

Chao and Company, Ltd.

March 31, 2011

This brochure provides information about the qualifications and business practices of Chao and Company, Ltd.

If you have any questions about the contents of this brochure, please contact Amanda Pagenhardt at telephone number 703.847.4380 or via email: apagenhardt@chaoco.com

This information has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Chao and Company, Ltd. is also available on the SEC's website at www.adviserinfo.sec.gov. CRD No. 116983.

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Item 2. Material Changes

Material Changes You Should Know:

The following brief summary discloses material changes made to this brochure since our last annual update in April 2010, when our SEC registration was initially effective.

Summary of Material Changes to this brochure:

1. Investment Discretion – our firm now manages client accounts on both a discretionary and non-discretionary basis.
2. Proxy Voting Authority – our firm now has proxy voting authority for certain client accounts.
3. Amanda Pagenhardt was appointed as our firm's Chief Compliance Officer.

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Brochure Supplements attached.

Item 4. Advisory Business

A. General Description of Advisory Firm.

Chao and Company, Ltd. is an SEC registered investment adviser with its principal office located in Vienna, VA. We have been in business since 1991 and became incorporated in November 1992. Philip S.L. Chao is the principal owner and Chief Investment Officer of our firm. Amanda Pagenhardt is our Chief Compliance Officer. We have no subsidiaries.

B. Description of Advisory Services (including any specializations)

We offer advisory services (as described in item C below) to individuals and institutions. Financial services to individuals and families include limited scope personal financial planning and ongoing and continuous investment advice and portfolio management. Financial services to institutions are limited to services related to retirement benefit planning, investment consulting and portfolio management.

C. Availability of Tailored Services for Individual Clients

We design, implement and monitor investment portfolios based on specific client circumstances and criteria. When designing an investment portfolio, the client's liquidity needs, downside risk exposure, expected average annual return, investment duration, and objectives are taken into consideration along with client specific requests to include or exclude one or more securities or investment asset classes or strategies. In the area of financial planning or retirement benefit planning, plans are prepared and advice is tailored to the specific client's objectives and circumstances

INVESTMENT SUPERVISORY SERVICES

We provide continuous advice to our clients regarding investment of their funds based on their individualized needs. Through personal discussions in which goals and objectives are determined, based on the client's particular circumstances, we develop a specific investment policy and create and manage a portfolio based on that policy. We manage advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, growth and income, etc.) We do not provide these services to self-directed benefit plans on an employee participant level when we also serve as the investment advisor, investment manager or fiduciary to the ERISA plan sponsor.

We primarily use mutual funds and or exchange traded funds ("ETFs") as the basic building blocks in portfolio management. Occasionally individual securities are used. Thus, we will create portfolios consisting of one or all of the following: individual equities, U.S. government securities, no-load mutual funds, load-waived mutual funds, and exchange traded funds and/or other investment products.

We allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds and ETFs are screened and selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests, replicates or tracks; the track record and tenure of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee and operational structure. Portfolio weighting between asset classes, investment styles and market sectors are determined by each client's specific needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments which are made on the client's behalf. Clients retain individual ownership of all securities at all times.

In the case of non-discretionary services, once the client has approved the investment portfolio, a list of recommended investments, current prospectuses for recommended mutual funds, historical performance data, and other relevant information are made available to the client. Upon client final approval, the

investments are either immediately invested or invested over time through the process of dollar-cost-averaging, as agreed upon with the client.

In designing a client's portfolio, we first develop a global macro view, which represents a top down process in asset allocation as well as establishing forward looking expected return per traditional asset class (cash, stocks and bonds). In expressing the global macro view, we use a "core and satellites" approach in designing a client's portfolio. Through a bottom up manager and fund selection process, a set of primarily index tracking, broad market mutual funds or ETFs are used to represent the "core" of the portfolio. The purpose of the "core" is to capture market returns by taking market risks. The "satellites" are comprised of investments in alternative assets classes (any asset or sub-asset class that is not considered a traditional asset class such as cash, stocks and bonds) and alternative investment strategies. In the case of alternative asset classes, index tracking, broad market mutual funds or ETFs are used. In the case of alternative investment strategies, actively managed mutual funds or ETFs are typically used. The purpose of the "satellites" is to enhance overall portfolio diversification (lowering asset class correlation) and/or increase expected portfolio returns over time.

On an ongoing basis, we use tactical and dynamic asset allocation strategies to balance the portfolio. Tactical allocation allows the portfolio to take advantage in short term opportunities by over weighting one or more sectors of the global economy, investment styles, or asset classes or underweighting certain segments of the portfolio to minimize risks and volatility. Dynamic allocation allows the portfolio to adjust over a longer period of time to better express our global macro views.

If a client is an ERISA plan sponsor and the service is to offer investment advice, we serve as an ERISA 3(21) investment co-fiduciary and if the service is to offer discretionary management of the plan assets, we serve as an ERISA 3(38) investment fiduciary manager.

RETIREMENT FINANCIAL PLANNING SERVICES

We do not offer comprehensive, personal financial planning. . Accordingly, financial planning services are limited to one or more issue-specific areas. We provide Retirement Planning advisory services. Clients purchasing this service receive a written report, providing the client with a detailed plan designed to achieve his or her stated retirement financial goals and objectives. Retirement planning services may include analysis of investments and their effect on a client's retirement portfolio.

We gather required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals, planning assumptions and attitudes towards risk. Related documents supplied by the client are reviewed, and a written report is prepared. A final report is presented to the client and implementation of the report recommendations is entirely at the client's discretion. Upon client's request, and to the extent it is within our professional expertise, we are available to assist in the implementation of the plan.

PERSONAL CONSULTING SERVICES

Clients may elect to obtain investment advice on a more limited basis. This may include advice on only an isolated area of concern such as reviewing a client's existing portfolio without us managing the client assets on a regular or ongoing basis. Additionally, we provide advice on non-securities matters. Generally, this is in connection with the rendering of insurance, and/or annuity advice.

BUSINESS CONSULTING SERVICES

Institutional or business clients may retain us to deliver business consulting services in areas of concern including, but not limited to, the following: general business planning, non-qualified retirement planning, closely held business shareholder issues and employee benefit analysis. We do not limit our business

consulting services to investment analysis and may provide advice on non-investment and/or non-securities related issues.

PENSION CONSULTING SERVICES

We also offer pension consulting services to retirement plan sponsors (for qualified and nonqualified plans) in the following areas and in the capacity of a co-investment fiduciary to the Plan Sponsor client:

- Assist the plan sponsor and its fiduciaries to meet their fiduciary responsibilities as investment fiduciaries pursuant to the Employee Retirement Income Security Act ("ERISA").
- Assist in drafting an Investment Policy Statement.
- Conduct a review of existing investments
- Conduct investment/manager searches.
- Provide ongoing investment monitoring and create written reports to client.
- Prepare, coordinate and manage the Request for Information (RFI) or Request for Proposal (RFP) process for plan service vendors.
- General plan design consulting.
- Coordinate and prepare investment communication materials.
- Coordinate and conduct investment education.

The educational support and investment workshops will NOT provide Plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations. We will not serve in the capacity of a "fiduciary advisor" as so defined under the Pension Protection Act of 2006. We do not provide services generally provided by a record keeper, or a third party administrator or an actuary to a qualified retirement plan.

Services provided to a plan sponsor will be specified in an agreement and we will disclose to the client any change to the information in the agreement required to be disclosed by our firm under ERISA Regulation Section 2550.408b-2(c)(1)(iv).

D. Wrap Fee Programs.

This Item is inapplicable as we do not offer any wrap fee programs.

E. Client Assets Under Management.

As of December 31, 2010, we have \$221,274,602 of client assets under management, \$43,068,989 of which is managed on a discretionary basis and \$178,205,613 is managed on a non-discretionary basis.

Item 5. Fees and Compensation

A. Advisory Fees and Compensation.

INVESTMENT SUPERVISORY SERVICES

The annual fee for our Investment Supervisory Services is charged as a percentage of assets under management, according to the following schedule:

ASSETS UNDER MANAGEMENT	ANNUAL FEE ASSESSED
Up to \$3 Million	The greater of \$5,250 or 0.70%
Next \$3,000,001 to 10 Million	0.50%
Next \$10,000,001 and above	0.25%

A minimum investment of \$750,000 is required. This account size may be negotiable under certain circumstances. We may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. We retain the sole discretion to make any exceptions to the account minimum and fee schedule on a client-by-client basis.

Each client is invoiced in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the client's account assets reported by the custodian at the end of the previous quarter.

RETIREMENT FINANCIAL PLANNING SERVICES

Financial planning fees will be charged in one of two ways:

1. As a fixed fee, typically ranging from \$3,500 - \$7,000 per retirement plan, depending on the nature and complexity of each client's circumstances.
2. On an hourly basis at a rate of \$350 per hour. If appropriate, an estimate for total hours may be determined at the start of the advisory relationship.

PERSONAL CONSULTING SERVICES

Personal consulting fees will be charged on an hourly basis at a rate of \$350 per hour. If appropriate, an estimate for total hours may be determined at the start of the advisory relationship.

BUSINESS AND PENSION CONSULTING SERVICES

Business and Pension Consulting fees will be charged in one of two ways:

1. As a fixed fee, typically ranging from \$15,000 - \$100,000, depending on the number of employees, type of Plan, nature and complexity of each client's circumstances.
2. On an hourly basis at a rate of \$350 per hour or at a rate of \$3,500 per day. If appropriate, an estimate for total hours may be determined at the start of the advisory relationship.

B. Payment of Fees.

For investment advisory or investment management services, typically fees are debited from the pre-designated account in accordance with the client's written authorization with the custodian and in the Services Agreement. Otherwise, based solely on each client's choosing, we will invoice the client and are paid directly by the client.

For investment advisory services to an ERISA plan, we will invoice the plan sponsor or plan administrator directly at the end of each calendar quarter in arrears. The plan sponsor may elect to pay the invoice with plan assets held at a qualified independent custodian or with the general assets of the employer.

For all other services provided to an ERISA plan for a fixed or flat fee, we will invoice the plan sponsor or plan administrator directly at the end of each calendar quarter in arrears after first deducting any retainer previously paid.

For all financial planning services, the client is invoiced monthly for services provided during the prior month. The client is expected to pay the invoice in full within 10 business day upon the receipt of our invoice.

C. Other Fees and Expenses.

For clients for whom we provide Pension Consulting Services using a life insurance company group annuity product, we will be paid monthly by the insurance company based on an annual fee ranging from 0.25% to 1.00% of plan assets under advisement. The negotiated fee assessed is based on the asset size of the plan and the expected future contribution flow. This fee is described in the insurance company's group insurance contract with the client. .

GENERAL INFORMATION ON FEES:

Fee Calculation: The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the account for any advisory client.

Termination of Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 10 business day's written notice. Upon termination of any account, any prepaid, unearned fees will be refunded within 30 calendar days, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Mutual Fund and Separate Account Fees: All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by open-end or closed-end mutual funds, exchange traded fund ("ETF") fees and commissions, and charges or expenses charged by outside Separate Account managers. . These fees and expenses are described in each fund's prospectus in the case of a mutual fund or ETF and separate account management agreement for any outside separate account managers utilized. These fees generally include a management fee, other fund expenses, short-term trading fees and a possible distribution fee. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by us which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Under all circumstances, we will not be compensated or receive compensation of any kind payable by a mutual fund or outside separate account manager.

Accordingly, the client should review both the fees charged for each investment product and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Brokerage Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s).

D. Prepayment of Fees.

We do not require the pre-payment of fees of more than \$1200 or more than six months in advance.

A maximum \$1,100 retainer fee may be due upon signing a planning agreement for planning services only (differentiating such service from investment advisory or management services). The monthly

financial planning or pension consulting invoices show detail on the total amount due for services performed during the previous month after first deducting the retainer paid.

Upon termination of the service agreement, any prepaid, unearned fees will be refunded to the client within 30 calendar days, and any earned, unpaid fees will be due and payable to us.

E. Additional Compensation and Conflicts of Interest.

We are not affiliated with any broker-dealer firms so we do not accept investment commissions on investment transactions. In the case of an insurance annuity product where we are operating as a licensed insurance agent, the negotiated commission, paid through the insurance carrier, is the sole compensation or remuneration we receive for the agreed upon services to a retirement plan client.

We do not buy or sell securities for our own proprietary account.

Item 6. Performance-Based Fees and Side-by-Side Management

This item is inapplicable Since we do not charge performance based fees on any accounts.

Item 7. Types of Clients

We provide investment advice to individuals, families, trusts, pension plans, non-qualified plans, endowments and institutions.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies.

In designing a client's portfolio, we first develop a global macro view, which represents a top down process in asset allocation as well as establishing forward looking expected return per traditional asset class (cash, stocks and bonds). In expressing the global macro view, we use a "core and satellites" approach in designing a client's portfolio. Through a bottom up manager and fund selection process, a set of primarily index tracking, broad market mutual funds or ETFs are used to represent the "core" of the portfolio. The purpose of the "core" is to capture market returns by taking market risks. The "satellites" are comprised of investments in alternative assets classes (any asset or sub-asset class that is not considered a traditional asset class such as cash, stocks and bonds) and alternative investment strategies. In the case of alternative asset classes, index tracking, broad market mutual funds or ETFs are used. In the case of alternative investment strategies, actively managed mutual funds or ETFs are typically used. The purpose of the "satellites" is to enhance overall portfolio diversification (lowering asset class correlation) and/or increase expected portfolio returns over time.

On an ongoing basis, we use tactical and dynamic asset allocation strategies to balance the portfolio. Tactical allocation allows the portfolio to take advantage in short term opportunities by over weighting one or more sectors of the global economy, investment styles, or asset classes or underweighting certain segments of the portfolio to minimize risks and volatility. Dynamic allocation allows the portfolio to adjust over a longer period of time to better express our global macro views. The overriding theme of our investment approach is to minimize portfolio volatility through diversification while reaching for the expected portfolio return over a market cycle.

B. Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies.

Every investment involves a certain risk of loss which you should be prepared to bear, including the risk of a total loss of your investment. Our primary method for managing investment risk is asset diversification. Under normal market conditions, various asset classes, sub-asset classes, investment styles and market sectors offset each other's up or down price movements to minimize extremes. However, in extreme market conditions historically, the benefit of diversification is often diminished and results in uniform movement of all assets to the downside. Although we attempt to minimize the impact of such uniform movements to the downside with in a portfolio we manage, there is no assurance that in extreme or abnormal market conditions those significant losses would not occur.

C. Risks Associated With Types of Securities that are Primarily Recommended (Including Significant or Unusual Risks).

Alternative asset classes involve a greater degree of volatility. Any client invested in actively managed alternative asset classes should expect a higher level of volatility. We attempt to minimize this volatility through asset class diversification.

Item 9. Disciplinary Information

This Item is inapplicable since we and our employees do not have any disciplinary record.

Item 10. Other Financial Industry Activities and Affiliations

We are a SEC registered investment adviser. We are also an insurance agent or broker for one or more insurance companies. Philip S.L. Chao, Principal, in his individual capacity, is also an insurance agent or broker for one or more insurance companies. Thus, we and our executive officers will be able to purchase products for clients for which they receive separate, yet customary compensation. The implementation of any or all recommendations is solely at your discretion.

In addition to providing the advisory services described above, we also provide non-investment related business consulting services addressing valuation, planning, payroll and other issues. The majority of these services are provided under Financial Planning or Consulting agreements where an hourly or fixed fee is payable by the client for the services rendered. Mr. Chao may spend as much as 50% of his time with these related activities.

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

A. Code of Ethics.

We have adopted a Code of Ethics pursuant to SEC Rule 204A-1 that obligates us and our employees to put the interests of our clients before our own interests and to act honestly and fairly in all respects in dealings with clients. All of our personnel are also required to comply with applicable federal securities laws.

Our Code of Ethics describes the firm's fiduciary duties and responsibilities to our clients and sets forth our practice of supervising the personal securities transactions of our employees with access to client information. Our employees may buy or sell securities for their personal accounts identical to or different from those recommended to you. It is our expressed policy that our employees must put the interests of our clients ahead of their personal investment decisions.

To supervise compliance with our Code of Ethics, we require that anyone associated with us with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. We require such employees to also receive approval from the Chief Compliance Officer prior to investing in any initial public offerings (IPOs) or private placements (limited offerings).

Our Code of Ethics further includes our policy prohibiting the use of material non-public information.

Any individual not in observance of the above may be subject to discipline.

We will provide a complete copy of our Code of Ethics to any client upon request to our Chief Compliance Officer at our principal address.

B. Client Transactions in Securities where Adviser has a Material Financial Interest.

We have no affiliation with any individual or institution that carries a material financial interest. Further, we do not buy or sell securities of any kind for our firm's own account for the purpose of reselling to clients. We do not conduct any trades between our own account and a client account.

C. Investing in Securities Recommended to Clients.

Under our firm's 401(k) plan, employee participants are given the opportunity to self direct investments into a group of ETFs. Individual employees may also, from time to time, own interests in mutual funds and ETFs that are also recommended to our clients.

Since mutual funds and ETFs are broadly diversified and our firm and our employees have no direct control over the purchase or sale of any individual security there under, this is deemed to be free of conflict of interest for our firm's 401(k) plan and/or individual employees to purchase, hold or sell ETFs or mutual fund shares that have been recommended to our clients or held by them. Due to the scale of an ETF or a mutual fund, the timing of the purchase or sale by our firm's 401(k) plan and/or employees will not in any manner affect the price of the mutual fund. Moreover, employee-participant trading in the ETFs under the 401(k) plan is limited to once a day and each trade is bundled with others by the third party administrator to our firm's 401(k) Plan and our firm and employees have no control, influence or discretion regarding the timing of each trade.

D. Conflicts of Interest Created by Contemporaneous Trading.

We primarily use separate accounts, mutual funds and ETFs in building and managing client portfolios. If an individual security is to be purchased, and an employee is also interested in purchasing the same individual security, we will always execute the purchase for the client account first. In the case of selling an individual security in a client's portfolio, the same priority preference is afforded to the client. All transactions for clients are executed before any employee's personal security transaction.

Item 12. Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

We participate in the Schwab Institutional services program offered to independent investment advisers by Charles Schwab & Company, Inc., ("Schwab") a NASD registered broker dealer, Member SIPC/NYSE. Clients in need of brokerage and custodial services will have Schwab recommended to them.

Schwab Institutional, a division of Charles Schwab & Co., Inc., maintains custody of clients' assets and effects trades for their accounts. Schwab Institutional provides us with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services

generally are available to independent investment advisors at no charge to them as long as a total of \$10 million of the advisor's client account assets are maintained at Schwab Institutional.

Schwab Institutional provides the following services to us: research, brokerage, custody, access its mutual funds platform and certain investments that are typically available only to institutional investors or would require a significantly higher minimum initial investment.

1. Research and Other Soft Dollar Benefits.

We reserve the right to participate in soft dollar arrangements under the Section 28(e) safe harbor provisions of the Exchange Act. The only services we currently receive that could potentially be considered "soft dollar" services are the research and market data provided by Schwab under the Schwab advisor program. However, we do not have any commission requirements to receive the research and market data benefits. The only requirement is the \$10 million in advisory assets as stated in Item 12A above.

2. Brokerage for Client Referrals.

We do not and have not received any referrals from a broker-dealer and this factor is not a part of the consideration in selecting or recommending broker-dealers to clients.

3. Directed Brokerage.

We participate in the Schwab Institutional services program offered to independent investment advisers by Charles Schwab & Company, Inc. Clients in need of brokerage and custodial services will have Charles Schwab & Company recommended to them. Not all advisers make such broker-dealer recommendations. As part of the Schwab Institutional program, we receive benefits that it would not receive if it did not offer investment advice.

Clients are free to select a broker-dealer of their choice when we manage portfolios and investment assets. We reserve the right to decline any client account that directs the use of a broker dealer other than Schwab if we believe that the broker dealer would adversely affect our fiduciary duty to the client and/or ability to effectively service the client portfolio. When clients designate specific brokers or dealers through which transactions are to be effected, orders for such directed brokerage clients will be placed after orders for clients that leave the selection of brokers to our discretion. For these accounts, it may not be possible for us to obtain the lower commission rates which might be attainable if we had full discretion in the selection of the executing firm. Clients directing brokerage may also incur other transaction costs or greater spreads or receive less favorable net prices on transactions for their accounts than might otherwise be the case.

B. Order Aggregation.

We do not aggregate transactions when we purchase or sell the same security across multiple client accounts. Currently, the timing of transactions and low number of discretionary accounts does not warrant this process, but as our number of discretionary accounts increases we may aggregate orders in the future if the potential benefit of an average price and lower total transactions costs are in the best interest of our clients.

Item 13. Review of Accounts

The underlying securities within your account are continuously monitored by Eileen Huang, Senior Analyst at our firm. Philip SL Chao, Principal and Chief Investment Officer conduct monthly account level reviews.

Accounts are reviewed in the context of each client's stated investment objectives and guidelines.

Amanda Pagenhardt, Chief Compliance Officer, reviews transactions in each client portfolio on a monthly basis to verify that transactions have been executed according to the order entry instructions from Mr. Chao.

Moreover, Philip Chao reviews each client account at the end of each calendar quarter as a part of our quarterly review of accounts for performance and compliance purposes.

A. Frequency and Nature of Review.

Accounts are reviewed on a formal basis both monthly and quarterly as stated above. Clients receive written reports from both our firm and their independent custodian at least quarterly. We encourage our clients to compare the reports received from our firm with those of their custodian.

B. Factors Prompting a Non-Periodic Review of Accounts.

Client portfolios and accounts are reviewed on an ongoing basis by Eileen Huang, Senior Analyst, in an effort to identify any unusual performance issues for a client portfolio as compared with the benchmark.

Significant changes in global macro variables such as market, political or economic circumstances, or changes in a client's individual financial objectives or circumstances may trigger more frequent reviews.

C. Content and Frequency of Regular Account Reports.

In addition to the monthly or quarterly, written account statement sent to clients by the broker-dealer custodian we also send clients a performance report at the end of each calendar quarter in writing. The report details the performance of each account and the performance of the portfolio against one or more benchmarks and provides a detailed gain loss report for the reporting period.

For 401(k) retirement plan clients where we serve as a co-investment fiduciary, a comprehensive monitoring report is prepared by us. This report measures each investment against a set of criteria established under the 401(k) plan investment policy statement and provides recommendations regarding the investment choices that failed to meet the stated criteria. This written report is sent to the client quarterly.

Item 14. Client Referrals and Other Compensation

A. Economic Benefits Received from Non-Clients for Providing Services to Clients.

We do not accept or receive any benefits (cash or non-cash) other than our advisory fee in relation to our investment advisory business.

B. Compensation to Non-Supervised Persons for Client Referrals.

We do not directly or indirectly compensate anyone or any entity for client referrals.

Item 15. Custody

This item is inapplicable as we do not maintain custody of client funds or securities.

Account statements are prepared independently and directly forwarded by the broker-dealer custodian to each client.

Item 16. Investment Discretion

Under written authorization from the client we may manage client portfolios on a discretionary basis. This written trading authorization by the client is also provided to the broker-dealer custodian. Based on the client's investment criteria, we will first offer the client, in writing, a general asset allocation recommendation. After we receive client consent to the asset allocation recommendation, we have full and complete discretion as to the timing, amount and priority of implementation and selecting the specific investments to be purchased and sold, subject to any restrictions set in writing by the client.

Item 17. Voting Client Securities

For accounts in which we have discretion, upon the client's request we may vote proxies on their behalf. Upon request, we will provide clients with a copy of our Proxy Voting Policy and actual votes cast on their behalf.

A. Policies and Procedures Relating to Our Authority to Vote Client Securities.

It is our policy to vote client proxies in the interest of maximizing shareholder value. To that end, we will vote in a way that we believe, consistent with our fiduciary duty to you, will cause the value of the issue to increase the most or decline the least. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote. Each vote will be reviewed on a case-by-case basis.

Any general or specific proxy voting guidelines provided by our client or their designated agent in writing will supersede this policy. Clients may wish to have proxies voted by an independent third party or other named fiduciary or agent, at their own cost.

Our proxy voting procedures are designed to enable us to resolve material conflicts of interest with our clients before voting your proxies in the interest of shareholder value.

B. No Authority to Vote Client Securities and Client Receipt of Proxies.

For our non-discretionary investment services, the client retains voting and all shareholder rights and instructs the broker-dealer custodian to notify the client of any corporate action in writing or electronically. The Client has the right to contact us regarding each proposed action.

Item 18. Financial Information

We do not believe there is any existing financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

Item 19. Requirements for State-Registered Advisers

This Item is not applicable since we are registered with the SEC.

**Brochure Supplement
Part 2B of Form ADV**

Item 1. Cover Page

Philip S.L. Chao

March 31, 2011

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This *brochure supplement* provides information about Philip S.L. Chao that supplements the Chao and Company Ltd. firm *brochure*. You should have received a copy of that *brochure*. Please contact Amanda Pagenhardt at telephone number 703.847.4380 or via email at apagenhardt@chaoco.com if you did not receive the Chao and Company Ltd.'s *brochure* or if you have any questions about the contents of this supplement.

Additional information about Philip S.L. Chao is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Educational Background and Business Experience

Name: Philip S.L. Chao, CFP, AIFA

Year of Birth: 1956

Education:

B.S., Biological Sciences, University of Southern California, 1978.

Career Summary:

Business Experience:

Principal/Chief Investment Officer, Chao & Company, Ltd., 10/1991 to present;
OSJ Registered Principal, SunAmerica Securities, Inc., December 1995 to December 2000.

Exams and Designations:

Mr. Chao holds the Certified Financial Planner ("CFP") certification. The CFP program is administered by the CFP Board and has educational, experience, examination, and ethical requirements for professionals in the financial planning industry. This certification is relevant to Mr. Chao as a financial professional providing investment advice to clients. To learn more about the certification, please visit the CFP Board website at <http://www.cfp.net/>.

In addition, Mr. Chao holds the Accredited Investment Fiduciary Analyst ("AIFA") designation. The AIFA program is sponsored by fi360 through the Center for Fiduciary Studies, LLC. In order to hold the designation, an individual must obtain certain educational, industry experience, and examination requirements. Continuing education requirements must be met in addition to adherence to a code of ethics. This certification allows Mr. Chao to evaluate and assess an entity's conformity to a "Global Fiduciary Standard of Excellence." To learn more about the certification, please visit the fi360 website at www.fi360.com.

Item 3. Disciplinary Information

No disciplinary actions have been taken against Philip S.L. Chao.

Item 4. Other Business Activities

Chao & Company is an insurance broker for one or more insurance companies. Philip SL Chao, Principal and Chief Investment Officer, in his individual capacity is an insurance agent for one or more insurance companies. Thus, Chao & Company and its executive officers will be able to purchase products for clients for which they will receive separate, yet customary compensation. While Chao & Company and Philip Chao endeavor at all times to put the interest of the clients first as part of Chao & Company's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and will affect the judgment of these individuals when making recommendations.

Mr. Chao may spend as much as 50% of his time with these related activities.

Item 5. Additional Compensation

Philip S.L. Chao does not receive any additional compensation from external sources in relation to his investment advisory role with the firm.

Item 6. Supervision

Amanda Pagenhardt, our Chief Compliance Officer, is responsible for supervising the trading activity of Philip S.L. Chao. She routinely reviews all trading activity in both his personal accounts as well as his client trading activity.