

Uniform Application for Investment Adviser Registration

Part II - Page 1

OMB APPROVAL

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Name of Investment Adviser:

Davidson Investment Advisors, Inc.

Address: (Number and Street)

(City)

(State)

(Zip Code)

Area Code Telephone Number

8 Third Street North

Great Falls

MT

59401

406 727-6111

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential Persons who are not to respond to the collection of information contained in this form are not
required to respond unless the form displays a currently valid OMB control number.

Applicant:
Davidson Investment Advisors, Inc.

SEC File Number:
801- 10883

Date:
10/01/2009

1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- | | |
|---|---------|
| <input checked="" type="checkbox"/> (1) Provides investment supervisory services | 100 % |
| <input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services | _____ % |
| <input type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above | _____ % |
| <input type="checkbox"/> (4) Issues periodicals about securities by subscription | _____ % |
| <input type="checkbox"/> (5) Issues special reports about securities not included in any service described above | _____ % |
| <input type="checkbox"/> (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which client may use to evaluate securities | _____ % |
| <input type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities | _____ % |
| <input type="checkbox"/> (8) Provides a timing service | _____ % |
| <input type="checkbox"/> (9) Furnishes advice about securities in any manner not described above | _____ % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term?

Yes No
☐ ☒

C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of Clients -- Applicant generally provides investment advice to: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input checked="" type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input checked="" type="checkbox"/> C. Investment companies | <input checked="" type="checkbox"/> G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

3. Types of Investments Applicant offers advice on the following: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Equity securities | <input checked="" type="checkbox"/> H. United States governmental securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | I. Options contracts on: |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input checked="" type="checkbox"/> (1) securities |
| | <input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> B. Warrants | |
| <input checked="" type="checkbox"/> C. Corporate debt securities
(other than commercial paper) | J. Futures contracts on: |
| <input checked="" type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (1) tangibles |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> F. Municipal securities | |
| G. Investment company securities: | K. Interests in partnerships investing in: |
| <input type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> (1) real estate |
| <input type="checkbox"/> (2) variable annuities | <input type="checkbox"/> (2) oil and gas interests |
| <input checked="" type="checkbox"/> (3) mutual fund shares | <input type="checkbox"/> (3) other (explain on Schedule F) |
| | <input type="checkbox"/> L. Other (explain on Schedule F) |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options, or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

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5. Education and Business Standards.

Yes No

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?.....

☒ ☐

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- formal education after high school
- year of birth
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.

C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input checked="" type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input checked="" type="checkbox"/> (3) other investment adviser | <input checked="" type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input checked="" type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input checked="" type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

Yes No

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?...

☐ ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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9. Participation of Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☒ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☒ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No

☒ ☐

(If yes, describe on Schedule F.)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggers factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Davidson Investment Advisors' accounts are contained within several investment strategies (See Schedule F, Item 1D for a complete description of the strategies). Accounts are continuously monitored by numerous DIA associates including analysts, administrators and portfolio managers. Clients' assets are invested based upon each client's individual investment objectives. The composition within each investment strategy is substantially the same for each client invested in that strategy. The allocation of securities and the allocation percentages in clients' accounts may differ slightly within each investment strategy for various reasons such as ethical or social investment guidelines. As a result, portfolio managers may manage 50-900 client accounts. In addition to DIA associates continuously monitoring accounts, DIA utilizes an Investment Committee that meets on a regular basis to discuss DIA's investment strategies. The President and Investment Committee assess portfolio performance and structure and overall firm performance on a quarterly basis. Investment Committee members and biographical information is listed in Schedule F, Item 6.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

DIA furnishes performance reports to clients on a quarterly basis. The quarterly report includes a performance summary page, a portfolio appraisal and a notification of fees statement. DIA will provide additional information upon request.

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | | |
|--|---|-----------------------------|
| (1) securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) commission rates paid? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? Yes ☒ No ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commission higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|---|-----------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
 - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? Yes ☐ No ☒

Item 1D

Davidson Investment Advisors, Inc. (hereinafter referred to as "DIA"), is a federally registered investment advisor headquartered in Great Falls, Montana. DIA provides investment advisory services to an array of clients including individuals, banks, pension and profit sharing plans, investment companies, trusts, estates, foundations and corporations. It is a wholly-owned subsidiary of Davidson Companies, a financial services holding company.

DIA offers two types of advisory accounts: Traditional Accounts, in which the client is assessed annual management fees payable quarterly to DIA, in addition to commissions for transactions; and Comprehensive Fee Accounts in which the client pays a comprehensive, annual fee for investment management, brokerage, administrative and custodial services. Several existing clients utilize the Comprehensive Fee Accounts Agreement for historical reasons such as prior existing relationships; however, new clients will utilize the Traditional Account option. A complete description of the Comprehensive Fee Accounts is described in Schedule H for wrap fee paying clients. Following is the fee schedule for Traditional Accounts:

TRADITIONAL ACCOUNTS

Portfolio Value	Standard Annual Fee	
	Equity/Balanced	Fixed Income
First \$5,000,000	1.00% (plus commissions)	0.50% (plus commissions)
Next \$5,000,000	0.875% "	0.44% "
Greater than \$10,000,000	0.75% "	0.375% "

Fee arrangements may be negotiable. Fees are payable in advance, on the first day of the quarter, based on the account market value on the last day of the preceding quarter. The client may terminate the account at any time with 10-day written notice to DIA. The client incurs no penalty for closing an account. On termination, DIA refunds a portion of prepaid fees on a *pro rata* basis.

NOTE: The Traditional Account fee includes retirement account fees, trust fees, exchange fees, transfer fees or other special service fees and charges. These additional costs will be charged to the client's account. When DIA uses an unaffiliated broker, or the client directs DIA to use a broker other than D.A. Davidson & Co., the client may be charged commissions, markups or markdowns in addition to the Traditional Account fees. Unaffiliated brokers are used in an effort to achieve best execution.

DIA participates in a wrap fee program sponsored by its affiliate; D.A. Davidson & Co. DIA offers its discretionary investment adviser services as a sub-adviser through the D.A. Davidson & Co. Managed Assets Program, Separate Account Management ("SAM"). Fee schedules and other material information is disclosed in the sponsor's Schedule H wrap fee disclosure brochure. DIA also participates in several other wrap fee programs sponsored by Fidelity, Envestnet Asset Management, Fundquest, Schwab, Equitas Capital Advisers, Wedbush Morgan Securities, and Merrill Lynch. Fee schedules and other material information is disclosed in the sponsor's Schedule H.

Davidson Investment Advisors serves as the investment adviser to the Davidson Multi-Cap Core Fund ("Fund"), a series of the Adviser Series Trust ("Trust"), which is registered under the Investment Company Act of 1940 as an open-end management investment company. U.S. Bancorp Fund Services, LLC acts as the Fund's administrator and provides fund accounting and transfer agency services.

Davidson Investment Advisors receives investment advisory fees of 0.65% and shareholder servicing fees of 0.25% annually based on net assets under management. The annual fund operating expense ratio, which includes both Davidson Investment Advisors' investment advisory fee and the shareholder servicing fee, is capped at 1.15%. Investors are invited to visit our website at www.davidsonmutualfunds.com and read the Fund's prospectus for more information.

At the close of the most recent fiscal year, DIA had a few accounts over which it had no or limited investment discretion. For those, the firm provides all regular advisory services, with the exception that transactions are made only with prior client approval.

IA Investment Strategies:

Large Cap Growth Strategy

DIA's Large Cap Growth Strategy is focused on providing superior capital appreciation utilizing larger companies with the ability to provide sustainable, above-average earnings growth. The strategy is managed to own the few leading companies that are consistently able to deliver above-average growth rates.

The strategy employs a disciplined investment methodology based on a bottom-up fundamental approach with an emphasis on quality businesses. This proprietary methodology begins with screens to identify companies with above-average sales and earnings growth. For a company to move from the strategy's initial watch list into serious consideration for the portfolio, it must demonstrate the following criteria:

- Significant competitive advantages
- Leadership position in a promising business space
- Clear mission and a value-added focus
- Financial strength

The portfolio of 25 to 35 companies evolves gradually. This buy-and-own philosophy results in low turnover, low transaction costs and lower taxes (where applicable). It allows investors to capture the benefits of a business executing its long-term strategic plan, which can lead to substantial wealth creation over time. A stock will be sold if it is determined that sustainable, above-average earnings growth is no longer possible. Typically, a company will also be sold if it becomes overvalued or if another prospective holding has better future potential.

It should be understood that this strategy might have large weightings in areas of the market prone to increased volatility. In addition, companies that exhibit the favorable characteristics noted above are generally pricier than businesses that are not yet as finely tuned, which can result in increased price volatility. Therefore, investors are cautioned to carefully evaluate their risk tolerance relative to the level of assets placed with the Large Cap Growth Strategy.

Small/Mid Strategy

DIA's Small/Mid Strategy is research intensive and focused on constructing a portfolio of largely undiscovered small- to medium-sized companies possessing the potential to outperform. Companies are generally purchased in the \$100 million to \$2 billion market capitalization range.

The style is value-focused. The strategy focuses on quality businesses and compares a company's value relative with its earnings, earnings potential, cash flow, book value, and/or sales level. DIA uses a long-term time horizon when assessing company prospects. DIA looks for quality companies with competitive advantages, quality management (or management change), favorable cash flow trends, a prudent financial structure, and importantly, catalysts to drive the company's future.

The strategy focuses on choosing individual companies, as opposed to an overall sector allocation process. Therefore, there may be significant under- or over-weighting of industries relative to the market. Yet as a matter of policy, there will be no more than 30% of the portfolio in any one industry.

The strategy targets a two-year holding period for new companies, during which time the identified catalysts are anticipated to positively develop. Portfolios are fully invested and typically consist of 25 to 35 companies possessing superior upside potential.

The strategy will sell a company if the position becomes fully valued or if its weighting exceeds 10% of the portfolio. The strategy will also sell a company when fundamentals deteriorate, the original catalysts are no longer valid, or if a better alternative is identified.

By successfully identifying undiscovered companies at an early stage, DIA affords clients the opportunity to own companies with the potential to participate in above-average price appreciation. The strategy strives to invest in these companies before they are discovered and followed by investors. DIA has consistently and rigorously implemented this time-proven, successful approach to small cap value investing since the strategy's inception.

Equity Income Strategy

Common stock dividends play an integral part in DIA's Equity Income Strategy. Research has demonstrated that securities with higher-than-average dividend yields tend to weather depressed markets better than stocks with low yields.

The Equity Income Strategy primarily uses relative dividend yield analysis to judge when a security is over- or under-valued. This analysis capitalizes on security pricing inefficiency that occurs when investors move between extremes of optimism and pessimism. Stocks, that are out of favor, and whose prices have been driven down by negative market sentiment, often have the desirable feature of offering a high relative dividend yield.

In the quest to own securities with a higher yield, the strategy will hold companies with market capitalizations of \$500 million and greater, with an average holding period of three-to-five years. Because relative valuation dictates the investment process, specific industries may be under- or over-weighted relative to the market, depending on where the most compelling values are identified.

The relative dividend yield process identifies stocks that are paying higher dividend yields compared with both the market and their own histories. The relative yield is an indicator of value and sentiment. Dividends are attractive for analytical purposes because they cannot be manipulated by accounting practices, they naturally provide a smoother data stream, and they are excellent surrogates for normalized earnings.

Implicit in this process is the concept that excesses are corrected over time by a return to more normal valuation levels. As market sentiment reverses and such stocks return to a more normal valuation level, their prices often rise, providing capital appreciation. This higher level of principal can then be redeployed into a new undervalued security with a correspondingly higher dividend yield. The outcome to the portfolio is a rising stream of dividend income over time.

A stock may be sold for a number of reasons, including a deterioration in the company's fundamentals, a failure of catalysts to develop or if a more attractive investment opportunity is identified. A stock will also be sold when it reaches its valuation target.

This strategy is ideal for investors who want market participation but are more risk-averse or want steady income from their portfolio. The objective is to provide a growing dividend income stream combined with long-term capital appreciation using a "contrarian" approach, with low relative price volatility.

Multi-Cap Core Strategy

The DIA Multi-Cap Core Strategy objective is to provide diversified investment coverage across a wide range of market capitalizations and investment styles with attractive fundamental characteristics. The portfolio style and market capitalization weightings will be adjusted accordingly over time, based on relative value opportunities available in the marketplace.

Companies are screened on both quantitative and qualitative criteria to identify the best candidates for investment. A rigorous analysis of a company's fundamentals is performed to assess its financial trends, cash flow, profitability and ability to earn a sufficient return on capital. Relative value opportunities are pursued

when catalysts can be identified to drive the business over the intended holding period. The portfolio will typically exhibit the following characteristics:

1. 45 to 55 positions to ensure proper risk control with broad exposure
2. Full investment
3. Focus on optimizing the risk-reward balance
4. Position sizes commensurate with risk
5. Smaller companies limited to 30% of the portfolio

Companies in the strategy will typically exhibit all or many of the following characteristics:

1. Attractive valuation relative to the industry, market or growth expectations
2. Excellent management team with sound, achievable strategy
3. Solid and sustainable profit growth potential driven primarily by revenue
4. Defendable competitive advantages
5. Solid balance sheet and internally generated capital for growth

A company could potentially be sold for any of the following reasons:

1. Share price becomes fully valued
2. Better alternative becomes available
3. Catalysts fail to develop
4. Fundamentals deteriorate
5. Position size exceeds three times average portfolio weight

The Multi-Cap Core Strategy is ideal for investors seeking a portfolio encompassing total stock market exposure with a strong emphasis on fundamental research and risk management. The strategy will include selected investments from other DIA strategies to capitalize on investment team research capabilities. In essence, this strategy gives investors all benefits of broad market and style diversification efficiently in one portfolio.

Core Fixed Income Strategy

In the bond world, excitement is usually associated with negative events such as defaults and downgrades. DIA views bond investing somewhat like a rudder for investors. Bond performance is not highly correlated to stock performance and can provide important stability when markets become volatile.

The Core Fixed Income Strategy uses a mixture of U.S. Treasury bonds, U.S. government agency bonds, and investment grade corporate bonds. Individual client needs and circumstances dictate the specific composition of individual bond portfolios. The intermediate sector of the yield curve (three to 10 years) is the maturity range of focus. History has shown this part of the curve has provided the same return as long maturity bonds, with significantly less volatility.

Corporate bonds are subjected to a thorough risk analysis and must have an investment grade rating by a major rating agency at the time of purchase. If an issue is downgraded to below investment grade, the bond will then be under review for sale. The liquidity of corporate bonds used is also a consideration for inclusion in the strategy. Generally, very liquid "global" bond issues of \$1 billion in size or greater are used. This assures there will be a market if the bonds need to be sold prior to maturity. Bonds of companies involved in different sectors of the economy are purchased to provide further diversification.

Government agency bonds may be included in portfolios. Non-callable issues are generally favored over their callable counterparts due to enhanced total return characteristics.

U.S. Treasury bonds are also a component of DIA's Core Fixed Income Strategy. They provide excellent liquidity as well as no default risk. U.S. Treasuries in conjunction with the aforementioned classes of bonds are constructed in a portfolio tailored to client objectives. Duration is kept near the intermediate term

benchmark depending upon DIA's forecast of interest rates and the economy. Only small duration bets are made as one can easily make a bond portfolio more risky than a stock portfolio if large inappropriate bets are made.

Core Fixed Income accounts at DIA are managed to provide investors with both current income and total return.

Corporate Bonds are subjected to a thorough risk analysis prior to the initial purchase and must have an investment grade rating by a major rating agency at the time of purchase. If an issue is downgraded to below investment grade the bond will then be under review for sale. The liquidity of corporate bonds used is also a consideration for inclusion in the strategy. Generally, very liquid "global" bond issues that are \$1 billion in size or greater are used. This assures there will be a market for the bonds if they need to be sold prior to maturity. Bonds of companies involved in different sectors of the economy are purchased to provide further diversification.

Government Agency Bonds may be included in portfolios. Non-callable issues are generally favored over their callable counterparts due to enhanced total return characteristics. However, callable issues are used on occasion when yields become compelling. In these instances, usually a minimum of one-year call protection is sought.

Municipal Bonds are used when appropriate for clients in high tax brackets. General obligation bonds as well as revenue bonds for essential services are used most frequently. Credit risk analysis is a critical aspect of the strategy when utilizing municipals.

U.S. Treasury Bonds are the cornerstone of DIA's Core Fixed Income Strategy. They provide excellent liquidity as well as no default risk. U.S. Treasuries in conjunction with the aforementioned classes of bonds are constructed in a portfolio tailored to client objectives. Duration is kept near the intermediate term benchmark depending upon DIA's forecast of interest rates and the economy. Only small duration bets are made as one can easily make a bond portfolio more risky than a stock portfolio if large inappropriate bets are made.

Balanced Strategy

A combination of equity strategies and the Core Fixed Income Strategy.

Corporate Cash Management Strategy

Corporate cash management is an integral part of the operating process for any entity with \$3 million or greater, and with a three-month to three-year time horizon. Whether the money is operating funds for a business, university, municipality, or money earmarked for expansion of facilities, the objective is to add incremental investment returns without risking the principal. DIA's Corporate Cash Management Strategy seeks to provide superior, risk-adjusted returns for clients by opportunistically investing in the segment of the short end of the yield curve that offers the most value.

The strategy is custom tailored to individual client requirements to meet their specific needs and objectives. Timing of future liabilities and cash flow needs are considered in the portfolio construction in addition to the most advantageous security selection for an optimal return.

The Corporate Cash Strategy invests in U.S. Treasury bills, government agency discount notes, and high-grade commercial paper. In some instances, longer-term maturity corporate bonds and agency bonds are used for clients with longer time horizons for a portion of their operating funds.

Reporting is specifically tailored to each client depending upon the needs of a particular institution. The portfolio manager works closely with the client's chief financial officer and treasury staff to provide proper portfolio structure along with timely and relevant reporting.

The strategy strives to provide custom tailored accounts, exceptional service, attractively priced management, and, most importantly, competitive investment performance to DIA clients.

Item 2G

DIA provides advice to its affiliate Davidson Trust Co. in the form of managing its common trust funds.

Item 5

DIA managers providing investment advice must have a background of financial industry experience or formal education and training that qualifies them for portfolio management. They must hold a Series 65 or 66 license, or an authorized substitute therefore.

Item 6

DIA has an Investment Committee comprised of Brian Clancy, Paul Condrat, Edward P. Crotty, Andrew Davidson, Bradley Houle, Michael P. Kubas, Thomas E. Rath, and William B. Whitlow, Jr.,.

The Investment Committee makes final decisions with regard to securities investments after receiving and reviewing information obtained by DIA and its employees.

Andrew Davidson-

Title: President, Director, Portfolio Manager, Investment Committee

Birth Date: October 12, 1967

Education: University of Montana, BS in Business Administration- Finance- 1990

Business Experience: Mr. Davidson joined DIA in 1993 after three years experience at a broker dealer, an investment advisory firm and the Pacific Stock Exchange. He was appointed President in November 2004. In addition, Mr. Davidson specializes in individually tailored portfolio management.

Thomas E. Rath, CFA®

Title: Senior Vice President, Senior Portfolio Manager, Investment Committee

Birth Date: October 21, 1958

Education: University of Washington Seattle, BA in Finance – 1980 University of Washington Seattle, MBA, concentrations in quantitative methods and finance – 1981

Business Experience: Mr. Rath joined DIA as a Senior Portfolio Manager in 2005 and serves as lead manager of the Small/Mid Strategy. Prior to his affiliation, Mr. Rath served as a portfolio manager at Safeco Asset Management in Seattle, Washington for 10 years, where he managed a diversified common stock portfolio. He has been in the industry for 22 years.

William B. Whitlow, Jr., CFA®

Title: Senior Vice President, Senior Portfolio Manager, Investment Committee

Birth Date: November 5, 1945 Education: University of Colorado, BA Chemistry – 1967 University of California Berkeley, MBA Finance – 1974

Business Experience: Mr. Whitlow joined DIA in October 2004 as a Senior Vice President and Senior Portfolio Manager. He is the lead manager of the Multi-Cap Core Strategy. Prior to his DIA affiliation, Mr. Whitlow was employed at SAFECO Asset Management, where he was Co-Manager of the Multi-Cap Core and Growth Opportunities Funds. Before that he was employed by Pacific Crest Securities in Seattle, where he served as an analyst and Director of Research.

Edward P. Crotty, CFA®

Title: Senior Vice President, Chief Investment Officer and Portfolio Manager, Investment Committee

Birth Date: May 15, 1967

Education: University of Illinois-Urbana/Champaign, MS in Control Systems, BS in Mechanical Engineering – 1991

Columbia Business School, MBA in Finance/Accounting – 1998

Business Experience: Mr. Crotty joined DIA as Senior Vice President, Chief Investment Officer and Portfolio Manager in 2007. Mr. Crotty provides leadership to the investment team. Prior to his affiliation, Mr. Crotty

served as Managing Director for Spectrum Advisory Services, Inc., in Atlanta. Prior to his position with Spectrum, he was Vice President at Goldman Sachs & Co. in New York City.

Bradley H. Houle, CFA®

Title: Senior Vice President, Senior Portfolio Manager, Investment Committee

Birth Date: August 26, 1969

Education: University of Montana, BS in Business Administration - Finance – 1991

University of Oregon, MBA in Finance – 1995

Business Experience: Mr. Houle joined DIA as a Portfolio Coordinator in 1995, and was appointed Portfolio Manager in 1998. He is the lead manager of the Equity Income and Core Fixed Income Strategies. Prior to his affiliation with the firm, Mr. Houle served for five years with an investment adviser and a broker-dealer.

Brian P. Clancy, CFA®

Title: Vice President, Portfolio Manager, Investment Committee

Birth Date: May 1, 1966

Education: United States Naval Academy, BS Mathematics – 1988

University of Washington, Seattle, MBA – 1997

Business Experience: Mr. Clancy joined DIA as a Senior Research Analyst in October 2004. His work is dedicated to the Multi-Cap Core Strategy. Prior to his DIA affiliation, he worked with Bill Whitlow at SAFECO as co-manager of the Multi-Cap Core Fund, as well as serving as a Portfolio Manager for the SAFECO Trust Co.

Michael P. Kubas, CFA®

Title: Associate Vice President, Senior Research Analyst, Investment Committee

Birth Date: November 29, 1976

Education: Montana State University, BS in Finance; Economics Minor- 1999

University of Minnesota- Carlson School of Management, MBA- Finance- 2004

Business Experience: Mr. Kubas joined DIA in 2005 as a Research Analyst focusing on the Small-Mid strategy. Prior to his affiliation, Mr. Kubas served as a Research Analyst at Piper Jaffray & Co. covering the financial technology sector. Mr. Kubas also has experience as an equity market maker at the Pacific Stock Exchange.

Paul G. Condrat, CFA®

Title: Research Analyst, Investment Committee

Birth Date: April 25, 1980

Education: Gonzaga University, BBA in Business Administration, Finance and Marketing

Business Experience: Mr. Condrat joined DIA in April 2004. He serves as an Associate Analyst and Equity Income Strategy. Prior to his Davidson employment he served as a business analyst intern at Bainbridge Capital, a private equity and investment banking firm.

Item 8C(1)

DIA is a wholly-owned subsidiary of Davidson Companies, a financial services holding company with other subsidiaries D.A. Davidson & Co., Davidson Trust Co, Davidson Fixed Income Management and Davidson Travel. DIA clients often use D.A. Davidson & Co. as a broker and custodian for some Traditional Accounts, and for Comprehensive Fee Accounts. For referred accounts, DIA compensates D.A. Davidson & Co. and, indirectly, D.A. Davidson & Co. Financial Consultants, with ongoing payments of a portion of DIA fees.

DIA may suggest that Traditional Account clients use affiliate D.A. Davidson & Co. for brokerage, custody and safekeeping purposes, but the client retains the right to direct DIA to use another broker. If a client elects to use D.A. Davidson & Co., the client may terminate the arrangement at any time. For those DIA clients who employ D.A. Davidson & Co. as a broker, commissions are often discounted at 15% or more from the usual retail commission rate.

Affiliate D.A. Davidson employs Andrew Davidson as a Financial Consultant. Mr. Davidson serves as President of DIA and as a Portfolio Manager. As such, in certain circumstances, Mr. Davidson may have an incentive to refer a potential DIA customer to D.A. Davidson, and vice versa.

Item 8(C)(2)

Davidson Investment Advisors is the investment advisor to Davidson Multi-Cap Core Funds, a mutual fund registered under the Investment Company Act of 1940.

Item 8C(3)

For some clients, DIA invests client assets in its Large Cap Growth strategy provided by sub-adviser Oak Ridge Investments. The client has a contractual relationship with DIA directly, or as set forth immediately below in the description of the SAM Program. DIA pays a portion of the client fee to Oak Ridge Investments. The DIA client's fee is not affected as a result of these arrangements.

DIA is a sub-adviser in the D.A. Davidson & Co. Separate Asset Management ("SAM") Program, a wrap program of which D.A. Davidson & Co. is the sponsor. In that arrangement the client enters an investment management agreement with D.A. Davidson & Co., but not with DIA. DIA is also one of several advisers in the following platforms: FundQuest, Envestnet, Fidelity Separate Account Network, and Schwab Managed Account Marketplace, Pershing Advisor Solutions; Pershing Peak Select, Merrill Lynch UMA Platform and Crowell Weedon CW Direct platform. Please refer to the sponsor's Schedule H wrap fee disclosure brochure for fee schedules and other material information.

DIA has a sub-advisory agreement with First American Bank in Iowa. In that arrangement, DIA offers all of its investment strategies to First American Bank clients, exercising discretion in those accounts. For the investment services provided to First American Bank clients, DIA is paid a portion of the client fee collected from First American Bank clients. The client enters into an investment management agreement with First American Bank, which delegates its investment authority to DIA. The client has no contractual arrangement with DIA.

Item 8C(6)

DIA is an affiliate of Davidson Trust Co., a federal savings bank. The Trust employs DIA to manage money for some of its clients who have granted investment discretion to the Trust. DIA manages five Davidson Trust Co. common trust funds.

Item 8C(9)

DIA is an affiliate of D.A. Davidson & Co., which owns Davidson Insurance Agency.

Item 8C(10)

D.A. Davidson & Co. offers 401(k) brokerage and advisory services.

Item 9A

DIA will only effect principal transactions with written pre-authorization from the client for each such trade. Affiliated broker-dealer D.A. Davidson & Co. may act as a principal in transactions with its brokerage, but not advisory clients, buying securities for itself from clients, or selling securities it owns to clients.

Item 9B

D.A. Davidson & Co. effects securities transactions for compensation as a broker or agent for investment advisory clients and brokerage clients. Please also refer to Schedule F, Items 8C(1) and 12B.

Item 9C

Cross transactions are prohibited by company policy, but may be effected rarely, on an exception basis. D.A. Davidson & Co. may engage in cross transactions for its brokerage clients, and for its advisory clients, but on an exception basis only.

Item 9D

DIA may recommend to a client a transaction in a security in which affiliated broker/dealer D.A. Davidson & Co. is a member of a syndicate offering the security for sale. However, DIA only effects such client transactions through an unaffiliated broker.

D.A. Davidson & Co. may recommend that its client buy or sell a security in which Davidson has a financial interest, as authorized by the FINRA.

Item 9E

Without knowledge or access to knowledge concerning securities transactions to be effected by DIA for its clients, affiliated broker D.A. Davidson & Co. may purchase those securities for its own accounts. This practice is disclosed to all DIA clients in the Investment Manager Agreement. The firm does not purchase securities for clients through D.A. Davidson on a principal or riskless principal basis, although D.A. Davidson effects these transactions in its brokerage client accounts.

Item 10

DIA manages investment advisory accounts with a minimum account value of \$100,000. This amount may be negotiable, depending on the circumstances. Please refer to Schedule F, Item 1D.

Item 12B

When entering into the Investment Management Agreement, the client has the authority to determine the scope of DIA investment and brokerage discretionary authority, and may restrict investments made on a discretionary basis. If the client retains discretion for investment decisions, the firm secures client approval prior to any security transactions. For Traditional Accounts, the client has the right to direct DIA to use a broker of the client's choice. If the client elects to use affiliated broker D.A. Davidson & Co., the commission is generally 85% or less of the commission rates that Davidson charges its retail brokerage customers. D.A. Davidson provides trade confirmations which disclose all trades effected through the broker. D.A. Davidson provides research, custodial and safekeeping services, but there are no charges to the DIA client for these services, except the discounted commission rate. DIA receives no part of brokerage commissions or other transaction charges. The DIA client has the right to terminate D.A. Davidson & Co. services at any time. DIA or D.A. Davidson & Co. may assess special service fees in addition to the fees described herein, and may assess additional commissions, markups and markdowns when an outside broker is employed to achieve best execution.

The client may select a broker to effect transactions in DIA accounts. If the client directs DIA to use a certain broker, the client recognizes that DIA may be unable to negotiate commissions or to obtain volume discounts. Hence, there may be a disparity in commissions charged among DIA clients.

Some DIA transactions are effected through D.A. Davidson & Co., when it is in the best interest of the client. Otherwise, DIA employs outside brokers to effect client transactions. The Best Execution Committee and the Investment Committee conduct periodic reviews of execution of client transactions. The Committees consider such factors as the full range of brokerage services, the value of research provided, execution capability, commission rates, financial responsibility and responsiveness.

DIA directs fixed income transactions to different brokers based upon competitive criteria. Dealers are put into competition for the best execution of buy and sell orders.

DIA aggregates some client purchase and sale orders to reduce client costs and to assist in obtaining best execution. The allocation of these trades is completed in a fair and equitable manner, and no client is favored over another. DIA employs the block allocation function of the MOXY portfolio software, and shares are distributed in a random manner. The statement sets forth the accounts involved in the trade and the method of allocation.

For those accounts in which the client directs DIA to use a broker other than Davidson, the client may forgo the benefits from savings on execution costs and negotiated discounts that are obtained for its other clients.

DIA maintains trading arrangements with various brokers whereby DIA has access to its research. DIA may direct trades to one of those brokers and pay commissions that are competitive but that are higher than the lowest available rate that another broker might have charged, if DIA determines in good faith that the commissions are reasonable in relation to the value of the brokerage and research services provided.

Item 13A

D.A. Davidson & Co. receives some economic benefit from non-clients (mutual funds) in connection with giving advice to clients, but this has no effect whatsoever on DIA or its clients and their DIA accounts. From time to time a mutual fund may assist D.A. Davidson & Co. in sponsoring a seminar in which the fund educates Davidson Companies employees about various fund products.

Investors in mutual funds indirectly pay a proportionate amount of the expenses in managing the fund, including investment advisory, management, custodial and other administrative fees and expenses. Therefore, the client may indirectly pay a DIA management fee and a mutual fund fee in connection with mutual fund investments. In addition, operating expenses described in each mutual fund prospectus are charged against fund earnings or assets by the fund. Please refer to the prospectuses for further information.

Mutual funds may pay 12b-1 annual trailing commissions to DIA, in addition to the management fee paid to DIA by the client. 12b-1 commissions paid to DIA for ERISA-covered and IRA accounts are credited to the respective accounts.

Item 13B

DIA obtains client referrals from solicitors:

1. Affiliated Solicitors. D.A. Davidson & Co. Financial Consultants have referred clients to DIA in two ways: currently, clients are referred to the D.A. Davidson & Co. Separate Account Management Program, under which DIA serves as one of the investment advisers; and historically, clients were referred to the DIA comprehensive fee program, which is no longer offered. For those DIA clients who established accounts through the Separate Account Management Program, from the D.A. Davidson & Co. fee, the outside investment adviser (including DIA) receives a portion, and D.A. Davidson & Co. retains the remainder, with a percentage paid to the referring Financial Consultant. For those comprehensive fee accounts in existence, D.A. Davidson & Co. receives a portion of the DIA fee for providing brokerage and custodial services. From the D.A. Davidson & Co. portion of the fee, the Financial Consultant receives a payout.

Davidson Trust Co. hires DIA to manage DTC client accounts, and pays DIA accordingly. Davidson Trust Co. also refers clients to DIA, and in some such instances DIA pays Davidson Trust Co. a part of the fee received from the client in return for the referral.

2. Unaffiliated Solicitors. DIA has unaffiliated solicitors in its service. A cash referral fee is paid to the solicitor pursuant to a written agreement to which DIA is a party. The written agreement between DIA and the solicitor contains a description of the solicitor's duties and the method of compensation, and a statement that the solicitor undertakes the duties under the agreement consistent with DIA's instructions and the Investment Adviser's Act. The DIA solicitor provides each prospective client with a copy of DIA's disclosure document and a Solicitation Disclosure Statement. The solicitor obtains a signed and dated acknowledgement from the client indicating that the client received those documents. The solicitor's compensation is a function of the size and type of account, and is fully disclosed to the prospective client prior to execution of the DIA Investment Manager Agreement. Thereafter, DIA pays the solicitor an ongoing fee based on a graduated percentage of the asset value of the referred portfolio.

DAVIDSON COMPANIES PRIVACY POLICY

DIA has adopted the privacy policy of its parent company, set forth as follows:

Part of what you expect from the Davidson Companies is information: about investment strategies, particular investments, the market, or travel. But the information you provide to us is equally important. Our understanding of each individual client is the foundation for all of the services we provide and offer. The information you provide us helps us to better serve your investment and planning needs.

This notice, in summary form, is intended to tell you where we obtain information about you and who has access to it once it is received by Davidson Companies.

How we collect information. Most of the information we collect about you comes directly from you, from applications, agreements or forms that you complete in order to receive our services. In addition, we maintain records of each of your transactions and holdings with any of the Davidson Companies.

To whom we disclose the information. We respect the premium you place on keeping your personal finances a private matter. That is why we do not sell information about our clients to anyone. Further, we do not disclose any non-public personal information about our current or former clients with anyone, except as authorized by the customer or as permitted by law or regulation. Examples of persons to whom we disclose your information are as follows:

1. To other companies as necessary to process your business. For example, we transmit your account and transactional information to the company that prints your account statement. Third parties in this category, including our affiliates, are prohibited from using information about you except for the narrow purpose for which we gave it to them.
2. To companies who perform marketing services on our behalf or with whom we have joint marketing agreements. A company performing marketing services on our behalf would include, for example, a company that assists in a broad mailing of materials advertising our products or services. A joint marketing agreement is one where another financial institution offers a product or service jointly with a Davidson Companies' member, such as a Visa card access to your account.
3. Where required by law or regulation. Examples include responses to a subpoena, court order or regulatory demand.
4. As authorized by you. You may direct us, for example, to send your account statements and confirms to a third party.
5. As authorized or permitted by law. For example, the law permits us to respond to a request for information about you from a consumer reporting agency.

In each instance, the information we disclose may include any of the information we obtain about you from the sources described under "How we collect information". Without disclosing any of your information to our affiliates, we may occasionally send you marketing materials describing products or services offered by members of our corporate family.

Confidentiality, security, and integrity. We consider all information we have about you to be confidential, including the fact that you are a client of a Davidson Company. We restrict access to information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with applicable regulatory standards to maintain the confidentiality of your information.

D.A. DAVIDSON & CO. ANTI-MONEY LAUNDERING POLICY

For some Davidson Investment Advisors accounts D.A. Davidson & Co. serves as custodian. D.A. Davidson & Co. has implemented an anti-money laundering policy as mandated by the USA Patriot Act.

DIA PROXY VOTING POLICIES

DIA acts as a discretionary investment adviser for various clients, including clients governed by the Employee Retirement Income Security Act of 1974 (ERISA) and registered open-end investment companies. DIA has delegated its administrative duties with respect to voting proxies to a voting committee comprised of qualified members duly appointed by Davidson Companies' President (the "Committee"). DIA has hired a qualified third party, Institutional Shareholder Services ("ISS"), to assist in analyzing proxies. For clients that have delegated the responsibility to vote proxies to DIA, the Committee will generally vote in accordance with ISS's recommendation but reserves the right to exercise its own judgment on a case-by-case basis.

DIA proxy voting policies and procedures can be found on the Internet at www.davidsoninvestmentadvisors.com. or a copy of the policies can be mailed, free of charge, at client's request at the following address: Davidson Investment Advisors, Inc., Attention: Compliance Department, 8 Third Street North, Great Falls, MT 59401.

DIA CODE OF ETHICS

DIA has adopted an Investment Adviser Code of Ethics as mandated in SEC Rule 204A-1 (the "Code"). The Code sets forth DIA's standards of business conduct, including specifics such as the prohibitions against insider trading, requirements for employee personal securities trading, and confidentiality of client information. Pertinent employees will receive an electronic copy of the Code and must certify that they have read, understood and will abide by the Code. A copy of the Code is available, free of charge, at your request.

Applicant:	SEC File Number:	Date:
Davidson Investment Advisors, Inc.	801- 10883	10/01/2009

(for sponsors of wrap fee programs)

Name of wrap fee program described in attached brochure:
Comprehensive Fee Program

1. **Applicability of Schedule.** This Schedule must be completed by applicants that are compensated under a wrap fee program for sponsoring, organizing, or administering the program, or for selecting, or providing advice to clients regarding the selection of, other investment advisers in the program ("sponsors"). A wrap fee program is any program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.
2. **Use of Schedule.** This Schedule sets forth the information the sponsor must include in the wrap fee brochure it is required to deliver or offer to deliver to clients and prospective clients of its wrap fee programs under Rule 204-3 under the federal Advisers Act and similar rules of the jurisdictions. The wrap fee brochure prepared in response to this Schedule must be filed with the Commission and the jurisdictions as part of Form ADV by completing the identifying information on this Schedule and attaching the brochure. Brochures should be prepared separately, not on copies of this Schedule. Any wrap fee brochure filed with the Commission as part of an amendment to Form ADV shall contain in the upper right hand corner of the cover page the sponsor's registration number (801-).
3. **General Contents of Brochure.** Unlike Parts I and II of this form, this Schedule is not organized in "check-the-box" format. These instructions, including the requests for information in Item 7 below, should not be repeated in the brochure. Rather, this Schedule describes minimum disclosures that must be made in the brochure to satisfy the sponsor's duty to disclose all material facts about the sponsor and its wrap fee programs. **Nothing in this Schedule relieves the sponsor from any obligation under any provision of the federal Advisers Act or rules thereunder, or other federal or state law to disclose information to its advisory clients or prospective advisory clients not specifically required by this Schedule.**
4. **Multiple Sponsors.** If two or more persons fall within the definition of "sponsor" in Item 1 above for a single wrap fee program, only one such sponsor need complete the Schedule. The sponsors may choose among themselves the sponsor that will complete the Schedule.
5. **Omission of Inapplicable Information.** Any information not specifically required by this Schedule that is included in the brochure should be applicable to clients and prospective clients of the sponsor's wrap fee programs. If the sponsor is required to complete this Schedule with respect to more than one wrap fee program, the sponsor may omit from the brochure furnished to clients and prospective clients of any wrap fee program or programs information required by this Schedule that is not applicable to clients or prospective clients of that wrap fee program or programs. If a sponsor of more than one wrap fee program prepares separate wrap fee brochures for clients of different programs, each brochure prepared must be filed with the Commission and the jurisdictions attached to a separate copy of this Schedule. Each such brochure must state that the sponsor sponsors other wrap fee programs and state how brochures for those programs may be obtained.
6. **Updating.** Sponsors are required to file an amendment to the brochure promptly after any information in the brochure becomes materially inaccurate. Amendments may be made by use of a "sticker," *i.e.*, a supplement affixed to the brochure that indicates what information is being added or updated and states the new or revised information, as long as the resulting brochure is readable. Stickers should be dated and should be incorporated into the text of the brochure when the brochure itself is revised.
7. **Contents of Brochure.** Include in the brochure prepared in response to this Schedule:
 - (a) on the cover page, the sponsor's name, address, telephone number, and the following legend in bold type or some other prominent fashion:
This brochure provides clients with information about [name of sponsor] and the [name of program or programs] that should be considered before becoming a client of the [name of program or programs]. This information has not been approved or verified by any governmental authority.
 - (b) a table of contents reflecting the subject headings in the sponsor's brochure
 - (c) the amount of the wrap fee charged for each program or if fees vary according to a schedule established by the sponsor a table setting forth the fee schedule, whether such fees are negotiable, the portion of the total fee (or the range of such amounts) paid to persons providing advice to clients regarding the purchase or sale of specific securities under the program ("portfolio managers"), and the services provided under each program (including the types of portfolio management services);

Applicant:	SEC File Number:	Date:
Davidson Investment Advisors, Inc.	801- 10883	10/01/2009

- (d) a statement that the program may cost the client more or less than purchasing such services separately and a statement of the factors that bear upon the relative cost of the program (*e.g.*, the cost of the services if provided separately and the trading activity in the client's account);
- (e) if applicable, a statement that the person recommending the program to the client receives compensation as a result of the client's participation in the program, that the amount of this compensation may be more than what the person would receive if the client participated in other programs of the sponsor or paid separately for investment advice, brokerage, and other services, and that the person may therefore have a financial incentive to recommend the wrap fee program over other programs or services;
- (f) a description of the nature of any fees that the client may pay in addition to the wrap fee and the circumstances under which these fees may be paid (including, if applicable, mutual fund expenses and mark-ups, mark-downs or spreads paid to market makers from whom securities were obtained by the wrap fee broker);
- (g) how the program's portfolio managers are selected and reviewed, the basis upon which portfolio managers are recommended or chosen for particular clients, and the circumstances under which the sponsor will replace or recommend the replacement of the portfolio manager;
- (h) (1) if applicable, a statement to the effect that portfolio manager performance information is not reviewed by the sponsor or a third party and/or that performance information is not calculated on a uniform and consistent basis,
- (2) if performance information is reviewed to determine its accuracy, the name of the party who reviews the information and a brief description of the nature of the review,
- (3) a reference to any standards (*i.e.*, industry standards or standards used solely by the sponsor) under which performance information may be calculated;
- (i) a description of the information about the client that is communicated by the sponsor to the client's portfolio manager, and how often or under what circumstances the sponsor provides updated information about the client to the portfolio manager;
- (j) any restrictions on the ability of clients to contact and consult with portfolio managers;
- (k) in narrative text, the information required by Items 7 and 8 of Part II of this form and as applicable to clients of the wrap fee program, the information required by Items 2, 5, 6, 9A and C, 10, 11, 13 and 14 of Part II
- (l) if any practice or relationship disclosed in response to Item 7, 8, 9A, 9C and 13 of Part II presents a conflict between the interests of the sponsor and those of the clients, explain the nature of any such conflict of interest; and
- (m) if the sponsor or its divisions or employees covered under the same investment adviser registration as the sponsor act as portfolio managers for a wrap fee program described in the brochure, a brief, general description of the investments and investment strategies utilized by those portfolio managers.

8. Organization and Cross References. Except for the cover page requirements in Item 7(a) above, information contained in the brochure need not follow the order of the items listed in Item 7. However, the brochure should not be organized in such a manner that important information called for by the form is obscured.

Set forth below the page(s) of the brochure on which the various disclosures required by Item 7 are provided.

Item	Page(s)	Item	Page(s)	Item	Page(s)
7(a)	cover	7(f)	4,5,10,11	7(j)	4
#7(b)	2	#7(g)	3,4,6-9	#7(k)	3-11
#7(c)	3-6 10-11	#7(h)	7	#7(l)	3-11
#7(d)	5,10	#7(i)	7	#7(m)	3
#7(e)	5, 10				

DAVIDSON INVESTMENT ADVISORS, INC.

**8 Third Street North
Great Falls, Montana 59401**

**Form ADV – Schedule H
Disclosure Document**

October 1, 2009

**Telephone: (406) 727-6111 or
(800) 332-0529**

Fax: (406) 791-7385

ATTENTION: This brochure provides clients with information about Davidson Investment Advisors that should be considered before becoming a Davidson Investment Advisors client. This information has not been approved or verified by any governmental authority.

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I. Overview

A. Davidson Investment Advisors, Inc. (“DIA” or “the firm”)

DIA is a federally registered investment adviser based in Great Falls, Montana. DIA provides investment advisory services to an array of clients including individuals, banks, pension and profit sharing plans, trusts, estates, foundations and corporations. It is a wholly owned subsidiary of Davidson Companies, a financial services holding company. D.A. Davidson & Co., Davidson Trust Co., Davidson Fixed Income Management and Davidson Travel are the other subsidiaries.

B. D.A. Davidson & Co. (“D.A. Davidson”)

D.A. Davidson is a securities broker-dealer and federally registered investment adviser based in Great Falls, Montana. It operates specialist posts on the Archipelago system, a capital markets program including an investment bank, and a federally registered investment adviser program. D.A. Davidson makes markets in over-the-counter securities and effects transactions in listed and unlisted securities, mutual fund shares and selected insurance products. D.A. Davidson, like DIA, is a wholly owned subsidiary of Davidson Companies.

C. Managed Assets

DIA offers two types of managed accounts: a Comprehensive Fee Account and a Traditional Account, in which the client is assessed a fee plus commissions. This document describes only the comprehensive fee arrangement, through which DIA offers its own management services and D.A. Davidson’s custodian and brokerage transaction services for a single, combined fee, or comprehensive fee, sometimes referred to as a wrap fee. The client grants full investment discretion to DIA, which invests for the client in accordance with the investment objectives identified in the Investment Profile Questionnaire. The client may restrict investments. DIA and D.A. Davidson provide detailed transaction, performance and custodial reporting to the client.

D.A. Davidson offers DIA’s management services through its Separate Asset Management Program, in which DIA is one of many managers offered to the D.A. Davidson client. This is a D.A. Davidson program in which the client has a contractual relationship with D.A. Davidson only. It is described in DIA’s Form ADV, Part II, Schedule F.

II. DIA Accounts

A. Professional Services Provided

DIA provides oversight and management of the client’s securities, investments, cash and other assets (the “account”) in accordance with the client’s investment objectives. Each customer completes an Investment Profile Questionnaire ("Questionnaire") in which are set forth the customer's investment objectives, financial situation and risk tolerance, among other things. DIA recommends a portfolio that is appropriate vis-à-vis the information in the Questionnaire. At any time the client may request a change in portfolio, thereby changing the Portfolio Manager.

The Portfolio Manager is available for consultation during regular business hours. Through the DIA regular and toll-free telephone lines, the client has access to the Portfolio Manager and DIA staff members during regular business hours.

DIA services include:

- DIA management and administrative services;
- DIA quarterly performance reports;
- DIA quarterly Market Outlook;
- Ongoing investment advice and consultation with the Portfolio Manager;
- Access to the Portfolio Manager and DIA staff; and
- Other management-related services.

B. Fees

The comprehensive fee includes advisory, transaction, custodial and administrative costs. DIA assesses no start-up or termination charges. However, separate retirement account fees, trust fees, exchange fees, transfer fees or other special service fees may be assessed in addition to the comprehensive fee. If DIA must use a broker other than D.A. Davidson, or if the client directs DIA to use a broker other than D.A. Davidson, the client may be assessed commissions, markups and markdowns charged by the outside broker, in addition to the comprehensive fee. DIA calculates the fee based on the market value of the account on the last business day of the preceding quarter. DIA assesses fees quarterly in advance, payable on the first day of the quarter, unless other arrangements are made. The client authorizes DIA to deduct the fee directly from the account unless other arrangements are made.

COMPREHENSIVE FEE SCHEDULE

Account Value	Equity/Balanced	Fixed Income
First \$1,000,000	2.50%	1.25%
Next \$4,000,000	1.75%	.90%
Greater than \$5,000,000	1.25%	.65%

Fees Negotiable

The client may purchase services separately from DIA and D.A. Davidson, and the resulting cost may be more or less than the comprehensive fee. The client must consider factors such as trading activity, tax and estate consequences, portfolio and account composition and income requirements to determine which program would provide the greater benefit. The same or similar services may be provided by other advisers at a lower fee.

C. Compensation

DIA offers the comprehensive fee program for select clients. For previously established accounts, the total DIA comprehensive fee is divided between DIA and D.A. Davidson. D.A. Davidson is the account broker and custodian. DIA retains a portion of the fee, and DIA's percentage of the fee is proportional to account size. From this portion, DIA pays the Portfolio Manager a salary and bonuses.

DIA and D.A. Davidson comprehensive fee compensation may be lower or higher than compensation from other programs available to the client. DIA and D.A. Davidson compensation may exceed compensation received if the client purchased DIA or D.A. Davidson services separately. Therefore, DIA and D.A. Davidson may have a financial incentive to recommend the comprehensive fee arrangement over other programs or services.

DIA obtains client referrals from solicitors:

Affiliated Solicitors. Historically, D.A. Davidson Financial Consultants referred clients to the DIA comprehensive account program, which is no longer offered. For those comprehensive fee accounts in existence, the D.A. Davidson Financial Consultant receives a payout from D.A. Davidson's portion of the DIA fee for referring the account to DIA. For those DIA clients who establish accounts through the Separate Account Management Program, from the D.A. Davidson & Co. fee, the outside investment adviser (including DIA) receives a portion, and D.A. Davidson & Co. retains the remainder, with a percentage paid to the referring Financial Consultant. For those comprehensive fee accounts in existence, D.A. Davidson & Co. receives a portion of the DIA fee for providing brokerage and custodial services. From the D.A. Davidson & Co. portion of the fee, the Financial Consultant receives a payout.

Unaffiliated Solicitors. A cash referral fee is paid to the solicitor pursuant to a written agreement to which DIA is a party. The written agreement between DIA and the solicitor contains: A description of the solicitor's duties and the method of compensation; and a statement that the solicitor undertakes the duties under the agreement consistent with DIA's instructions and the Investment Adviser's Act. The DIA solicitor provides each prospective client with a copy of DIA's brochure and a Solicitation Disclosure Statement. The solicitor obtains a signed and dated acknowledgement from the client indicating that the client received those documents. The solicitor's compensation is a function of the size and type of account, and is fully disclosed to the prospective client prior to execution of the DIA Investment Manager Agreement. DIA pays the solicitor an initial referral fee equal to DIA's share of the first quarterly fee. Thereafter, DIA pays the solicitor an ongoing fee based on a graduated percentage of the asset value of the referred account.

D. Client Termination Rights

The business relationship between DIA and the client is memorialized in the Investment Manager Agreement (the “Agreement”). The client may terminate the Agreement within five business days after executing the Agreement, with all fees refunded. Thereafter, the term of the Agreement is perpetual. The client may terminate the Agreement at any time with a 10-day written notice. DIA refunds a *pro rata* portion of the client’s prepaid fee if an account is closed during a billing period. There is no penalty for closing an account.

E. Fee Plus Commission Alternative

DIA offers a fee plus commission account, the Traditional Account, an alternative to the Comprehensive Fee Account. The client pays an annual base fee for account management and services, plus commissions for all transactions in the account. Depending on trading activity, the client’s objectives and particular circumstances, this arrangement may or may not be of greater benefit to the client. This brochure is required to describe wrap fee programs. Hence, it does not pertain to Traditional Accounts, but only to comprehensive fee accounts.

III. Suitability of Investments

A. Client Profile

Prior to opening a DIA account, information is elicited from the client, including general circumstances of the client (age, income, assets, investment knowledge, etc.), general and specific investment goals with time frames, and risk tolerance, including the client’s ability and willingness to accept risk.

B. Investment Objectives

Investment objectives are determined through information elicited from the client and memorialized in the Investment Profile Questionnaire. DIA contacts the client quarterly in writing to request any pertinent new information or changes in investment goals. Investments are made in conformance with the client’s initial objectives, unless the client provides other, specific investment instructions.

IV. Performance Data

A. Calculation

DIA uses AXYS Portfolio Management software for record keeping, performance calculation and reporting. DIA calculates performance with a time-weighted rate of return. This approach eliminates the effects of external cash flows (contributions and withdrawals by the client), and measures return on the basis of asset management. The performance data from this system is verified through random manual calculations. Additionally, independent third party Ashland Partners & Company, LLP, conducts audits and performance data reviews.

B. Performance Review

DIA Portfolio Managers conduct continual reviews of portfolio positions. The Investment Committee reviews overall firm performance and policies on a quarterly basis.

C. Reporting to Client

DIA provides the client with a quarterly report on the calendar quarter, or on the client's fiscal quarter, if requested. The report contains a list of account securities segregated by type, with market value and income. The report includes quarterly and year-to-date performance data by type of security and for the whole account and portfolio. For an account on file for more than 12 months, the firm provides annualized, historical performance data. The firm provides the quarterly Market Outlook discussing topical issues. The *Comparable Indexes Report* contains market indexes to serve as an objective basis against which to compare portfolio returns. In addition to quarterly reports, the client may request special reports. D.A. Davidson acts as custodian of account assets, and provides the client with trade confirmations and monthly reports detailing account holdings and activity. At calendar year end, D.A. Davidson and DIA provide information to assist in tax preparation.

V. **Disclosure**

A. Education and Experience Requirements

DIA managers providing investment advice must have a background of financial industry experience or formal education and training that qualifies them for portfolio management. They must hold a Series 65 or 66 license, or an authorized substitute therefore. The educational background and experience of DIA's Investment Committee is set forth below:

Andrew I. Davidson	
Title	President
Birth Date	October 12, 1967
Education	University of Montana, BS in Business Administration – Finance – 1990
Business Experience	Mr. Davidson joined DIA in 1993 after three years experience at a broker-dealer, an investment advisory firm and the Pacific Stock Exchange. He was appointed President in November 2004

Thomas E. Rath, CFA	
Title	Senior Vice President, Senior Portfolio Manager
Birth Date	October 21, 1958
Education	University of Washington Seattle, BA in Finance – 1980 University of Washington Seattle, MBA, concentrations in quantitative methods and finance – 1981
Business Experience	Mr. Rath joined DIA as a Senior Portfolio Manager in 2005 and serves as lead manager of the Small/Mid Strategy. Prior to his affiliation, Mr. Rath served as a portfolio manager at Safeco Asset Management in Seattle, Washington for 10 years, where he managed a diversified common stock portfolio. He has been in the industry for 22 years.

William B. Whitlow,	
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Jr., CFA	
Title	Senior Vice President, Senior Portfolio Manager
Birth Date	November 5, 1945
Education	University of Colorado, BA Chemistry – 1967 University of California Berkeley, MBA Finance – 1974
Business Experience	Mr. Whitlow joined DIA in October 2004 as a Senior Vice President and Senior Portfolio Manager. He is the lead manager of the Multi-Cap Core Strategy. Prior to his DIA affiliation, Mr. Whitlow was employed at SAFECO Asset Management, where he was Co-Manager of the Multi-Cap Core and Growth Opportunities Funds. Before that he was employed by Pacific Crest Securities in Seattle, where he served as an analyst and Director of Research.

Edward P. Crotty, CFA	
Title	Senior Vice President, Chief Investment Officer and Portfolio Manager, Investment Committee
Birth Date	May 15, 1967
Education	University of Illinois-Urbana/Champaign, MS in Control Systems, BS in Mechanical Engineering – 1991 Columbia Business School, MBA in Finance/Accounting – 1998
Business Experience	Mr. Crotty joined DIA as Senior Vice President, Chief Investment Officer and Portfolio Manager in 2007. Mr. Crotty provides leadership to the investment team. Prior to his affiliation, Mr. Crotty served as Managing Director for Spectrum Advisory Services, Inc., in Atlanta. Prior to his position with Spectrum, he was Vice President at Goldman Sachs & Co. in New York City.

Bradley H. Houle, CFA	
Title	Senior Vice President, Senior Portfolio Manager
Birth Date	August 26, 1969
Education	University of Montana, BS in Business Administration - Finance – 1991 University of Oregon, MBA in Finance – 1995
Business Experience	Mr. Houle joined DIA as a Portfolio Coordinator in 1995, and was appointed Portfolio Manager in 1998. He is the lead manager of the Equity Income and Core Fixed Income Strategies. Prior to his affiliation with the firm, Mr. Houle served for five years with an investment adviser and a broker-dealer.

Brian P. Clancy, CFA	
Title	Vice President, Portfolio Manager
Birth Date	May 1, 1966
Education	United States Naval Academy, BS Mathematics – 1988 University of Washington, Seattle, MBA – 1997
Business Experience	Mr. Clancy joined DIA as a Senior Research Analyst in October 2004. His work is dedicated to the Multi-Cap Core Strategy. Prior to his DIA affiliation, he worked with Bill Whitlow at SAFECO as co-manager of the Multi-Cap Core Fund, as well as serving as a Portfolio Manager for the SAFECO Trust Co.

Michael P. Kubas, CFA	
Title	Associate Vice President, Portfolio Manager
Birth Date	November 29, 1976
Education	Montana State University, BS Finance; Economics Minor- 1999 University of Minnesota- Carlson School of Management, MBA- Finance- 2004
Business Experience	Mr. Kubas joined DIA in 2005 as a Research Analyst focusing on the Small-Mid strategy. Prior to his affiliation, Kubas served as a Research Analyst at Piper Jaffray & Co. covering the financial technology section. Kubas also has experience as an equity market maker at the Pacific Stock Exchange.

Paul G. Condrat, CFA	
Title	Research Analyst
Birth Date	April 25, 1980
Education	Gonzaga University, BBA in Business Administration, Finance and Marketing
Business Experience	Mr. Condrat joined DIA in April 2004. He serves as a Research Analyst and assists in the day-to-day management of the Equity Income Strategy. Prior to his Davidson employment he served as a business analyst intern at Bainbridge Capital, a private equity and investment banking firm.

B. Investment Strategies

DIA offers five main portfolios, as follows: Large Cap Growth, Equity Income, Small/Mid, Multi-Cap Core and Core Fixed Income. Please refer to Schedule F, Item 1D, for a description of the various portfolios and their investment styles.

C. Information Sources

The firm receives research material from, among other places, electronic information sources Bloomberg, ILX, Stockval and First Call, periodicals such as The Wall Street Journal and Barrons, CS First Boston and the D.A. Davidson & Co. Research Department. Other sources are SEC filings, company press releases, company contacts, customer contacts and supplier contacts.

D. Potential Conflicts of Interest

DIA is engaged solely in the business of giving investment advice to firm clients. However, from time to time the firm may effect transactions in its accounts. The firm effects all securities transactions through registered broker-dealers.

Some DIA client transactions are effected through D.A. Davidson. DIA may recommend to a client a transaction in a security in which D.A. Davidson is a member of a syndicate offering the security for sale. However, DIA only effects such client transactions through an unaffiliated broker. Without knowledge or access to knowledge concerning securities transactions to be effected by DIA for its clients, D.A. Davidson may purchase those securities for its own accounts. This practice is disclosed to all DIA clients in the Investment Manager Agreement. The firm does not purchase securities for clients through D.A. Davidson on a principal or riskless principal basis, although D.A. Davidson effects these transactions in its brokerage client accounts. However, with written authorization from the client received in advance of each trade, DIA will effect principal trades in comprehensive fee accounts. D.A. Davidson effects cross transactions in its brokerage client accounts.

Some DIA client transactions are effected through D.A. Davidson, when it is in the best interest of the client. Otherwise, DIA employs outside brokers to effect client transactions. The Investment Committee conducts periodic discussions of best execution of client transactions. The Committee considers such factors as the full range of D.A. Davidson's brokerage services, the value of research provided, execution capability, commission rates, financial responsibility and responsiveness.

Andrew Davidson serves as President of DIA and as a Portfolio Manager. He is also employed by affiliated broker-dealer D.A. Davidson as a Financial Consultant. As such, in certain circumstances, Mr. Davidson may have an incentive to refer a potential DIA customer to D.A. Davidson, and vice versa.

DIA is an affiliate of Davidson Trust Co. The Trust employs DIA to manage money for some clients from whom it has received investment discretion.

For many DIA clients D.A. Davidson serves as custodian of account assets. Clients with cash positions will be invested in a bank account pursuant to D.A. Davidson's Bank Insured Deposit Program (the "BIDP"), a money market mutual fund, including without limitation, in the D.A. Davidson Cash Equivalent or Davidson Cash Equivalent Plus Shares Tax-Exempt Fund Accounts that have selected the Davidson Cash Equivalent or D.A. Davidson Cash Equivalent plus Shares Tax-Exempt Fund as their cash sweep options will not participate in the BIDP. Please refer to the "Terms and Conditions for D.A. Davidson & Co., Bank Insured Deposit Account," which is part of the D.A. Davidson Account Agreement signed by the Client for a description of the terms and conditions of the BIDP. ERISA, IRA and certain other account types are not invested in the BIDP.

Investors in mutual funds indirectly pay a proportionate amount of the expenses in managing the fund, including investment advisory, management, custodial and other

administrative fees and expenses. Therefore, the client may indirectly pay a DIA management fee and a mutual fund fee in connection with mutual fund investments. In addition, operating expenses described in each mutual fund prospectus are charged against fund earnings or assets by the fund. Please refer to prospectuses for further information.

Mutual funds may pay 12b-1 annual trailing commissions to DIA, in addition to the management fee paid to DIA by the client. 12b-1 commissions paid to DIA for ERISA-covered and IRA accounts are credited to the respective accounts.

DIA maintains trading arrangements with various brokers whereby DIA has access to its research. DIA may direct trades to one of those brokers and pay commissions that are competitive but that are higher than the lowest available rate that another broker might have charged, if DIA determines in good faith that the commissions are reasonable in relation to the value of the brokerage and research services provided.