Carderock Capital and the client, the Client Agreement authorizes direct deduction of fees from the managed account when due.

As is the case with the Direct Managed Account Services, a contract for Carderock Capital's Managed Account Services Through Other Financial Advisers may be terminated at any time on 30 days' notice. If the contract is terminated other than at the end of a billing quarter, the advisory fees will be pro-rated based on the number of months in the quarter during which services were rendered, and unearned, prepaid advisory fees will be returned to the client. Partial months will be rounded up or down, depending on when in the month the advisory relationship terminated.

Fees for Custom Consulting Services

Fees are charged on an hourly basis (in half-hour increments) at a rate of \$500 for investment professionals and \$125 for staff, with a minimum fee of \$500 per project. In addition, clients are charged for all out-of-pocket expenses Carderock incurs in connection with the consultation. Statements for consulting services are rendered as specified in the engagement agreement.

C. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

This item does not apply to our business.

D. TYPES OF CLIENTS

Carderock Capital generally provides investment advice to individuals, trusts, estates, pension and profit-sharing plans and charitable organizations, including donor advised funds.

While as noted in Section A.2 above, Carderock imposes both a minimum account size and a minimum annual fee for its various services, smaller accounts may be managed as part of a larger client relationship. Exceptions to the minimum fee for accounts managed through other Financial Advisers may be negotiated with those Financial Advisers.

E. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Carderock Capital's methods of analysis may include: charting and quantitative technical analysis; fundamental and cyclical reviews; and factor analyses. In addition, the firm gauges independent research opinion both for objective quality and timeliness. Equity issues are identified from the broader universe, their suitability for client use is measured, and approved issues are posted to the firm's Focus List according to specific utility. These investments may

later find their way into portfolios on the basis of matching client needs with issues qualified by timing and attractiveness.

With opportunities in the bond markets driven more broadly by conditions in the economy and demand and supply in the specific offering markets, Fixed Income suitability and selection follows more generic terms rather than the pre-approval that generates a Focus List. Generic preferences include type of issue, characteristics and security of the underlying cash flows, collateral and security (if applicable), support, specific indenture terms, public rating service opinion, liquidity and experience. Corporate issues are restricted to those of firms on the Focus List. Accordingly selection is determined temporally on the basis of matching client requirements to qualified offerings identified in the market.

Carderock Capital invests client funds primarily in long-term strategies, but may from time to time enter positions with shorter-term expectations. Together, exposure to the markets and individual issues are actively managed and adjusted according to the risk profile of the client (set by target asset allocation in the Investment Plan). Portfolios are rebalanced continuously according to review of the over-all condition of the economies and markets and the firm's view of the prospects of the Focus List of stocks and offering markets for bonds as a whole. Active management of exposure means that Carderock expands exposure to stocks and bonds in expectation of and consistent with the development of trends in prices until a maximum consistent with a client's Investment Plan, and may then begin to curtail and reduce exposure as conditions reach extremes and begin to reverse. Exposure to Equity Assets seldom exceeds 95% or falls below 70% of Investment Plan expectations for the asset class except at extremes. The same processes may be employed with individual stocks and bonds as well.

Please note that investing in securities involves risk of loss that clients should be prepared to bear.

Risks of stock investing

Stocks generally fluctuate in value more than bonds, and may decline significantly over short time periods. There is a chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The value of a stock may decline due to general weakness in the stock market or because of factors that affect a particular company or industry.

Risks of bond investing

Bonds have two main sources of risk. "Interest rate risk" is the risk that a rise in interest rates will cause the price of a debt security to fall. Securities with longer maturities typically suffer greater declines than those with shorter maturities. "Credit risk" is the risk that an issuer of a debt security will default (*i.e.*, fail to make schedule interest or principal payments), potentially reducing income distributions and market values. This risk is higher when a security is downgraded or the perceived creditworthiness of the issuer deteriorates.

Foreign investing risks

Where foreign securities are acquired, client accounts may be adversely affected by global political and economic conditions, reduced liquidity or decreases in foreign currency values relative to the U.S. dollar.

F. DISCIPLINARY INFORMATION

This item does not pertain to our business.

G. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

This item does not pertain to our business.

H. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

1. Code of Ethics

Carderock Capital's Code of Ethics, which has been structured to comply with Rule 204A-1 under the Investment Advisers Act of 1940, describes certain standards of conduct required of the firm's supervised persons and focuses particular attention on personal trading by supervised persons and their related accounts. With regard to the standards of conduct, the Code of Ethics, among other things, affirms our fiduciary relationship with our clients and obligates us to carry out our duties solely in the best interests of clients and free from all compromising influences and loyalties. The Code also imposes limits on gifts and business entertainment, and emphasizes the importance of maintaining the confidentiality of sensitive information learned about clients.

A copy of our Code of Ethics is available to clients and prospective clients upon request.

2. Participation or Interest in Client Transactions

This item does not pertain to our business.

3. Personal Trading

Carderock Capital's supervised persons generally are permitted to buy and sell for their own accounts the same securities that are bought and sold for client accounts. Subject to the restrictions described below, personal trading can occur at or around the time trades are placed for clients. This situation presents a potential conflict between the supervised persons' interests and the interests of our clients. In order to address this potential conflict, our Code of Ethics and related procedures ensure that the investment decisions we make for clients are in the clients' best interests and are independent from the securities holdings of the firm's supervised persons.

In this regard, the Code of Ethics contains provisions designed to prevent the firm's supervised persons from improperly trading on inside information, and it obligates these persons to report their trading activity to the company's chief compliance officer on a periodic basis. Except for trading in

investment programs such as variable annuities, pension or 529 plans, *etc.*, Carderock Capital's supervised persons are required to execute their personal trades through a bank or broker-dealer from whom Carderock Capital can receive electronic transaction and position reports. Personal equity trades in separate accounts generally must be effected with or through Charles Schwab & Co., Inc. Fixed-income securities may be custodied at US Bank and traded elsewhere.

Equity trades for the accounts of Carderock Capital's supervised persons or their immediate families² may not be effected on any day on which trades in the same securities are being effected for client accounts, until all trading for clients has been completed. Trades in fixed-income securities for supervised persons' accounts may be bundled with those placed for managed accounts as described in Section I. below, provided that if such a bunched order is only partially filled at the end of a trading day, the securities purchased or sold will be allocated among clients, and will not be allocated to Carderock Capital's supervised persons or their immediate families.

Carderock Capital generally discourages its supervised persons from investing in Initial Public Offerings (IPOs), Initial Coin Offerings (ICOs) or private placements, and requires that all such transactions be pre-approved by the firm's CCO. (We do not buy IPOs, ICOs or private placements for managed accounts.) Furthermore, the firm's supervised persons are generally prohibited from short-term trading in securities the firm buys for clients, although they are permitted to realize short-term losses as they occur.

I. BROKERAGE PRACTICES

Carderock Capital generally has discretion to select the type and amount of securities to be purchased and sold without specific client consent, although, as explained in Section A.2. above, clients may prohibit or restrict the amount of particular securities that can be purchased for their accounts.

Clients with managed assets custodied at a bank trust department (Chevy Chase Trust or U.S. Bank) require a broker to effect trades. In this case, Carderock Capital has discretion to select the broker or dealer for the clients' securities transactions, and typically bundles such trades with those effected for clients whose assets are custodied at Charles Schwab, unless the trade arises from a specific individual client request or need. Equity trades are generally executed through Charles Schwab without commission, as explained in Section I.3. (Bundling of Trades) below, but with the addition of settlement charges as described in each client's bank custody agreement. Where Carderock Capital determines that it is prudent to effect equity trades through another broker-dealer, it usually does so at a predetermined minimum discount or maximum per-share commission rate that could differ from firm to firm.

Carderock Capital also typically bundles client trades in fixed-income securities. Because such trades are commonly negotiated and costs embedded between the bid and ask, bundling allows Carderock Capital to gain sufficient scale to execute trades at more

² "Immediate family" means spouse, spousal equivalent, minor children and any other close relation who shares the same household as the supervised person. As used in this ADV, any reference to trading by or on behalf of Carderock Capital's supervised persons includes those persons' immediate families.

favorable terms. Carderock Capital typically effects fixed-income trades through broker-dealers other than Charles Schwab, but may select Charles Schwab if it determines it is in clients' best interest to do so.

In selecting broker-dealers to execute client trades, Carderock Capital endeavors to obtain "best execution" which may be defined as effecting trades in such a way as to maximize the value of client assets. Among the factors Carderock Capital considers are:

- The applicable commission rates
- Rates quoted by competing broker-dealers
- Rates other institutional investors pay (based on available public information)
- The quality, accuracy and efficiency of trade executions
- The size and complexity of a particular transaction
- The creditworthiness of the broker-dealer
- The level of service provided by the broker-dealer, and
- The research services provided to Carderock.

Carderock Capital receives research services (most of which is unsolicited) from many brokers. These services (which are sometimes referred to as "soft-dollar services") include information on the economy, the securities markets, broad industry and security groups and individual securities issuers. We also receive materials on portfolio strategy and tactics, tax considerations and other investment matters. Although Carderock Capital has a policy of not committing a specific amount of commission business to any broker-dealer for research, the firm may pay commissions higher than those obtainable from other broker-dealers in order to ensure a steady flow of valuable research to use in the investment process.

The research products and services Carderock Capital obtains from broker-dealers are used to service Carderock Capital's accounts generally, not just those accounts who pay for it, and Carderock Capital does not seek to allocate soft-dollar benefits to accounts proportionately to the commission credits the accounts generate. While our receipt of research in connection with client securities transactions benefits clients by enabling us to make more informed investment decisions, such arrangements might also be seen to confer a benefit on us, because we do not have to produce or pay for the research or other services we receive in this way. For this reason, the SEC requires us to disclose that we may have an incentive to select or recommend a broker-dealer based on our interest in receiving research rather than on clients' interest in receiving most favorable execution.

In order to protect clients' interests, Carderock Capital has adopted policies and procedures to ensure that our soft-dollar practices are structured in accordance with the safe harbor established under Section 28(e) of the Securities Exchange Act of 1934. In this regard, we take steps to confirm that client commissions are used only for services that provide lawful and appropriate assistance to us in carrying out our investment-decision-making responsibilities.

If a broker-dealer were to furnish us with a service that is useful both in making investment decisions for managed accounts and in performing administrative or other non-research

functions, we would reasonably allocate the cost of the service between hard and soft dollars. In so doing, we would use portfolio commissions from managed accounts to pay for the portion or specific component which assists in the investment decision-making process, and use our own funds to pay for the portion or specific component which provides non-research assistance.

1. *Directed Brokerage*

Most clients direct Carderock Capital to effect all trades on their behalf with or through designated broker-dealers. Such clients usually elect to custody their accounts with the designated broker-dealer as well. In these cases, Carderock may not be able to secure the lower commission rates that might have been obtained elsewhere. In addition, trades effected through a designated broker-dealer may occur at prices that are less advantageous than the price available through broker-dealers Carderock Capital would have selected. Finally, directed trades may cost client more because such trades are not always eligible to participate in bundled transactions (described below), in which case they are effected after bundled trades are effected for clients who have authorized us to select the broker-dealer.

In the event brokers receiving directed trades also provide Carderock with research, Carderock may use that research for the benefit of all its managed accounts.

2. *Suggested or Required Broker*

Carderock Capital sometimes assists clients who wish to avoid the cost of bank trust custody in selecting a broker-dealer to hold account assets and execute trades. In such cases, Carderock Capital typically encourages clients to select Charles Schwab & Co., Inc. or another discount brokerage firm.

In the case of small accounts (including certain legacy accounts valued under \$500,000) Carderock Capital may require that clients establish accounts at, and direct all trading with or through, Charles Schwab & Co., Inc.

3. *Bundling of Trades*

In order to improve the quality of executions, Carderock Capital generally endeavors to aggregate orders to buy or sell a particular issue on behalf of all clients who have authorized Carderock Capital to select broker-dealers for their trades or in other circumstances in which bundling is possible and advantageous to clients. Such bundled orders are typically more efficient for a broker-dealer to execute. Carderock Capital typically executes bundled equity trades through Charles Schwab without commission.

Where the aggregated order is executed in a series of transactions at various prices on a given day, each participating client's proportionate share of the order will reflect the average price paid or received with respect to the total order. As noted in Section H above, orders in fixed-income securities for the accounts of our employees and their immediate families

may be combined with those for our clients; however, no allocations will be made to employees unless and until all client orders are filled.

Where the amount of securities available is insufficient to satisfy the volume or price requirements for the participating client portfolios, Carderock Capital will allocate the available securities to those portfolios on a *pro rata* basis. Because a *pro rata* allocation may not always accommodate all facts and circumstances, adjustments in the allocation may be made: (i) to eliminate de minimis positions; and/or (ii) to reallocate in light of a participating portfolio's characteristics (e.g., available cash, industry or issuer concentration, duration, credit exposure, custody etc.).

Please note that it is not always possible for us to bundle orders for clients. For example, where Carderock Capital's portfolio managers reach investment decisions with respect to a particular security at different times, client transactions may be effected at different prices and on different days. Because we manage accounts on an individual as opposed to collective basis, the timing or nature of action by the firm may differ from account to account.

J. REVIEW OF ACCOUNTS

Carderock reviews its managed accounts continuously. These reviews include an examination of client portfolios in light of the economy, the markets and individual securities, as well as with respect to client needs and objectives. Each portfolio is assigned a specific portfolio manager and an alternate manager to ensure continuous oversight by a professional familiar with each client's objectives. In conducting their reviews, the portfolio managers evaluate the relative attractiveness of common stocks, bonds and cash reserves and adjust client portfolios when the managers believe that doing so will enhance the probability of realizing a client's investment goals.

Reviews are conducted by James Mersereau, President and CCO, and Daniel Kane, Vice President, Portfolio Manager and Secretary.

Carderock Capital communicates with its clients through a range of written reports, telephone calls, letters and client meetings. The frequency and type of communication varies, depending on the type of management service provided and the client's needs and desires.

Carderock Capital provides its Direct Managed Account clients with written quarterly portfolio appraisals, diversification reports, itemizations of purchases and sales during the reporting period and year-to-date summaries of capital gains and losses. Reports for clients receiving Managed Account Services Through Other Financial Advisers are prepared at a frequency and of a nature consistent with the negotiated arrangement.

In addition to reports supplied by Carderock Capital, all clients also receive monthly or quarterly statements for each account from the custodian holding their assets. These reports disclose the amount of funds and each security in the account at the end of the reporting period and a list of all transactions in the account during the period.

K. CLIENT REFERRALS AND OTHER COMPENSATION

As explained in Section A above, Carderock provides its investment supervisory services through other Financial Advisers. In some of these cases, Carderock charges a combined fee for both its and the Financial Adviser's services, and it pays a portion of that fee over to the Financial Adviser. Although such payments are made in exchange for specific consulting and administrative services the Financial Adviser renders to the client, the fees might also be deemed to encompass payment for the Financial Adviser's referral of the client to Carderock Capital. All arrangements of this nature are entered into solely at the client's election after full disclosure. These arrangements also are structured to comply with Rule 206(4)-3 under the Investment Advisers Act of 1940. In other cases, the Financial Adviser and Carderock Capital charge the client separately for their respective services, and there is no form of compensation paid by or to Carderock Capital.

L. CUSTODY

All client assets are held by a qualified custodian, which may be a bank trust department or broker-dealer. Carderock periodically reviews clients' custody relationships to ascertain their effectiveness, responsiveness and costs and consults with clients about same. Carderock does not, however, accept responsibility for the actions of a client's custodian.

The qualified custodians send at least quarterly account statements to clients. We urge clients to review those statements carefully and to compare the information in such statements with the information contained in any account statements clients may receive from us.

M. INVESTMENT DISCRETION

As disclosed in Section A.2 and 3 above, Carderock Capital typically accepts discretionary authority to manage securities accounts on clients' behalf. This authority is documented in the advisory contract between Carderock Capital and clients.

N. VOTING CLIENT SECURITIES

As a matter of firm policy, and as stated in our client contracts, Carderock Capital does not vote proxies for client securities. Any language in client custodian contracts endeavoring to delegate proxy voting responsibility to Carderock Capital shall not supersede Carderock Capital's policy in this regard. Nor do we take action on behalf of client accounts with regard to legal matters, including securities class actions with respect to clients' investments or the issuers thereof. However, clients may contact us by phone or in writing if they have questions about any particular proxy issue or class action. Upon request, we also will assist clients in securing the services of third-party consultants to advise and/or vote proxies on their behalf.

We understand that clients receive proxies and other solicitations directly from their custodian or a transfer agent.

O. FINANCIAL INFORMATION

This item does not apply to our business.



BROCHURE SUPPLEMENT

This Brochure Supplement, affirmed as of March 9, 2020, provides information about Carderock Capital's portfolio managers, James Williams "Skip" Mersereau and Daniel Alan Kane. You should consider this information in addition to the information set forth in the main part of Carderock Capital's Brochure. If you have any questions about this Supplement, please contact us at 301-951-5288 or jwm@carderockcapital.com.

Additional information about Messrs. Mersereau and Kane is available at the SEC's website at www.adviserinfo.sec.gov.

James Williams "Skip" Mersereau.

Educational Background and Business Experience

Mr. Mersereau joined Carderock Capital in 1986 and assisted in its formation. He currently serves as President, Chief Compliance Officer, Portfolio Manager and Securities Analyst at the firm. Prior to joining Carderock Capital, Mr. Mersereau was an Assistant Vice President, corporate lending, and loan review at Riggs National Bank (Washington, D.C., 1983 to 1986), and a corporate intern in the sales and municipal bond departments at Merrill Lynch (Washington, D.C., 1979 to 1980).

Mr. Mersereau received his BA, with honors, from Vanderbilt University in 1979 and his MBA, with honors, from the Kogod School of Business, American University, in 1983. He is Chartered Financial Analyst, CFA Institute, (1990), Chartered Investment Counselor, Investment Adviser Association,³ (1995) and a Member of the CFA Institute, the New York Society of Security Analysts and the Washington Association of Money Managers. He is an active part of the community, serving on local non-profit boards from time to time. He was born in 1957.

Disciplinary Information

None

Other Business Activities

None

Additional Compensation

None

Supervision

Mr. Mersereau is the Chief Compliance Officer of Carderock Capital. His activities are generally supervised in accordance with the firm's compliance procedures, by Daniel Kane. Mr. Kane, whose biographical information is set forth below, can be reached at 301-91-5288 or dak@carderockcapital.com.

³ Please see page 18 below for an explanation of the CFA and CIC designations.

Daniel Alan Kane

Educational Background and Business Experience

Mr. Kane joined Carderock Capital in 2001. He currently serves as Vice President, Secretary and Portfolio Manager. Prior to joining the firm, Mr. Kane was Vice President/Portfolio Manager at M&T Bank (1997 to 2001), a Portfolio Manager at Bank of America (Chicago) (1995 to 1997), and a Portfolio Analyst at JHM Capital Management (1994 to 1995).

Mr. Kane received his BBA Business Economics from The George Washington University in 1991 and an MBA in Finance from The American University in 1993. He is a Chartered Financial Analyst, CFA Institute (2000) and a Chartered Investment Counselor, Investment Adviser Association (2002) and a Member of the CFA Institute and The New York Society of Security Analysts. He was born in 1969.

Disciplinary Information

None

Other Business Activities

None

Additional Compensation

None

Supervision

Mr. Kane's activities are generally supervised by the firm's Chief Compliance Officer, James W. Mersereau, in accordance with the firm's written supervisory procedures. Mr. Mersereau can be reached at 301-951-5288 or jwm@carderockcapital.com.

Chartered Financial Analyst

The Chartered Financial Analyst (CFA) is a qualification for finance and investment professionals, particularly in the fields of investment management and financial analysis of stocks, bonds and their derivative assets. The program focuses on portfolio management and financial analysis, and provides a general knowledge of other areas of finance.

The designation is an international professional certification offered by the CFA Institute to financial analysts who complete a series of examinations. To become a CFA charter holder, candidates must pass each of three, six-hour exams; possess a bachelor's degree from an accredited institution; and have 48 months of qualified professional work experience. CFA charter holders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct. [www.cfainstitute.org]

Chartered Investment Counselor

The Chartered Investment Counselor (CIC) is awarded by the Investment Adviser Association (IAA) in Washington, D.C. to Chartered Financial Analysts who have had significant experience in investment counseling or portfolio management.

In addition to being a CFA, an individual wishing to obtain the CIC designation must meet the following requirements:

- Be employed by a member firm of the IAA in an eligible position for at least 1 year; and
- Have a minimum of 5 cumulative years work experience in one or more eligible occupational positions;
- Provide work and character references; and
- Endorse the IAA's *Standards of Practice* and complete a professional ethical conduct questionnaire.

There are no additional educational or examination requirements. The charter holder annually must certify that he or she is employed by an IAA-member firm in an eligible position and has not been the subject of disciplinary action arising from that person's professional conduct. [www.investmentadviser.org]