

**Item 1 – Cover Page**

**Cassaday & Co Wealth Management, LLC**

**8180 Greensboro Drive, Suite 1180**

**McLean, VA**

**703-506-8200**

**<http://www.cassaday.com>**

**December 31, 2022**

This Brochure provides information about the qualifications and business practices of Cassaday & Co Wealth Management, LLC. 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 & Co Wealth Management, LLC 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 & Co Wealth Management, LLC 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 & Co Wealth Management, LLC is 317672. The SEC's web site also provides information about any persons affiliated with Cassaday & Co Wealth Management, LLC who are registered, or are required to be registered, as investment adviser representatives (IARs) of the Firm.

## Item 2 – Material Changes

In this section, we summarize material changes to this Brochure since the last updated filing of Cassaday & Co Wealth Management, LLC', which was dated September 12, 2022, there have been no changes.

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

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

Cassaday & Co Wealth Management, LLC (“Cassaday & Company”) manages investment portfolios for individuals, qualified retirement plans, trusts, charitable organizations, corporations and small businesses.

Cassaday & Company is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, Cassaday & Company is a wholly owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly owned subsidiary of Focus LLC. Focus Financial Partners Inc. (“Focus Inc.”) is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

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 ETFs 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 actively managed assets and we may from time to time invest in passive investments.

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC ("FTCS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a fuller discussion of these services and other important information.

We help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC ("FRS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a fuller discussion of these services and other important information.

### **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.
- ESTATE PLANNING: Analysis of clients' estate plans and providing recommendations designed to effectuate clients' testamentary goals while reducing estate taxes.

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.

Cassaday & Company provides pension consulting services as described above.

Cassaday & Company is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) with respect to investment management services and investment advice provided to ERISA plan clients, including plan participants. Cassaday & Company is also a fiduciary under section 4975 of the Internal Revenue Code (the “IRC”) with respect to investment management services and investment advice provided to individual retirement accounts (“IRAs”), ERISA plans, and ERISA plan participants. As such, Cassaday & Company is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a “PTE”).

As a fiduciary, we have duties of care and of loyalty to you and are subject to obligations imposed on us by the federal and state securities laws. As a result, you have certain rights that you cannot waive or limit by contract. Nothing in our agreement with you should be interpreted as a limitation of our obligations under the federal and state securities laws or as a waiver of any unwaivable rights you possess.

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.

As of December 31, 2022, Cassaday & Company had \$4,033,817,640 in discretionary assets under management.



## Item 5 – Fees and Compensation

### Investment Management Services

The Cassaday and Company investment advisory fees are charged quarterly, in arrears, and are based upon the value of a client's assets under management (AUM). Our fees range between .50 - 1.20% and are calculated on the Average Daily balance (ADB) of the managed portfolio during the prior quarter. New client's fees will be prorated for the first quarter based upon the dates the assets are received into the account. Clients with assets under management at Cassaday and Company will be subject to a minimum annual fee of \$6,000. In certain circumstances, the minimum fee may be negotiated.

Our fees are negotiable based on factors including, but not limited to the amount of assets under management, account composition, anticipated client needs, the professional(s) rendering the service(s), family and friend discounts, and the outcome of the negotiations with the client. Cash/cash equivalents, accrued interest, and/or the value of securities held on margin will be included in the fee charged. Due to these factors, clients of similar asset levels could pay different fees.

Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Legacy clients of Cassaday and Company will receive the fee rate in effect as of the date of their latest Advisory Agreement. Clients should consult their Advisory Agreement for detailed information about the fee rate that applies to them.

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.

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC ("FTCS"). FTCS is compensated by sharing in the revenue earned by such third-party institutions for serving our clients. For non-mortgage loans, FTCS will receive

up to 0.50% annually of outstanding loan balances. For mortgage loans, FTCS will receive a one-time payment of up to 1.00% of the mortgage loan amount, up to 0.50% annually of outstanding loan balances, or a combination of the two. FTCS's earned revenue is indirectly paid by our clients through an increased interest rate charged by the financial institutions or, for cash balances, a lowered yield. The amount of revenue earned by FTCS for these financial solutions will vary over time in response to market conditions, including the interest rate environment, and other factors such as the volume and timing of loan closings. The amount of revenue earned by FTCS for a particular financial solution will also differ from the amount of revenue earned by FTCS for other types of financial solutions. Further information on this conflict of interest is available in Item 10 of this Brochure.

We help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC ("FRS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. FRS has arrangements with certain third-party insurance brokers (the "Brokers") under which the Brokers assist our clients with regulated insurance sales activity. If FRS refers one of our clients to a Broker and there is a subsequent purchase of insurance through the Broker, then FRS will receive a portion of the upfront and/or ongoing commissions paid to the Broker by the insurance carrier with which the policy was placed. The amount of revenue earned by FRS for the sale of these insurance products will vary over time in response to market conditions. The amount of insurance commission revenue earned by FRS is considered for purposes of determining the amount of additional compensation that certain of our financial professionals are entitled to receive. The amount of revenue earned by FRS for a particular insurance product will also differ from the amount of revenue earned by FRS for other types of insurance products. Further information on this conflict of interest is available in Item 10 of this Brochure.

### **Financial Planning Services**

We offer basic financial planning services as an included service to our investment management clients. If we provide financial planning as a standalone service, our services 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.

## **Compensation for Sale of Securities and Investment Products**

Supervised persons of Cassaday & Company, in their individual capacities, as registered representatives of Royal Alliance Associates ("Royal"), an SEC-registered and FINRA member broker-dealer, are compensated for the sale of brokerage products such as variable annuities and 529 plans and are compensated for purchases of mutual funds by brokerage customers in their brokerage accounts at Royal. The compensation our supervised persons receive for effecting securities transactions creates a conflict of interest with our clients, as it creates an incentive for our supervised persons to recommend investments based on the compensation the person will receive rather than based on a client's needs. We address this conflict of interest through this disclosure. In addition, the conflict is mitigated because the registered representatives do not receive brokerage compensation for investments made by our advisory clients in their advisory accounts (we do not "double dip.")

Certain of our supervised persons are licensed insurance agents and receive normal and customary compensation for the purchase of long-term care and life insurance policies. The compensation our supervised persons receive for selling insurance creates a conflict of interest with our clients, as it creates an incentive for our supervised persons to recommend insurance based on the compensation the supervised person will receive rather than based

on a client's needs. We address this conflict of interest through this disclosure. Clients are free to obtain insurance coverage through other vendors if they wish.

### **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 actively 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 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.

### **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. Most bonds (with the exception of Treasury Inflation Protected Securities or TIPS) present the risk of loss of purchasing power through lower expected return. In addition, fixed income investments bear credit risk, duration risk and interest rate risk. This risk is greatest for longer-term bonds.

We recommend allocating a portion of certain clients' portfolios to gold. While gold has the potential to diversify a client's portfolio, and could potentially serve as a hedge against inflation, investing in gold carries certain risks. The price of gold can be volatile. Gold might not achieve our investment objectives of reducing a portfolio's volatility or serving as an effective hedge against inflation.

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.

## **Cybersecurity**

The computer systems, networks and devices used by Cassaday & Company and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut

down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

### **Covid**

The transmission of COVID and efforts to contain its spread have resulted in border closings and other travel restrictions and disruptions, market volatility, disruptions to business operations, supply chains and customer activity and quarantines. With widespread availability of vaccines, the U.S. Centers for Disease Control and Prevention has revised its guidance, travel restrictions have started to lift, and businesses have reopened. However, the COVID pandemic continues to evolve and the extent to which our investment strategies will be impacted will depend on various factors beyond our control, including the extent and duration of the impact on economies around the world and on the global securities and commodities markets. Volatility in the U.S. and global financial markets caused by the COVID pandemic may continue and could impact our firm's investment strategies.

Although currently there has been no significant impact, the COVID outbreak, and future pandemics, could negatively affect vendors on which our firm and clients rely and could disrupt the ability of such vendors to perform essential tasks.

### **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**

Certain of Cassaday & Company's IARs are affiliated, as registered representatives, with Royal Alliance Associates, Inc. ("Royal"), a member of the Advisor Group. Clients who engage

us for advisory services are required to execute their securities transactions through Royal, and Royal will be compensated for the securities transactions (including cash sweep) of our advisory clients.

In their capacity as registered representatives of Royal, our supervised persons are compensated for the sale of brokerage products such as variable annuities and 529 plans and are compensated through sales charges and 12b-1 trails for purchases of mutual funds by brokerage customers in their brokerage accounts at Royal. Being compensated for securities transactions creates a conflict of interest with our clients, as it creates an incentive for our supervised persons to recommend investments based on the compensation the person will receive rather than based on a client's needs. We address this potential conflict of interest through this disclosure. In addition, the conflict is mitigated because the registered representatives do not receive brokerage compensation for investments made by our advisory clients in their advisory accounts (we do not "double dip.")

Certain of our supervised persons are licensed insurance agents and receive normal and customary compensation for the purchase long-term care and life insurance policies. The compensation our supervised persons receive for effecting securities transactions creates a conflict of interest with our clients, as it creates an incentive for our supervised persons to recommend insurance based on the compensation the supervised person will receive rather than based on a client's needs. We address this conflict of interest through this disclosure. Clients are free to obtain insurance coverage through other vendors if they wish.

Cassaday & Company has several experienced Estate Planning experts. These experts can review clients' estate plans and make recommendations with a goal of helping clients effectuate their testamentary goals while reducing estate taxes. Cassaday & Company does not provide legal advice or draft legal documents. But we can refer you to a law firm, JM Law, PLLC that is largely dedicated to providing services for Cassaday & Company clients residing in certain jurisdictions. A Cassaday client would need to enter a separate engagement letter with this law firm who can provide legal advice and draft estate planning documents for their clients. Legal fees for certain Cassaday & Company clients engaging JM Law, PLLC are discounted or even waived for certain clients. If there are any items that Cassaday and Company's clients wish to engage JM Law, PLLC that are outside of the estate planning documents contemplated by this paragraph, they will need to enter into a distinct separate agreement between the client and the JM Law PLLC.

### **Focus Treasury & Credit Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC ("FTCS"), a wholly owned subsidiary of our parent company, Focus Financial



Partners, LLC. These third-party financial institutions are banks and non-banks (the “Network Institutions”) that offer credit and cash management solutions to our clients. Certain other unaffiliated third parties provide administrative and settlement services to facilitate FTCS’s cash management solutions. FTCS acts as an intermediary to facilitate our clients’ access to these credit and cash management solutions.

FTCS receives a portion of the revenue earned by the Network Institutions for providing services to our clients. For non-mortgage loans, FTCS will receive up to 0.50% annually of outstanding loan balances. For mortgage loans, FTCS will receive a one-time payment of up to 1.00% of the mortgage loan amount, up to 0.50% annually of outstanding loan balances, or a combination of the two. FTCS’s earned revenue is indirectly paid by our clients through an increased interest rate charged by the Network Institutions for credit solutions or reduced yield paid by the Network Institutions for cash management solutions. For clients of certain affiliates of Focus Financial Partners, LLC, FTCS has agreed to waive the earned revenue that it receives, which results in a lower interest rate on lending solutions or a higher yield on cash management solutions for those clients. The amount of revenue earned by FTCS for these financial solutions will vary over time in response to market conditions, including the interest rate environment, and other factors such as the volume and timing of loan closings. The amount of revenue earned by FTCS for a particular financial solution will also differ from the amount of revenue earned by FTCS for other types of financial solutions. Such fees are also revenue for our common parent company, Focus Financial Partners, LLC. Accordingly, we have a conflict of interest when recommending FTCS’s services to clients because of the compensation to our affiliates, FTCS and Focus. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FTCS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FTCS’s services will receive robust product-specific disclosure from the Network Institutions and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when we recommend FTCS to provide credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidating some or all of the assets we manage.

### **FTCS Credit Solutions**

For FTCS credit solutions, the interest rate of the loan is ultimately determined by the lender, although in some circumstances FTCS may have the ability to influence the lender to lower the interest rate of the loan. As noted above, FTCS’s earned revenue is indirectly paid by you

through an increased interest rate charged by the lender. The final rate may be higher or lower than the prevailing market rate. We can offer no assurances that the rates offered to you by the lender are the lowest possible rates available in the marketplace.

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients' custodians. While the FTCS program facilitates secured loans through Network Institutions, clients are free instead to work directly with institutions outside the FTCS program. Because of the limited number of participating Network Institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A Network Institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The Network Institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the Network Institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

### **FTCS Cash Management Solutions**

For FTCS cash management solutions, as stated above, certain third-party intermediaries provide administrative and settlement services in connection with the program. Those intermediaries each charge a fixed basis point fee on total deposits in the program. Before any interest is paid into client accounts, the Network Institutions and certain unaffiliated third-party service providers take their fees out, and the net interest is then credited to clients' accounts. The fees debited by the Network Institutions include FTCS's earned revenue. Engaging FTCS, the Network Institutions, and these other intermediaries to

provide cash management solutions does not alter the manner in which we treat cash for billing purposes.

Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the Network Institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in the FTCS cash management program if the client prefers to hold cash at the Network Institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

### **Focus Risk Solutions**

We help clients obtain certain insurance products from unaffiliated insurance companies by introducing clients to our affiliate, Focus Risk Solutions, LLC (“FRS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC (“Focus”). FRS acts as an intermediary to facilitate our clients’ access to insurance products. FRS has agreements with certain third-party insurance brokers (the “Brokers”) under which the Brokers assist our clients with regulated insurance sales activity.

If FRS refers one of our clients to a Broker and there is a subsequent purchase of insurance through the Broker, FRS will receive a portion of the upfront and/or ongoing commissions paid to the Broker by the insurance carrier with which the policy was placed. The amount of revenue earned by FRS for the sale of these insurance products will vary over time in response to market conditions. The amount of insurance commission revenue earned by FRS is considered for purposes of determining the amount of additional compensation that certain of our financial professionals are entitled to receive. The amount of revenue earned by FRS for a particular insurance product will also differ from the amount of revenue earned by FRS for other types of insurance products. This revenue is also revenue for our and FRS’s common parent company, Focus. Accordingly, we have a conflict of interest when recommending FRS’s services to clients because of the compensation to certain of our financial professionals and to our affiliates, FRS and Focus. We address this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FRS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FRS’s services will receive product-specific disclosure from the Brokers and insurance carriers and other unaffiliated third-party intermediaries that provide services to our clients.

The insurance premium is ultimately dictated by the insurance carrier, although in some circumstances the Brokers or FRS may have the ability to influence an insurance carrier to lower the premium of the policy. The final rate may be higher or lower than the prevailing market rate, and may be higher than if the policy was purchased directly through the Broker without the assistance of FRS. We can offer no assurances that the rates offered to you by the insurance carrier are the lowest possible rates available in the marketplace.

## **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 on 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.

As discussed above, Cassaday & Company's IARs are also registered representatives of Royal Alliance Associates (Royal). We are required to execute all of the trades of our advisory clients through Royal, who is compensated for the securities transactions of our clients (including cash sweep). Because we are required to trade with Royal, clients should be aware that they could potentially pay more for brokerage services or receive execution quality that is worse than the execution quality offered by other broker-dealers. Not all advisers require their clients to execute their trades with a particular broker-dealer. We note as mitigating factors that most of our transactions are in mutual funds, which trade at NAV, and in large, liquid ETFs, and that we believe the transaction costs are reasonable and relatively low.

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.

Our client accounts are custodied at Pershing, LLC. Pershing offers us support services and/or products, certain of which assist us to better monitor and service your account while others benefit our firm. Pershing offers these support services to firms such as Cassaday who service client accounts on the Pershing platform. The receipt of support services from Pershing creates an incentive for us to choose Pershing as the custodian for our client accounts over custodians who do not provide support services.

### **Item 13 – Review of Accounts**

We manage client accounts to models which are reviewed on a regular basis (typically biweekly) by our Investment Policy Committee. In addition, our systems monitor the holdings of client accounts as compared their asset allocation targets and flags significant deviations. Our advisers also review client accounts when they meet with clients, and even in the absence of a meeting, at least annually.

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 has arrangements in place with certain third parties, called promoters, under which such promoters refer clients to us in exchange for a percentage of the advisory fees we collect from such referred clients. Such compensation creates an incentive for the promoters to refer clients to us, which is a conflict of interest for the promoters. Rule 206(4)-1 of the Advisers Act addresses this conflict of interest by, among other things, requiring disclosure of whether the promoter is a client or a non-client and a description of the material conflicts of interest and material terms of the compensation arrangement with the promoter. Accordingly, we require promoters to disclose to referred clients, in writing: whether the promoter is a client or a non-client; that the promoter will be compensated for the referral; the material conflicts of interest arising from the relationship and/or compensation arrangement; and the material terms of the compensation arrangement, including a description of the compensation to be provided for the referral.

Cassaday & Company's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include Cassaday & Company, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including Cassaday & Company. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including Cassaday & Company. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be

deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause Cassaday & Company to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including Cassaday & Company. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entity has provided conference sponsorship to Focus in the last year: Charles Schwab & Co., Inc.

You can access a more recently updated list of recent conference sponsors on Focus' website through the following link: <https://focusfinancialpartners.com/conference-sponsors/>

### **Item 15 – Custody**

We have custody of client accounts from our ability to debit our clients' advisory fees and from standing letters of authorization (SLOAs) which permit us to instruct the client account custodian to disburse assets to third parties.

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. Clients are permitted to impose reasonable written restrictions on the management of their accounts.

### **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.