

## Operational Safeguards

October 2022

The following are questions that should be asked of any investment manager, along with answers that should confirm your confidence that Chevy Chase Trust offers the strongest levels of fiduciary oversight and control in safeguarding your assets.

### 1. What is Chevy Chase Trust's ownership and legal structure?

Chevy Chase Trust is indirectly owned by Chevy Chase Holdings, Inc., and is affiliated with a group of local firms controlled by the B. F. Saul family, including ASB Capital Management LLC, B. F. Saul Insurance, B. F. Saul Company, and Saul Centers, Inc. The Saul family's financial roots in the Washington, D.C. were established over 100 years ago.

Chevy Chase Trust is a non-depository trust company, incorporated, chartered, and regulated by the State of Maryland, where it has been operating since its inception in 1999.

### 2. How do I know that my assets are safe?

Chevy Chase Trust is held to a fiduciary standard by law and must act in the best interest of its clients at all times. Chevy Chase Trust and its sub-custodian, which is described in further detail below, segregates all client assets from Chevy Chase Trust's general assets. Chevy Chase Trust maintains a separate set of books and records showing details of all client transactions and positions. Therefore, client assets are not subject to any claims of general creditors of Chevy Chase Trust.

Chevy Chase Trust maintains a Code of Ethics as well as policies and procedures regarding the avoidance of conflicts of interest. These policies include topics such as brokerage placement practices, the investment of fiduciary funds, disclosure of material events, and the monitoring of employee personal securities transactions. Chevy Chase Trust's Audit Committee monitors compliance with these policies,

as do Chevy Chase Trust's regulators during regular annual examinations and routine surprise exams.

### 3. Who monitors Chevy Chase Trust to make sure that my assets are safe?

- Chevy Chase Trust has a Management Committee and other subcommittees that consist of the senior managers of the Company. The Management Committee meets monthly to review and approve the activities of the prior month, including new and closed accounts, discretionary account contributions, account reviews, investment performance and regulatory issues.
- The Management Committee is chartered by and reports directly to Chevy Chase Trust's Board of Directors.
- Chevy Chase Trust's Internal Audit Department regularly audits the operations and administration functions and reports directly to the Audit Committee of the Board of Directors, rather than to management.
- Chevy Chase Trust has a Chief Compliance Officer who has extensive experience in banking and investments, and is responsible for designing and implementing policies and procedures to prevent and detect financial fraud.
- The Chief Compliance Officer has an independent reporting structure that alleviates potential conflicts of interest or undue influence.
- Chevy Chase Trust is subject to fiduciary examinations by the State of Maryland.



- Chevy Chase Trust is also subject to investment advisory examinations by the Securities and Exchange Commission.
- Both the fiduciary and investment advisory examinations include a review of Chevy Chase Trust's financial statements, which are audited annually by RSM US LLP, a well-respected national CPA firm with the depth and experience necessary to conduct an independent audit in accordance with the best practices of the accounting industry.

**4. How are my assets, including personal information, protected from cyberattack?**

Chevy Chase Trust utilizes industry standard benchmarks applied to its data security architecture. The firm also conducts reviews of companies with whom Chevy Chase Trust does business to protect client data, firm data, and to meet industry standards. Chevy Chase Trust's Information Technology department conducts ongoing cybersecurity assessments throughout the year.

**5. How are my funds protected from identity theft?**

Chevy Chase Trust maintains policies and procedures designed to obtain proper authorization and authentication for any request to disburse funds or change client contact information, prior to taking action. Chevy Chase Trust maintains a Customer Information Security Program ("CISP"). The CISP is designed to protect covered data, as defined by the Gramm Leach Bliley Act, and other applicable state and federal laws and regulations. The CISP deploys and monitors administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of client information. These safeguards extend to vendors and third party service providers.

**6. Who is in charge of holding my assets and sending me my statements?**

Chevy Chase Trust utilizes a sub-custodian, Reliance Trust Company ("RTC"), to hold client assets. RTC, which is owned by FIS, is a state bank and trust company chartered by the State of Georgia Department of Banking and Finance. All client assets are held in a custody account in RTC's name,

for the benefit of Chevy Chase Trust's clients.

The assets are held by RTC in a further depository, depending on the depository eligibility of each asset:

- The Depository Trust Company holds all securities other than Treasury, foreign, and certain municipal securities; this is a function it serves for every custodian, trust company, and brokerage firm in the United States.
- The Bank of New York Mellon holds all Treasuries in its accounts at the Federal Reserve Bank of New York.
- The Bank of New York Mellon holds foreign securities, physical securities, and certain municipal securities.

Client assets held by RTC are segregated from its own assets; therefore, in the unlikely event of RTC's insolvency, neither RTC's nor Chevy Chase Trust's creditors would have legal claim to these assets.

RTC, together with FIS, a global financial technology solution provider, performs various administrative, accounting and back-office functions on Chevy Chase Trust's behalf. For example, in its sub-custodian role, RTC provides the following services for Chevy Chase Trust clients:

- Settlement of all securities trades
- Reconciliation/ confirmation of all asset positions where they are deposited
- Production of all account statements
- Posting of all dividend income and corporate action distributions (splits, mergers, tenders, etc.)
- As appropriate, issuance of checks, wires
- As needed, mutual fund trades

If you have a desire for further information about RTC, upon request and on a confidential basis, we can make available its Statement on Standards for Attestation Engagements No. 16 Report (SSAE-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 activities, which often includes controls over information technology and related processes. Grant Thornton LLP, one of the most respected accounting firms in the United States, is RTC's independent auditor and reviews and opines on RTC's SSAE-16. Chevy Chase Trust's Chief Compliance Officer also reviews RTC's SSAE-16 on a regular basis.

**7. What happens if Chevy Chase Trust suffers a data security breach?**

Chevy Chase Trust maintains a detailed Information Security Incident Response Policy (the "IRP"). The IRP is premised on the Interagency Guidance Response Programs for Unauthorized Access to Customer Information and Customer Notice and includes steps to assess the situation, contain and control the situation, execute corrective measures, and provide customer notification when deemed appropriate or as required by law.

**8. How can I be sure that the holdings in my reports actually exist?**

Every marketable security shown on a Chevy Chase Trust client account statement must be accounted for and held by a custodian or depository. Chevy Chase Trust account balances are confirmed and reconciled daily by RTC. RTC reports anything that does not reconcile to Chevy Chase Trust Management for resolution. In addition, Chevy Chase Trust reviews reconciliation reports to ensure that there are no problems.

**9. Is there a reason why I should not custody my assets with the same firm that manages them?**

We believe that our clients are best served by Chevy Chase Trust in its role as investment manager and custodian, and do not believe that separating these functions would increase asset safety. Furthermore, Chevy Chase Trust, like all custodians whether banks, trust companies, or brokerage firms, uses some combination of a select network of sub-custodians and depositories.