

Item 1 – Cover Page

Cassaday & Company, Inc.
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<http://www.cassaday.com>
March 15, 2011

This Brochure provides information about the qualifications and business practices of Cassaday & Company. If you have any questions about the contents of this Brochure, please contact us at 703-506-8200.

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.

Cassaday & Company is a registered investment adviser (Adviser). Registration of an Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Cassaday & Company is also available on the SEC's website at <http://www.adviserinfo.sec.gov>. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Cassaday & Company is 106566. The SEC's web site also provides information about any persons affiliated with Cassaday and Company who are registered, or are required to be registered, as investment adviser representatives (IARs) of the Firm.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 15, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will also provide you with a new Brochure as necessary, based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Ms. Linda Ann Stewart, Chief Compliance Officer, at 703-506-8200. Our Brochure is also available on our web site <http://www.cassaday.com>, also free of charge.

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Item 4 – Advisory Business

Investment Management Services

As of December 31, 2010, Cassaday & Company managed \$779,718,705 on a discretionary basis and \$ 8,674,068 on a non-discretionary basis.

Cassaday & Company manages investment portfolios for individuals, qualified retirement plans, trusts, charitable organizations, corporations and small businesses.

Cassaday & Company will work with a client to determine the client's investment objectives and investor risk profile and will design a written investment policy statement. The Firm uses investment and portfolio allocation software to evaluate alternative portfolio designs. Cassaday & Company evaluates the client's existing investments with respect to the client's investment policy statement. The Firm works with new clients to develop a plan to transition from the client's existing portfolio to the desired portfolio. It will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold review meetings with the client regarding the account as necessary.

Cassaday & Company will typically create a portfolio of no-load mutual funds, and may use model portfolios if the models match the client's investment policy. The Firm will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. Cassaday & Company primarily recommends portfolios consisting of passively managed asset classes and index mutual funds.

Financial Planning Services

Cassaday & Company's financial planning services typically involve providing a variety of services, principally advisory in nature, to individuals or families regarding the management of their financial resources based upon an analysis of client needs. Generally, financial planning services involve preparing a financial program for a client based on the client's financial circumstances and objectives. This information normally would cover present and anticipated assets and liabilities, including insurance, savings, investments, and anticipated retirement or other employee benefits.

In general, the financial plan will address any or all of the following areas of concern:

- PERSONAL: Family records, budgeting, personal liability, estate information and financial goals.
- EDUCATION: Education IRAs, financial aid, state savings plans, grants and general assistance in preparing to meet dependent's continuing educational needs through development of an education plan.
- TAX & CASH FLOW: Income tax and spending analysis and planning for past, current and future years. Cassaday & Company may illustrate the impact of various investments on a client's current income tax and future tax liability.
- DEATH & DISABILITY: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- RETIREMENT: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- INVESTMENTS: Analysis of investment alternatives and their effect on a client's portfolio.

The program developed for the client will usually include general recommendations for a course of activity or specific actions to be taken by the client. For example, recommendations may be made that the client obtain insurance or revise existing coverage, establish an individual retirement account, increase or decrease funds held in savings accounts or invest funds in securities.

Cassaday & Company gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed and a written report is typically prepared. Should a client choose to implement the recommendations in the plan, Cassaday & Company suggests that the client work closely with his/her attorney, accountant or insurance agent. Implementation of financial plan recommendations is entirely at the client's discretion.

Retirement Planning Consulting Services:

Cassaday & Company provides retirement consulting services to employee benefit plans and their fiduciaries. The services are designed to assist the plan sponsor (Company) in meeting their management and fiduciary obligations to the plan under ERISA. Retirement consulting services will consist of general or specific advice, and may include any one or all of the following:

1. *Strategic Planning and Investment Policy Development/Review.* Meet with the Company and/or the named fiduciary or their fiduciary delegate to assist them in developing an investment policy statement (IPS). Alternatively, if the Plan has an existing investment policy statement, Cassaday & Company will review the existing IPS and assist the Company, named fiduciary and/or their fiduciary delegate to determine whether the Plan is performing consistent with the IPS and/or whether the IPS needs to be revised, based on an analysis of the Plan's liquidity requirements, performance goals and risk tolerance levels of the Plan using information provided by the Company.
2. *Plan Review.* Conduct a review of the Plan design and advise the Named Fiduciary whether the Plan is operating in accordance with Plan documents and applicable provisions of ERISA; and review Named Fiduciary's compliance with fiduciary responsibilities, including compliance with requirements for self-directed plans (if applicable) under ERISA Section 404(c);
3. *Plan Fee and Cost Review.* Conduct an annual review of fees and costs charged to Plan by other service providers to assist Named Fiduciary to determine reasonableness of fees and costs paid by Plan;
4. *Third Party Service Provider Liaison.* Act as liaison for the Plan and the Named Fiduciary when dealing with the trustee, custodian, plan actuary and other third party service providers to Plan;
5. *Assessment of Investments.* Conduct a periodic review of fund expenses, investment performance, and style drift for mutual funds offered by the Plan to participants, comparing them with other funds in the same asset category using Morningstar data from Principia and MPI Stylus; provide suggestions to the Named Fiduciary from time to time as deemed warranted by the IAR for alternative mutual fund options for the Plan to make available to its participants (which decision shall remain the sole and exclusive decision of the Named Fiduciary and/or their fiduciary delegate);

6. *Participant Education and Communication.* Coordinate and/or conduct investment education and enrollment meetings for plan participants as determined by the Company.

The Company may also engage Cassaday & Company to provide the following additional services, for separate compensation:

1. *Executive Benefits.* Review, design and implement nonqualified plans/deferred compensation.
2. *Plan Conversion.* Assist with conversion to alternate vendors, including preparation of Request for Proposal (RFP) from prospective new vendors, and review and comparison of responses to RFP.
3. *Coordination with Other Third-Parties.* Interact with outside advisors or tax, legal and accounting counsel as necessary.

Cassaday & Company together with the Company will determine in advance the scope of services to be performed and the fees for all requested services. Prior to engaging Cassaday & Company to provide pension consulting services, the Company will be required to enter into a written agreement with Cassaday & Company setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the relevant fees and fee paying arrangements. In performing the contracted services, Cassaday & Company shall not be required to verify the accuracy or consistency of any information received from the Company.

All client accounts are regulated under the Employee Retirement Income Securities Act (ERISA). Cassaday & Company will provide pension consulting services to the Company as described above. In providing pension consulting services, Cassaday & Company together with the Company agree that Cassaday & Company will serve in a fiduciary capacity with respect to certain of the services provided, and as referenced in the executed agreement for services. However, the Company is free to seek independent advice about the appropriateness of any recommendations made by Cassaday & Company, or its IARs.

Although allowable under certain circumstances, Cassaday & Company, or its IARs, will not render advice to utilize any affiliated mutual funds and will not act as broker of record or directly receive any commissions or mutual fund 12b-1 fees from investments of the plan assets.

Cassaday & Company does not provide legal, tax, or actuarial advice and will not be responsible for ensuring that the IPS and asset allocation choices comply with any legal, actuarial or other requirements that apply to the Plan.

Item 5 – Fees and Compensation

Investment Management Services

Assets Under Management	Fee Schedule
First \$500,000	1.20%
Next \$500,000	.95%
Next \$1,000,000	.75%
Next \$3,000,000	.50%
\$5,000,000 and higher	Negotiable

In addition to paying an Advisory Fee, clients invested in Mutual Funds will bear a proportionate amount of the operating expenses of the various funds in which they are invested, including management fees that are paid to the funds' advisors.

The specific manner in which fees are charged by Cassaday & Company is established in the client's written agreement with the Firm. Cassaday & Company will generally bill its fees on a quarterly basis in arrears. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Cassaday & Company's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment advisers and other third parties. Such fees may include, but may not be limited to: fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Cassaday & Company's fee. The Firm will not receive any portion of these commissions, fees, and costs.

Financial Planning Services

This service will be billed hourly at a rate of \$145.00 to \$400.00 per hour depending upon the planner and scope of advice. Client will be billed after receiving the financial planning advice.

Item 12 further describes the factors that Cassaday & Company considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Client may terminate an existing contract by notifying applicant in writing at any time.

Retirement Plan Consulting Services Fee

The fee for the services may be charged either at a pre-determined hourly rate, a fixed fee or based upon a percentage of the Plan assets. The exact fee will be negotiated in advance of services rendered and shall be clearly set forth in the executed agreement for services between Cassaday & Company and the Company. Fees will be billed quarterly in arrears within 30 days of the quarter end. In special circumstances other fee paying arrangements may be negotiated.

Fixed Fee Range: \$5,000-\$100,000. Based on scope of services agreed upon in engagement, reasonable in light of geographical location, complexity of engagement, size of Plan, and other relevant factors.

At the inception of the relationship, the Company is required to pay Cassaday & Company an initial fixed retainer prior to services rendered. Thereafter, all such fees are payable quarterly in arrears as invoiced. In special circumstances other fee paying arrangements may be negotiated. Moreover, at the Company's consent, Cassaday & Company may bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost to the Company.

Item 6 – Performance-Based Fees and Side-By-Side Management

Cassaday & Company does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Cassaday & Company provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans. Account minimum size requirement is \$500,000 per family.

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

Methods of Analysis and Investment Strategy

Cassaday & Company's services are based on long-term investment strategies incorporating the principles of "Modern Portfolio Theory." The Firm's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking. Cassaday & Company recommends diversified portfolios, principally through the use of passively managed, asset class mutual funds.

Cassaday & Company selects or recommends to clients portfolios of securities, principally broadly-traded open-end mutual funds or conservative fixed income securities to implement this investment strategy.

Although all investments involve risk, Cassaday & Company's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients, the investment directly in conservative fixed income securities to represent the fixed income class. Cassaday & Company's investment philosophy is designed for investors who desire a buy and hold strategy. Frequent trading of securities increases brokerage and other transaction costs that Cassaday & Company's strategy seeks to minimize.

In the implementation of investment plans, Cassaday & Company primarily uses mutual funds and, as appropriate, portfolios of conservative fixed income securities. Cassaday & Company may also utilize Exchange Traded Funds (ETFs) to represent a market sector.

Clients may hold or retain other types of assets as well, and Cassaday & Company, may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

Cassaday & Company's strategies do not utilize securities that we believe would be classified as having any unusual risks and we do not recommend frequent trading, which can increase brokerage and other costs and taxes.

Analysis of a Client's Financial Situation

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, Cassaday & Company relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, Cassaday & Company may use back-tested historical data to develop various risk adjusted models appropriate for a variety of risk levels. From there, the client and adviser can agree on an appropriate risk tolerance and model allocation.

As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals.

Such risks include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs utilized by Cassaday & Company may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodities. Equity securities may

include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in Cassaday & Company's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds utilized by Cassaday & Company may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses.

Item 9 – Disciplinary Information

Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Cassaday & Company or the integrity of its management. Cassaday & Company has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Cassaday & Company's IARs are affiliated, as registered representatives, with Royal Alliance Securities Inc. (Royal), a member of the AIG Adviser Group (AIG). Such Registered Representatives may recommend investment products manufactured by AIG. AIG is a diversified financial services company engaged in the sale of various financial products. If a non-advisory client purchases investments through Cassaday & Company, the Registered Representative may receive a commission. This may present a conflict of interest between the Firm and its clients based on selection of its distinct, fee-only advisory business and those clients with commission-only brokerage accounts.

Cassaday & Company's IARs are also licensed insurance agents and may receive commissions from the sale of various insurance products.

Item 11 – Code of Ethics

Cassaday & Company has adopted a Code of Ethics for all supervised persons of the Firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Cassaday & Company must acknowledge the terms of the Code of Ethics annually, or as amended.

Cassaday & Company anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Cassaday & Company has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Cassaday & Company, its affiliates and/or clients, directly or indirectly, have a position of interest. Cassaday & Company's employees and persons associated with the Firm are required to follow its Code of Ethics.

Subject to satisfying this policy and applicable laws, officers, directors and employees of Cassaday & Company and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for its clients. As Cassaday & Company rarely trades individual equity securities, its Code does not require pre-clearance of employee transactions. Nevertheless, its Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Cassaday & Company will not interfere with their (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Cassaday & Company's clients.

Cassaday & Company's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Ms. Linda Stewart.

Although it rarely trades individual equities, Cassaday & Company will not affect any principal or agency cross securities transactions for client accounts. It will also not cross trades between client accounts. Principal transactions are generally defined as transactions where Cassaday & Company, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as Adviser in relation to a transaction in which the Adviser, or any person controlled by or under common control with the Adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an Adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

Cassaday & Company does not utilize soft-dollar payments.

Cassaday & Company's IARs are also registered representatives of Royal Alliance Associates (Royal). All trades must be executed thru Royal. Therefore, Cassaday & Company is unable to trade with any other broker-dealer. However, all fee-only advisory mutual fund trades are executed at NAV.

To the extent that Cassaday & Company would execute a stock transaction, this arrangement may limit or eliminate its ability to obtain best price execution because of the lack of flexibility to utilize broker-dealers outside of the custodian broker-dealer.

To the extent that Cassaday & Company does block stock orders for certain clients, these trades will be done using Royal Alliance's average price account. This average price account makes sure that no advisory client is favored over any other client. Each client that participates in an aggregated order participates at the average share price with all transaction costs shared on a pro rata basis.

Notwithstanding, the majority of Cassaday & Company's securities activities involves mutual funds where best execution is not an issue.

Item 13 – Review of Accounts

All accounts are managed pursuant to an IPS agreed upon by the client. The goal of Cassaday & Company is to have homogeneity of allocation and holdings across all accounts. This allows management of the accounts in a uniform and consistent manner. Changes in holdings or allocations are made in all accounts simultaneously.

Accounts are thereby reviewed regularly for compliance with Firm investment policy as set forth by its Investment Policy Committee (IPC). Effectively accounts are reviewed at least biweekly by one of the research assistants, but in practice are reviewed more frequently.

Cassaday & Company added the Tamarac trading platform in October 2008. This service allows the Firm to rebalance accounts more frequently and to make changes to accounts more efficiently.

For the Retirement Planning Consulting Services, Cassaday & Company will conduct a periodic review of fund expenses, investment performance, and style drift for mutual funds offered by the Plan to participants, comparing them with other funds in the same asset category using Morningstar data from Principia and MPI Stylus; provide suggestions to the Named Fiduciary from time to time as deemed warranted by the Firm for alternative mutual fund options for the Plan to make available to its participants (which decision shall remain the sole and exclusive decision of the Named Fiduciary and/or their fiduciary delegate).

Item 14 – Client Referrals and Other Compensation

Cassaday & Company and its IARs may receive compensation from certain product sponsors to assist with seminars and client appreciation dinners. These reimbursements may represent an inherent conflict of interest.

While the applicant and the Investment advisers also can receive 12B-1 fees, they can rebate such fees to clients. All clients do not receive 12B-1 fee rebates.

Cassaday & Company also maintains a solicitor's agreement with the CPA firm of Williams, Renner and Mooney, pursuant to SEC Rule 206(4)-3.

Item 15 – Custody

Clients should receive at least quarterly statements from Pershing, LLC Securities (Pershing), which holds and maintains client's investment assets, as custodian for their accounts.

Cassaday & Company urges you to carefully review Pershing's statements and compare its official custodial records to the account statements that it may provide to you. Cassaday & Company's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Cassaday & Company usually receives discretionary authority from the client at the onset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for that particular client account.

When selecting securities and determining amounts, Cassaday & Company observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Cassaday & Company's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Cassaday & Company in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, Cassaday & Company does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Cassaday & Company may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Cassaday & Company is required in this Item to provide you with certain financial information or disclosures about its financial condition. Cassaday & Company has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.