

D.A. Davidson & Co.

Disclosure Document
FORM ADV PART II

November 1, 2009

Name of Investment Adviser: <div style="text-align: center;">D.A. Davidson & Co.</div>					
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
8 Third Street North	Great Falls	MT	59401	(406)	727-4200

**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 a governmental authority.**

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(Schedules A, B, C, D and E are included with Part 1 of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are 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:
D.A. Davidson & Co.

SEC File Number
801- 45761

Date:
November 1, 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:

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

- ☒ (1) A percentage of assets under management ☐ (4) Subscription fees
- ☒ (2) Hourly charges ☒ (5) Commissions
- ☒ (3) Fixed fees (not including subscription fees) ☐ (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. Type of Clients - Applicant generally provides investment advice to: (check those that apply)

- ☒ A. Individuals ☒ E. Trusts, estates, or charitable organizations
- ☒ B. Banks or thrift institutions ☒ F. Corporations or business entities other than those listed above
- ☐ C. Investment companies ☒ G. Other (describe on Schedule F)
- ☒ D. Pension and profit sharing plans

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

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

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

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Charting | (4) <input checked="" type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" 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 checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (4) <input checked="" type="checkbox"/> Short sales | |

Applicant:
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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?..... Yes ☒ No ☐
(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 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 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.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?..... Yes ☐ No ☒
(If yes, describe on Schedule F the partnerships and what they invest in.)

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9. Participation or 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.)

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 services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

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

D.A. Davidson & Co. ("Davidson") has approximately 17,000 investment advisory accounts, of which almost half comprise the Managed Funds Portfolio ("MFP"), approximately 3,500 comprise Paragon accounts, approximately 2,500 comprise Separate Account Management ("SAM"), approximately 200 comprise Managed Account Consulting ("MAC"), approximately 20 comprise Unified Managed Accounts ("UMA"), approximately 1100 accounts Russell Model Strategies ("RMS"), approximately 10 Managed Account Resources ("MAR") accounts and approximately 1800 comprise Choice.

The MFP Investment Committee conducts quarterly reviews of MFP summary statistics, overall performance and policies. For SAM and MAC accounts, Prima Capital Inc. has been hired to perform most of the ongoing due diligence on the outside investment advisers. The designated officer reviews and approves both SAM and MAC accounts at inception. Each MFP, RMS, UMA, SAM, and MAC client has a Financial Consultant who reviews quarterly performance reports for those accounts. For financial planning services, see Schedule F, 1A(1).

For Paragon and Choice accounts, the Paragon Portfolio Managers or Financial Consultant and Branch Office Managers review daily trade reports, which may trigger further review. The Paragon Portfolio Managers and Financial Consultants review account statistics and portfolio performance on a quarterly basis, and some on a monthly basis.

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

When serving as broker to advisory accounts, Davidson provides the client with a confirmation of every transaction in the account. The confirmation contains the type of transaction, the security traded and the resulting debit or credit. Davidson furnishes reports to clients on a quarterly basis. The reports contain a list of all securities owned, security market value and security income. The report contains account performance figures for the preceding quarter and year to date. For an account on file for at least 12 months, Davidson provides annualized performance figures from account inception. Within a reasonable time after the end of the calendar year, Davidson provides information to assist the client in tax reporting.

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12. Investment or Brokerage Discretion.

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

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

B. Does applicant or a related person suggest brokers to clients? ☒ ☐

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 commissions 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 ☐ No
- B. directly or indirectly compensates any person for client referrals? ☒ ☐

(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; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

	Yes	No
Has applicant provided a Schedule G balance sheet?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

1A(1) & 1D

D.A. Davidson & Co. ("Davidson") offers several accounts under the auspices of the D.A. Davidson & Co. Advisory Program ("Program"). Following are descriptions of the various accounts:

1. **Managed Funds Portfolio ("MFP").** This is a wrap fee program in which Davidson offers the following management styles: classic, focus, index-based and elite portfolios.

The client grants discretion to Davidson for the purposes of investing and otherwise managing account assets in all MFP Portfolios, except Guided Portfolio, which is no longer offered. The client's investment objectives are used in suggesting the proper strategy to the client. The MFP Investment Committee makes the investment decisions. Davidson effects brokerage transactions, maintains custody of account assets and provides the client with monthly statements and quarterly reports. Davidson votes proxies in accordance with its Proxy Voting Policies and Procedures unless otherwise noted.

All MFP Portfolio options are offered in a wrap fee format. The MFP wrap fee is a comprehensive, quarterly fee, assessed in advance and payable on the first day of the quarter. The fee includes all advisory, brokerage, custody and administrative costs. No fee adjustments are made for withdrawals from the account, or for account appreciation or depreciation during a billing cycle. Davidson assesses no start-up or termination charges. The fee does not include charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special service fees. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. Davidson may charge, in addition to the wrap fee, brokerage commissions, markups and markdowns for any transactions effected through a broker-dealer other than Davidson.

Davidson sets a \$25,000 minimum for account assets in all portfolios except the Elite Portfolio which is a \$100,000 minimum, but these amounts may be negotiable. The regular annual fee is 1.00 -1.50% of assets under management for non-retirement accounts and 1.25% or 1.50% for IRA and ERISA-covered accounts. The percentages are negotiable, and may be higher or lower, depending on the circumstances. The fee is traditionally established as a single flat percentage unless separately negotiated, and does not automatically decline as a client's assets increase (or increase if a client's assets decline in value). The client authorizes Davidson to deduct the quarterly fee and other special fees directly from the client's account. The client may terminate the relationship with Davidson with notice, at any time without penalty, and Davidson will return a pro rata portion of a prepaid fee.

The client may not restrict investments in MFP accounts. The mutual funds in which Davidson invests for each client may pay Davidson a 12b-1 commission. Davidson passes these commissions through to ERISA and IRA client accounts, but retains them for other accounts.

a. **Classic Portfolio.** Classic Portfolios invest in managed mutual funds designed to match the client's asset allocation and investment objectives. Davidson offers five selections under the Classic Portfolio, in which Davidson recommends a desired asset allocation for the client, and a corresponding Portfolio, based on the needs, financial situation and objectives identified in the Investment Profile Questionnaire (the "Questionnaire"). The five selections comprise the following: All Equity (100% equity); Capital Appreciation (80% equity, 20% fixed income); Balanced (60% equity, 40% fixed income); Conservative Balanced (40% equity, 60% fixed income); and Income (20% equity, 80% fixed income).

b. **Focus Portfolio.** Davidson offers four Focus Portfolios, each containing funds invested in specific asset classes. The client is availed of distinct exposure to a desired sector of the market. The use of multiple funds, based on various investment styles, may reduce the risks inherent in any single fund investment. Additional diversification is achieved in each Portfolio by incorporating both value and growth styles in an appropriate strategic mix. Following are the Focus Portfolios:

i. **Large Cap Portfolio.** Selected mutual funds invested primarily in securities of large United States companies with market capitalizations generally exceeding \$10 billion. The Portfolio contains a diversified blend of value and growth funds, balanced in response to market conditions.

ii. **Small Cap Portfolio.** Selected mutual funds invested primarily in securities of United States companies with market capitalizations generally below \$1.5 billion. The Portfolio contains a diversified blend of value and growth funds, balanced in response to market conditions.

iii. **International Portfolio.** Selected mutual funds invested in securities issued outside the United States. The Portfolio contains a diversified blend of value and growth funds with large cap, mid cap and small cap emphases.

iv. **Fixed Income Portfolio.** Selected mutual funds invested in fixed income oriented securities. The Portfolio contains a diversified blend of fixed income funds that normally includes exposure to both domestic and non-U.S. government and corporate bonds of various maturities.

c. **Index-Based Portfolio.** The Index-Based Portfolio is a managed portfolio using exchange-traded funds designed to match the client's asset allocation and investment objectives. Davidson offers four strategies under this arrangement: All Equity (100% equity), Capital Appreciation (80% equity, 20% fixed income), Balanced (60% equity, 40% fixed income), and Conservative Balanced (40% equity, 60% fixed income). Only MFP-selected funds will be purchased or held in an Index-Based Portfolio account.

d. **Elite Portfolio.** Elite Portfolios are managed mutual fund portfolios designed to match Client's asset allocation and investment objectives. Elite Portfolios are offered to investors who desire a higher degree of asset class exposure and additional diversification, as compared to other MFP portfolios. Davidson offers fifteen Elite Portfolios, five under each of the three model iterations: regular Elite, Elite Tax-Aware and Elite Manager Core, in which Davidson recommends a desired asset allocation for Client, and a corresponding Portfolio selection based on the needs and objectives identified in Client's Objectives. Elite Portfolio initial account minimum value is \$100,000, as compared to \$25,000 for the other MFP portfolios. These minimums may be negotiable under certain circumstances.

The regular Elite Portfolio selections consist of the following: Elite All Equity (approximately 100% equity); Elite Capital Appreciation (approximately 80% equity, 20% fixed income); Elite Balanced (approximately 60% equity, 40% fixed income); Elite Conservative Balanced (approximately 40% equity, 60% fixed income); and Elite Income (approximately 20% equity, 80% fixed income). These Portfolio selections rely on a greater allocation to actively managed mutual funds and a lesser allocation to passive investment vehicles such as exchange traded funds than the Elite Tax-Aware Portfolio selections described below. Further, these portfolios do not emphasize a higher weighting to a particular fund family as do the Elite Manager Core Portfolios described below.

The Elite Tax-Aware Portfolio selections consist of the following: Elite Tax-Aware All Equity (approximately 100% equity); Elite Tax-Aware Capital Appreciation (approximately 80% equity, 20% fixed income); Elite Tax-Aware Balanced (approximately 60% equity, 40% fixed income); Elite Tax-Aware Conservative Balanced (approximately 40% equity, 60% fixed income); and Elite Tax-Aware Income (approximately 20% equity, 80% fixed income). ERISA and IRA accounts may not be part of an Elite Tax-Aware portfolio. While the Elite Tax-Aware portfolios will be managed with sensitivity to taxes, it is important to note that the primary objective of the Elite Tax-Aware portfolios is risk-adjusted returns. The Elite Tax-Aware portfolios cannot entirely avoid the realization of capital gains. Capital gains will be realized when investments are sold, when portfolios are rebalanced, when mutual funds and exchange traded funds held in the Elite Tax-Aware portfolios distribute capital gains, both short- and long-term, and when Client requests distributions or withdrawals.

The Elite Manager Core Portfolio selections consist of the following: Elite Manager Core All Equity (approximately 100% equity); Elite Manager Core Capital Appreciation (approximately 80% equity, 20% fixed income); Elite Manager Core Balanced (approximately 60% equity, 40% fixed income); Elite Manager Core Conservative Balanced (approximately 40% equity, 60% fixed income); and Elite Manager Core Income (approximately 20% equity, 80% fixed income). The intent of the Elite Manager Core Portfolios is to provide a higher weighting portfolio in a specific fund family. Clients are advised that the primary objective of the Elite Manager Core Portfolios is to achieve risk-adjusted returns and the secondary objective is a focus on a featured core manager.

2. Russell Model Strategies ("RMS"). The Russell Model Strategies program is a wrap fee, asset allocation based investment program comprised of various mutual fund portfolio model strategies utilizing mutual funds of Frank Russell Investment Company ("Russell").

The client grants discretion to Davidson for the purposes of investing and otherwise managing account assets in all Russell Model Strategy Portfolios. The client's investment objectives are used in suggesting an investment strategy to the client. Russell offers the asset allocation and mutual fund selection for the Russell Model Strategies and Davidson selects from these in conformance with client investment objectives. Davidson effects brokerage transactions, maintains custody of account assets and provides the client with monthly statements and quarterly reports. Davidson votes proxies in accordance with its Proxy Voting Policies and Procedures unless otherwise noted.

a. Core Model Strategies: The Core Model Strategies invest in managed mutual funds designed to match the client's asset allocation and investment objectives. Davidson offers five selections under the Core Model Strategies, in which Davidson recommends a desired asset allocation for the client, and a corresponding portfolio, based on the needs, financial situation and objectives identified in the Investment Profile Questionnaire (the "Questionnaire"). The Core Portfolio selections consist of the following: Equity Growth (approximately 100% equity); Growth (approximately 80% equity, 20% fixed income); Balanced (approximately 60% equity, 40% fixed income); Moderate (approximately 40% equity, 60% fixed income); and Conservative (approximately 20% equity, 80% fixed income).

b. Tax-Managed Model Strategies: Tax-Managed Model Strategies will generally reflect the allocations of the Core Model Strategies, but will be managed with sensitivity to taxes. It is important to note that the objective of the Tax-Managed portfolios is risk-adjusted returns primarily, and tax efficiency secondarily. The Tax-Managed portfolios cannot entirely avoid the realization of capital gains. Tax liability generated by the underlying investments and/or management of the strategic allocation will not be eliminated entirely. The Tax-Managed Portfolio selections consist of the following: Equity Growth (approximately 100% equity); Growth (approximately 80% equity, 20% fixed income); Balanced (approximately 60% equity, 40% fixed income); Moderate (approximately 40% equity, 60% fixed income); and Conservative (approximately 20% equity, 80% fixed income). ERISA and IRA accounts do not qualify for a Tax-Managed portfolio.

All Russell Model Strategy portfolios are offered in a wrap fee format. The wrap fee is a comprehensive, quarterly fee, assessed in advance and payable on the first day of the quarter. The fee includes all advisory, brokerage, custody and administrative costs. Davidson assesses no start-up or termination charges. The fee does not include charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special service fees. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. Davidson may charge, in addition to the wrap fee, brokerage commissions, markups and markdowns for any transactions effected through a broker-dealer other than Davidson. There is a \$25,000 minimum for account assets in all portfolios. The regular annual fee is 1.25% of assets under management, but is negotiable, and may be higher or lower, depending on the circumstances. The fee is traditionally established as a single flat percentage on a client-by-client basis and, unless separately negotiated, does not automatically decline as a client's assets increase (or increase if a client's assets decline in value). The client authorizes Davidson to deduct the quarterly fee and other special fees directly from the client's account. There are no 12b-1 fees associated with the Russell Model Strategies program. The client may terminate the relationship with Davidson with notice, at any time without penalty, and Davidson will return a pro rata portion of a prepaid fee.

3. Separate Account Management ("SAM"). Davidson sponsors this wrap fee program in which client funds may be invested in a variety of fixed income, equity and derivative securities, including exchange-listed and OTC stocks, American Depositary Receipts, foreign securities, government, municipal and corporate debt instruments, and options.

The Questionnaire sets forth in writing the client's financial situation, investment objectives and risk tolerance. Based on the information in the Questionnaire, Davidson presents the client with one or more appropriate advisers from a list of pre-screened professional investment advisers, which Davidson conducts due diligence investigations on most of the advisers and which Davidson has contracted as sub-advisers for its clients.

The client enters into an investment management agreement with Davidson for the provision of advisory, custody, brokerage and administrative services. The client grants Davidson investment discretion in these accounts. Davidson delegates that discretion to the selected adviser. The selected adviser provides investment management services for the client in accordance with a sub-advisory agreement entered into by the adviser and Davidson.

Davidson serves as custodian for client assets. Unless transactions are otherwise directed by the adviser, Davidson serves as broker, effecting transactions initiated by the adviser for the purchase or sale of securities in the client's account. Davidson provides administrative services for the client, including confirmation of transactions, monthly account statements and quarterly performance reports. Davidson provides year-end information to assist the client in tax reporting. The client retains responsibility for proxy voting, and may delegate that responsibility to the selected adviser. Davidson does not vote proxies. The client has access to Davidson employees and the referring Davidson Financial Consultant during regular business hours.

Davidson provides on-going due diligence on most of the advisers in the SAM Program. Davidson monitors and evaluates most of the investment advisers, employing benchmark indices for relative performance and risk-adjusted performance.

If the client informs Davidson of any material changes in the information in the Questionnaire, Davidson will provide that information to the adviser. Davidson evaluates the adviser's performance in light of the information in the most recent Questionnaire and makes recommendations regarding alternate advisers if the current adviser's performance is unacceptable under the circumstances or its investment philosophy and policies are not compatible with the client's most recent information.

The wrap fee is assessed quarterly and in advance, and is payable on the first day of the quarter. The fee includes all advisory, brokerage, custody and administrative costs. The fee is traditionally established as a single flat percentage on a client-by-client basis and, unless separately negotiated, does not automatically decline as a client's assets increase (or increase if a client's assets decline in value). The wrap fee is deducted from the client's account on a quarterly basis. Following is the wrap fee schedule:

SAM WRAP FEE SCHEDULE

\$100,000 - \$199,999	2.75%
\$200,000 - \$399,999	2.60%
\$400,000 - \$699,999	2.40%
\$700,000 - \$999,999	2.25%
\$1,000,000 - \$1,999,999	2.00%
Greater than \$2,000,000	Negotiable

Fees are negotiable depending on historical factors, relationships, account activity and objectives. Davidson sets a \$100,000 minimum for account assets, but that amount is negotiable.

No fee adjustments are made for withdrawals from the account, or for account appreciation or depreciation during a billing period. Davidson may adjust fees for deposits during a billing period. Davidson assesses no start-up or termination charges. The fee does not include charges arising from retirement account fees, trust fees, exchanges fees, transfer fees or other special service fees. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. If a broker-dealer other than Davidson is used, the client may be assessed commissions, markups and markdowns charged by the outside broker-dealer. The client authorizes Davidson to deduct the wrap fee and other special service fees directly from the client's account.

The client may terminate the relationship with Davidson and the adviser at any time without penalty, and Davidson will return a pro rata portion of a prepaid fee.

4. Managed Account Consulting ("MAC"). Davidson sponsors this wrap fee program in which the client enters into separate advisory agreements with Davidson and with the outside investment manager. In

some cases the Davidson FC may recommend the outside investment manager and in other cases may not. In either circumstance, the responsibilities of Davidson with respect to the Client do not change. Client selects the outside investment manager, who may invest client funds in a variety of fixed income, equity and derivative securities, including exchange-listed and OTC stocks, American Depositary Receipts, foreign securities, government, municipal and corporate debt instruments, and options.

Davidson will obtain documentary new account information, including investment objectives and suitability questionnaire, from the investment manager. If the client is an ERISA-covered plan, the client must provide plan documents relating to investment authority and objectives.

The client selects the outside investment manager, with which the client enters into an investment management agreement. The manager provides investment management services for the client in accordance with the advisory agreement entered into by the client and the manager. The separate advisory agreement with the manager governs all responsibilities of the Manager to the Client.

The client also enters into an agreement with Davidson for the provision of advisory, custody, brokerage and administrative services.. At the outset of the account relationship the Financial Consultant will review the client's investment objectives and suitability questionnaire provided by the outside manager, which is intended to measure the client's investment objectives time horizon and risk parameters. The client is responsible for promptly bringing to Davidson's attention any material change in the client's investment objective or financial condition. Davidson will periodically review the outside manager's historical performance and notify the client if the manager has had significant underperformance relative to its benchmark or category average for a prolonged period of time. Based upon the information in the suitability questionnaire (and any additional written investment guidelines the client establishes) the Financial Consultant will be reasonably available for consultation regarding the status and performance of the Account in connection with Client's investment objectives. The Financial Consultant is responsible for periodically reviewing accounts to assess whether the investment strategy made for each account are suitable for each particular client. **Davidson does NOT have discretion to make investment decisions on client's behalf, which is the sole responsibility of the outside manager** (other than in connection with its consulting responsibilities, as described above). Davidson does not assume responsibility for the performance of the outside manager selected by the client. Davidson puts client account data in the Davidson system, where performance and other information is available to the client through the Davidson Financial Consultant and Davidson may, in some instances, provide the client with a quarterly account performance report.

Davidson serves as custodian for client assets. Unless transactions are otherwise directed by the adviser, Davidson serves as broker, effecting transactions initiated by the adviser for the purchase or sale of securities in the client's account. Davidson provides administrative services for the client, including confirmation of transactions and monthly account statements. The client retains proxy voting responsibility, but that responsibility may be delegated to the investment manager in the agreement between the client and the manager. Davidson does not vote proxies.

The comprehensive wrap fee is assessed quarterly and in advance, and is payable on the first day of the quarter. The fee includes all advisory, brokerage, custody and administrative costs. The fee comprises two elements: Davidson's fee and the adviser's fee, the total of which is deducted from the client's account on a quarterly basis. The fee is traditionally established as a single flat percentage on a client-by-client basis and, unless separately negotiated, does not automatically decline as a client's assets increase (or increase if a client's assets decline in value). Following is the Davidson portion of the wrap fee:

MAC FEE SCHEDULE (DAVIDSON PORTION OF FEE)

\$100,000 - \$199,999	Up to 2.25%
\$200,000 - \$399,999	Up to 2.10%
\$400,000 - \$699,999	Up to 1.90%
\$700,000 - \$999,999	Up to 1.75%
\$1,000,000 - \$1,999,999	Up to 1.50%
Greater than \$2,000,000	Negotiable

Davidson adds the adviser's fee to Davidson's portion of the fee. That combined amount is the total MAC comprehensive wrap fee, which Davidson deducts from the client's account. Fees are negotiable depending on historical factors, relationships, account value and objectives. Davidson sets a \$100,000 minimum for account assets, but this amount is negotiable.

No fee adjustments are made for withdrawals from the account, or for account appreciation or depreciation during a billing period. Davidson assesses no start-up or termination charges. The fee does not include charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special service fees. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. Davidson may charge, in addition to the wrap fee, brokerage commissions, markups and markdowns for transactions effected through a broker-dealer other than Davidson. The client authorizes Davidson to deduct the comprehensive wrap fee and other special service fees directly from the client's account.

The client may terminate the relationship with Davidson and the adviser at any time without penalty, and Davidson will return a pro rata portion of a prepaid fee.

5. Financial Planning Services. As reflected by a written agreement between Davidson and a client, Davidson offers comprehensive financial plans that generally address a wide spectrum of a client's long-term financial needs, including recommendations about insurance, savings, tax and estate planning, as well as the purchase or sale of stocks, bonds or other investment assets. All Financial Consultants who present financial plans are series 65 or 66 licensed.

Before commencement of the financial planning process the client must sign our Financial Planning Engagement letter. The letter explains that the client is hiring Davidson, either through their Financial Consultant or Davidson's Financial Planning Department, for a finite period of time in connection with the preparation and delivery of a financial plan or financial planning services. The non-discretionary advisor relationship will commence with the client's signature and end when the financial plan is presented to the client or if the financial plan is not presented within 60 days (if engaged through the Financial Consultant) or 90 days (if engaged through the Financial Planning Department) of the date of the engagement letter. The advisory relationship will be deemed to have expired and a new engagement letter will need to be signed by the client before the process can continue.

Once the financial planning engagement ends, the client's advisory relationship with their Financial Consultant and the firm will automatically revert to a broker-dealer relationship, unless the client decides to implement the plan through one of our advisory programs and separately contracts for that separate advisory service. Otherwise investment recommendations made by a client's Financial Consultant in the implementation of the Financial Plan will be in his or her capacity as a broker.

Clients are not required to transact business through Davidson to implement any of the suggestions contained in a comprehensive financial plan. If a client decides to execute transactions through Davidson as broker-dealer, the client will pay Davidson any applicable charges, including commissions and/or fees, a portion of which, if any, will be paid to the Financial Consultant. Fees for comprehensive financial planning services are negotiable and will depend upon historical circumstances such as an existing relationship, etc.

6. Managed Account Resources ("MAR"). Davidson has entered into a tri-party agreement with Fidelity Brokerage Services LLC and Envestnet Asset Management, Inc. to allow Davidson clients access to certain outside investment advisors, who may invest client funds in a variety of fixed income, equity and derivative securities, including exchange-listed and OTC stocks, American Depositary Receipts, foreign securities, government, municipal and corporate debt instruments, and options.

Davidson clients select investment advisors and enter into one agreement with Davidson and Envestnet Asset Management, which has established relationships with those advisors. The client also enters into an agreement with Fidelity Brokerage Services for the provision of custody, brokerage and administrative services. Davidson has no investment discretion in the accounts. Davidson will provide performance reporting services.

A comprehensive wrap fee is assessed quarterly and in advance, and is payable on the first day of the quarter. The fee includes all advisory, brokerage, custody and administrative costs. The fee comprises three elements: Davidson's fee, Envestnet's fee and the adviser's fee, the total of which is deducted from the client's account on a quarterly basis. Envestnet bills client accounts, collects the fees and disburses the fee to the adviser and Davidson. Following is the Davidson portion of the annual wrap fee, based on the initial market value of client assets under management:

MAR FEE SCHEDULE

\$100,000 - \$199,999	.....	2.75%
\$200,000 - \$399,999	.....	2.60%
\$400,000 - \$699,999	.....	2.40%
\$700,000 - \$999,999	.....	2.25%
\$1,000,000 - \$1,999,999	.....	2.00%
Greater than \$2,000,000	.....	Negotiable

Fees are negotiable depending on historical factors, relationships, account value and objectives. Davidson sets a \$100,000 minimum for account assets, but this amount is negotiable. No fee adjustments are made for withdrawals from the account, or for account appreciation or depreciation during a billing period. Davidson assesses no start-up or termination charges. The fee does not include charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special service fees. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. The client may terminate the relationship with Davidson and Envestnet at any time without penalty, and Davidson will return a pro rata portion of a prepaid fee.

7. D.A. Davidson Choice Account ("Choice"). Choice is an advisory program sponsored by D.A. Davidson through which clients receive non-discretionary advice for investing in eligible securities. Choice is offered and available to many types of clients including individuals, pension and profit sharing plans, retirement accounts, trusts, estates and business entities.

The client enters into an agreement with D.A. Davidson for the provision of advisory, custody, brokerage and administrative services. At the outset of the account relationship, D.A. Davidson requires the client to complete an Investment Profile Questionnaire, which is intended to measure the client's investment objectives, time horizon and risk parameters. The client is responsible for promptly bringing to D.A. Davidson's attention any material change in the client's investment objective or financial condition. Based upon this information (and any additional written investment guidelines the client establishes), the Financial Consultant recommends an appropriate investment strategy to the client. The Financial Consultant is responsible for periodically reviewing accounts to assess whether the investment strategy and investments made for each account are suitable for each particular client.

D.A. Davidson does NOT have discretion to make investment decisions on client's behalf. The client has sole discretion whether to accept or reject an investment strategy or any specific recommendation to purchase or redeem securities. Other than in connection with its consulting responsibilities, as described above, D.A. Davidson does not assume responsibility for the performance of the securities selected by the client.

D.A. Davidson allows the following types of assets to be held or traded in the account: common or preferred stock listed on a domestic exchange, listed American Depositary Receipts (ADRs), certain open and closed-end mutual funds, options (covered calls and protective puts are allowed in proportion to underlying equity position), exchange traded funds (ETFs), unit investment trusts (UITs), certificates of deposit (CDs), U.S. Government and government agency bonds, mortgage backed and municipal bonds, corporate bonds, and cash and cash equivalents (e.g., money market funds, bank deposit programs, and other short-term fixed income securities), each for such prices and upon such terms as D.A. Davidson deems advisable. The mutual funds in which Davidson invests for each client may pay Davidson a 12b-1 commission which is refunded for all accounts.

D.A. Davidson serves as custodian for client assets. Unless transactions are otherwise directed by the client, D.A. Davidson serves as broker, effecting transactions initiated by the client for the purchase or sale of securities in the client's account. D.A. Davidson provides administrative services for the client, including

confirmation of transactions, monthly account statements and quarterly performance reports. D.A. Davidson provides year-end information to assist the client in tax reporting. The client retains responsibility for proxy voting. D.A. Davidson does not vote proxies. The client has access to D.A. Davidson Financial Consultants and staff during regular business hours.

The wrap fee is assessed quarterly and in advance, and is payable on the first day of the quarter. The fee includes non-discretionary advice and services, brokerage, custody and administrative costs. The wrap fee is deducted from the client's account on a quarterly basis. The initial fee assessed will be dependant upon the account size and percentage of assets invested in individual equities. The following wrap fee schedule is used as a guideline for D.A. Davidson Financial Consultants in working with their clients

CHOICE WRAP FEE SCHEDULE		
Account Size		
50,001	100,000	1.80 - 2.00%
100,001	250,000	1.60 - 2.00%
250,001	500,000	1.40 - 2.00%
500,001	750,000	1.20 - 2.00%
750,001	1,000,000	1.05 - 2.00%
1,000,001	1,500,000	0.95 - 2.00%
1,500,001	2,000,000	0.75 - 2.00%
2,000,001	3,000,000	0.65 - 2.00%
3,000,001	5,000,000	0.55 - 2.00%
> 5,000,001		Negotiable

Actual client fees are negotiable depending on historical factors, relationships, account activity and objectives. The fee is traditionally established as a single flat percentage on a client-by-client basis and, unless separately negotiated does not automatically decline as a client's assets increase (or increase if a client's assets decline in value). D.A. Davidson sets a \$50,000 minimum for account assets, but this amount is negotiable.

No fee adjustments are made for withdrawals from the account, or for account appreciation or depreciation during a billing period. D.A. Davidson may adjust fees for deposits during a billing period. D.A. Davidson assesses no start-up or termination charges. The account fee does not include charges arising from retirement account fees, trust fees, exchanges fees, transfer fees, margin interest expense, or other special service fees. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. If a broker-dealer other than D.A. Davidson is used, the client may be assessed commissions, markups and markdowns charged by the outside broker-dealer. The client authorizes D.A. Davidson to deduct the wrap fee and other special service fees directly from the client's account.

The client may terminate the relationship with D.A. Davidson, upon notice, at any time without penalty, and D.A. Davidson will return a *pro rata* portion of a prepaid fee.

8. Unified Managed Account ("UMA") Program. The UMA Program is a customized investment management program sponsored by Davidson. Client accounts are managed by Placemark Investments, Inc., ("Placemark") and may consist of one or more model portfolios provided by separately registered investment advisers, and may include mutual funds or exchange traded funds or exchange traded notes representing different investment styles and strategies. Russell Investment Management Company ("Russell") offers its own proprietary asset allocation models that combine Russell Separate Accounts and Russell Funds as another UMA option for Davidson clients.

Financial Consultants work with each UMA Program client to analyze and define the client's investment objectives and needs. In addition, the client will complete an Investment Profile Questionnaire ("IPQ") which sets forth in writing the client's financial situation, investment objectives and risk tolerance. Based on the information provided by the client, the Financial Consultant will recommend a portfolio that may employ a multi-strategy

investment approach consisting of one or more strategies managed by separately registered investment managers ("Sub-Managers") and Russell who provide recommendations to Placemark, as well as mutual funds and exchange traded funds and exchange traded notes. Davidson suggests to the client one or more appropriate Sub-Managers from a pre-screened list. Davidson conducts due diligence on the Sub-Managers. Mutual funds, exchanged traded funds and exchange traded notes are selected from Davidson's Supervised Recommended List. For the Russell UMA option, the client can choose the Russell Separate Account option which offers five U.S. equity multi-manager mixes: Large Cap Growth mix, Large Cap Value mix, Small Cap mix, Large Cap mix, and Broad Cap mix. The other option is Russell Unified Managed Accounts which combines Russell Separate Accounts and mutual funds in strategic asset-allocation portfolios designed for tax-managed solutions and asset class diversification. Russell offers three series of Unified Managed Accounts: Tax-Managed Series I featuring the Large Cap Russell Separate Accounts mix, the Tax-Managed Series II featuring the Broad Cap Russell Separate Accounts mix and the Tax-Qualified Series I featuring the Large Cap Russell Separate Accounts mix. ERISA/IRA Accounts cannot invest in the Tax-Managed Series I or II UMA models.

The client enters into an investment management agreement with Davidson for the provision of advisory, custody, brokerage and administrative services. The client grants Davidson investment discretion in these accounts. Davidson delegates that discretion to Placemark Investments. Where a portion of the client's UMA portfolio is allocated to Sub-Managers, Placemark will seek to manage the client's account in a manner consistent with the recommendations provided by the Sub-Managers. However, Placemark may deviate, in its discretion, from such recommendations. Unless the client chooses to retain the responsibility to vote proxies, Placemark will vote proxies for the client.

Davidson serves as custodian for client assets. Unless Placemark otherwise directs transactions, Davidson serves as broker, effecting transactions initiated by the Sub-Manager for the purchase or sale of securities in the client's account. Davidson provides administrative services for the client, including confirmation of transactions, monthly account statements and quarterly performance reports. Davidson provides year-end information to assist the client in tax reporting. Davidson may remove, add or change the Sub-Managers or Russell asset allocation models selected by the client at any time in its sole discretion with prior written notification to the client.

A tax overlay management service is also available in the Program. In providing tax overlay management services, Placemark will consider the tax consequences of transactions in the client's account and will evaluate recommendations received from Sub-Managers and Russell or generated by Placemark in the context of such consequences and the tax information provided by the client. The Overlay Manager may, in light of other considerations in the client's account, effect transactions in the client's account even though such transactions may generate tax liabilities, including short-term taxable income. The performance of tax-managed accounts is likely to vary from that of non-tax managed accounts.

The client may choose between two rebalancing frequencies (quarterly or annually) for returning the account to its initial investment allocation. Placemark will rebalance the account on the timing selected by the client in the client agreement. The client authorizes and directs Placemark to effect the trades necessary to rebalance the account. For clients who have enrolled to receive active tax overlay management services, Placemark will evaluate the trade-off between rebalancing the account and the tax consequences of any client constraints or tax mandates. For clients whose accounts are not tax-exempt, the redemption or exchange of investments may result in taxable gains or losses. Davidson will not be liable for any tax consequences of rebalancing. Russell Separate Accounts and Unified Managed Accounts are automatically evaluated for rebalancing every quarter.

If the client informs Davidson of any material changes in the information in the IPQ, Davidson will provide that information to the Sub-Manager. Davidson evaluates the Sub-Managers' performance in light of the information in the most recent IPQ and makes recommendations regarding alternate Sub-Managers if the current Sub-Manager's performance is unacceptable under the circumstances or its investment philosophy and policies are not compatible with the client's most recent information.

The comprehensive wrap fee is assessed quarterly and in advance, and is payable on the first day of the quarter. The fee includes all advisory, brokerage, custody and administrative costs. The wrap fee comprises two elements: Davidson's fee; and the Sub-Manager's fee. The fee is traditionally established as a single flat percentage based upon initial market value on a client-by-client basis and, unless separately negotiated, does not

automatically decline as a client's assets increase (or increase if a client's assets decline in value). The client authorizes Davidson to deduct the comprehensive wrap fee and other special service fees directly from the client's account, and Davidson will do so on a quarterly basis. Following is the wrap fee schedule:

UMA PROGRAM FEE SCHEDULE

\$250,000 - 500,000	1.75 – 2.40%
\$500,001 - 750,000	1.60 – 2.25%
\$750,001 - 1,000,000	1.35 – 2.00%
\$1,000,001 – 1,500,000.....	1.10 – 1.75%
\$1,500,001 and greater	Negotiable

Accounts for which the client has elected active tax overlay management services will be charged an additional 0.10% per year.

RUSSELL SEPARATE ACCOUNTS

All Manager Mixes *

\$300,000- \$499,999	2.20 - 2.45%
\$500,000- \$749,999	2.05 - 2.30%
\$750,000- \$999,999	1.80 - 2.05%
\$1,000,000- \$1,499,999	1.55 - 1.80%
\$1,500,000 and greater	1.35 – 1.60%

* Large Cap Growth, Large Cap Value, and Small Cap manager mixes have a \$300,000 minimum account size.

* Large Cap mix has a \$500,000 minimum account size.

* Broad Cap mix has a \$750,000 minimum account size.

RUSSELL UNIFIED MANAGED ACCOUNTS

Tax Managed Series I

Account Size: 1,000,000-1,499,999	1,500,000-2,499,999	2,500,000-3,999,999	4,000,000 +
Equity Models 1.45- 1.70%	1.25- 1.50%	1.05- 1.30%	0.95- 1.10%
Growth Models 1.35- 1.60%	1.15- 1.40%	0.95- 1.25%	0.85- 1.05%
Balanced Models 1.25-1.50%	1.05- 1.30%	0.85- 1.15%	0.75- 0.95%
Moderate Models 1.15- 1.40%	0.95- 1.25%	0.75- 1.10%	0.65- 0.90%

Tax Managed Series II

Account Size: 1,500,000- 2,499,999	2,500,000- 3,999,999	4,000,000 +
Equity Models 1.25-1.50%	1.05- 1.30%	0.95- 1.10%
Growth Models 1.15- 1.40%	0.95- 1.25%	0.85- 1.05%
Balanced Models 1.05- 1.30%	0.85- 1.15%	0.75- 0.95%

Tax Qualified Series I

Account Size: 1,500,000- 2,499,999	2,500,000- 3,999,999	4,000,000 +
Equity Models 1.25- 1.50%	1.05- 1.30%	0.95- 1.10%
Growth Models 1.15-1.40%	0.95- 1.25%	0.85- 1.05%
Balanced Models 1.05- 1.30%	0.85- 1.15%	0.75- 0.95%
Moderate Models 0.95- 1.25%	0.75- 1.10%	0.65- 0.90%

Fees are negotiable depending on historical factors, relationships, account composition and objectives. Davidson sets a \$250,000 minimum for account assets in the first UMA option, but this amount can be negotiable. Minimum fees for the Russell Separate Accounts and Unified Managed Accounts vary depending upon the model selected. No fee adjustments are made for withdrawals from the account, or for account appreciation or depreciation during a billing period. Davidson may adjust fees for deposits during a billing period. Davidson assesses no start-up or termination charges. The fee does not include charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special service fees. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. If a broker-dealer other than Davidson is used, the client may be assessed commissions, markups and markdowns charged by the outside broker-dealer in addition to the wrap fee. The client may terminate the relationship with Davidson and the Sub-Manager or Placemark at any time without penalty, and Davidson will return a pro rata portion of a prepaid fee.

9. Paragon Program. The Paragon Program offers wrap and non-wrap fee accounts in which client funds can be invested in stocks, bonds and other securities including but not limited to, money market instruments, certain open and closed-end mutual funds, options (covered calls and protective puts in proportion to the underlying equity position), bonds and other securities, and contracts related to such, each for such prices and upon such terms as Davidson deems advisable.

The client grants Davidson full investment discretion. A Portfolio Manager (or Managers) makes the investment decisions for the client's account. The Portfolio Manager invests client funds in conformance with the client's investment objectives and risk tolerance found in the Investment Profile Questionnaire. The client may restrict investments. In most accounts, Davidson effects brokerage transactions and serves as custodian for client assets. For those accounts, Davidson provides administrative services, including confirmation of transactions, monthly statements and quarterly performance evaluation reports. Davidson also provides year-end information to assist the client in tax reporting. Davidson votes proxies in accordance with its Proxy Voting Policies and Procedures unless otherwise noted.

The wrap fee is a comprehensive quarterly fee, assessed in advance and payable on the first day of the quarter based upon the fee schedule below. The fee is variable and will be assessed depending on the gross market value of the assets in the Account on the last business day of the prior quarter. The fee includes all advisory, brokerage, custody and administrative costs. No fee adjustments are made for withdrawals from the account or for Account appreciation or depreciation during a quarter. Davidson assesses no start-up or termination charges. The fee does not include charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special services fees, including margin interest expense. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. Davidson may charge, in addition to the wrap fee, brokerage commissions, markups and markdowns for any transactions effected through a broker dealer other than Davidson. The client may terminate association with Davidson at any time without penalty, and Davidson will return a pro rata portion of a prepaid fee.

ANNUAL ADVISORY FEE FEE SCHEDULE

Household Market Value	Rate (%)
First \$250k	2.25
Next \$250k	2.00
Next \$500k	1.75
Next \$1MM	1.50
Next \$2MM	1.25
Next \$4MM	1.00

Davidson offers a householding option that could reduce the above-referenced fees for those clients with other advisory accounts held at Davidson. The gross market value of each advisory account the client has at Davidson may be aggregated for fee calculation purposes. The resulting increase in household gross market

value may make the account, and all other Paragon account, eligible for a reduced rate based on the fee schedule above. Davidson is not responsible for situations where an advisory account is unintentionally excluded from the fee calculation for purposes of this householding offer.

Additionally, existing clients may have been subject to individual fee schedules set by his or her Portfolio Manager which may not correspond to the above-referenced fee schedule and may have resulted in lower fees than the above-referenced fee schedule. Please refer to your Investment Advisory Agreement, Exhibit B for your specific rate. Davidson sets a \$25,000 minimum for account assets that only hold mutual funds or ETFs and a \$50,000 minimum for account assets with other securities. The mutual funds in which Davidson invests for each client may pay Davidson a 12b-1 commission which is refunded for all accounts.

The client has access to Portfolio Managers and referring Financial Consultants during regular business hours. Please refer to Exhibit A for a description of your individual Paragon Portfolio Manager's investment discipline.

Other D.A. Davidson & Co. Fee Arrangements. On occasion, for qualified and sophisticated clients only, Davidson may enter into performance-based fee arrangements in which the firm's compensation is based on a share of capital gains or capital appreciation in a client's account. Performance fee arrangements are entered into by written contract only. Davidson makes full disclosure to clients of all material information regarding the performance fee, including the risk involved, the performance measurement period and its significance, the nature and significance of the comparative index against which performance is measured and the compensation formula employed by Davidson. No such arrangements currently exist.

In reference to the forgoing investment options and fee schedules, the same or similar services may be provided by other advisers at a lower fee.

2G

Unions and municipalities.

3K(3)

In its capacity as a broker/dealer, Davidson occasionally offers for sale units in various limited partnerships.

3L

Under SAM and MAC, the managers selected by Davidson or the client to manage individual portfolios may use a variety of fixed income, equity and derivative products, to wit: exchange-listed and OTC equities; American Depository Receipts, foreign securities, government, municipal and corporate debt instruments, and options.

4A(5)

Under SAM, MAC, Russell and MAR, Davidson uses outside managers who may use securities analysis methods other than those listed in 4A(1) through (4). Whenever appropriate and possible Davidson selects outside investment advisers for SAM that employ portfolio securities analysts or experienced investment people with particular expertise in portfolio management.

4C(7)

MFP portfolios comprising only mutual funds are created using broad diversification modeled on modern portfolio theory. Mutual funds are selected on the basis of information gleaned through Morningstar and on-site visits. The Investment Committee determines asset and strategic allocation based on information developed by Frontier Analytics.

5

Davidson Portfolio Managers in the Paragon Program and MFP Investment Committee members must have a background of financial industry experience, or formal education or training that qualifies them for portfolio management. They must hold a Series 65 or 66 license, or an acceptable substitute. Please refer to Schedule H for details.

Financial Consultants with D.A. Davidson Choice Accounts must have a minimum of 4 years as an active Series 7 professional or 6 years of investment industry experience, at least 3 of which should have been as an active Series 7 professional. Financial Consultants who are in formal partnerships where another member of the partnership satisfies the tenure requirement will be permitted to participate in the Program. Financial Consultants with D.A. Davidson Choice Accounts must also receive approval by the Branch Office Manager, Regional Manager, Director of Managed Assets and the Compliance Department.

6

Please refer to Schedule H for details on the following people: MFP Investment Committee members, Portfolio Managers offering investment advice or Principal Executive Officers.

7A, B, C

Davidson is first and foremost a full service broker-dealer, makes markets in securities, is active in municipal and corporate finance, clears transactions for correspondent firms, trades securities for its own accounts and offers for sale certain insurance products. Davidson is a federally registered investment adviser. Davidson has an investment banking division. Davidson has hundreds of full-time employees who engage in the different aspects of each of the forgoing businesses.

8C(1)

Davidson is a broker-dealer registered with FINRA, and an investment adviser registered with the SEC. Davidson serves as broker and custodian to a large majority of Davidson investment adviser accounts. Many of its advisory accounts are referred to Davidson by its Financial Consultants, who are compensated on an ongoing basis for the referrals.

8C(3)

Davidson is a subsidiary of Davidson Companies, a financial services holding company. Davidson Companies' subsidiaries include Davidson Investment Advisors. Davidson Financial Consultants refer many clients to Davidson Investment Advisors and in return receive compensation for the referrals. Davidson serves as custodian and broker for most Davidson Investment Advisor accounts.

8C(6)

Davidson is an affiliate of Davidson Trust Co. which is chartered as a federal savings bank. Davidson Portfolio Managers serve as investment advisers for some Davidson Trust Co. clients. Davidson serves as broker and custodian for many Davidson Trust Co. accounts.

8C(9)

Davidson owns Davidson Insurance Agency, and Davidson Financial Consultants sell Davidson Insurance Agency products.

9A

Davidson's primary business is as a broker-dealer. In that capacity, Davidson may act as a principal in transactions with brokerage clients, buying securities for itself from, or selling securities it owns to a client. For its advisory clients, Davidson effects relatively few principal transactions, and only on a case-by-case basis with advance written authorization from the client.

9B

Davidson effects securities transactions for compensation as broker or agent for investment advisory clients and brokerage clients. Davidson discloses to the advisory client that it acts as broker for wrap clients and outside investment adviser clients, as well as for brokerage clients.

9C

Davidson may engage in cross transactions for brokerage clients, in which Davidson acts as broker for two account owners, or an account owner and another party. Davidson policy does not allow cross transactions for advisory clients, but rare exceptions may be granted. However, no cross transaction may be made in ERISA-covered or IRA advisory accounts.

9D

Davidson may recommend that an advisory client buy or sell a security in which Davidson has a financial interest. D.A. Davidson's & Co.'s affiliate, Davidson Investment Advisors, Inc., is the investment adviser to the Davidson Multi-Cap Core Fund ("the Fund"). Davidson Investment Advisors will receive a management fee from the Fund based on the aggregate value of all shares sold by the Fund. The compensation that D.A. Davidson and its Financial Consultants receive from selling shares of the Fund is set forth in the prospectus relating to the Fund and is similar to what it may receive from sales of mutual funds managed by non-affiliated investment advisers. Clients in the D.A. Davidson Choice Program are the only advisory clients eligible to purchase or hold shares of the Fund in their non-IRA or non-ERISA accounts.

When Davidson acts as custodian for client assets, Davidson invests client cash in the 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 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.

The Davidson Investment Banking Division may sell to Davidson clients securities in an underwriting or sales concession capacity.

9E

Davidson may buy or sell securities that it also recommends to advisory clients. Davidson's written policy describes a period during which neither the firm nor its employees and agents may trade in a security, when such trading could be detrimental to clients. Policy exception: Davidson makes trading markets and effects private placement transactions.

10

Davidson provides investment supervisory services, manages investment advisory accounts, holds itself out as providing financial planning services and imposes a minimum dollar value of assets for starting and maintaining an account. Please refer to Schedule F, 1A(1), in which the minimums are set forth with fee schedules.

12B

Davidson has full discretion in most of its investment advisory accounts. The client grants discretion in the advisory agreement between Davidson and the client. Therefore, in these accounts, without obtaining client consent, Davidson has the authority to determine the type and amount of securities to be bought and sold in the client's account. Davidson is limited in its discretion by fiduciary duty to the client, and by the limitations as to types of transactions and securities set forth in the advisory agreement. The advisory client may limit Davidson's authority in the securities to be bought and sold, the amount of securities to be bought and sold, and the broker or dealer to be used.

Davidson suggests that the client use its brokerage in most advisory arrangements. In those arrangements Davidson is guided by the concept of best execution for the client. For advisory clients, Davidson commission costs are generally discounted from regular retail levels, but may be somewhat higher than those obtainable through discount brokers or on the Internet. However, Davidson attempts to provide the best qualitative execution for the client. In reviewing investment adviser trade execution the Best Execution Committee considers such factors as the full range of Davidson's brokerage services, including the value of research provided, if any, execution capability, commission rate, financial responsibility and responsiveness. The research received from Davidson benefits advisory clients. The Committee believes that the benefit to all advisory clients from Davidson research services justifies the transaction costs to the client.

The client may select the broker to effect trades in all advisory accounts. If the client directs Davidson to use a particular broker, the client is hereby advised of Davidson's inability to negotiate commissions, inability to obtain volume discounts and the possibility of disparities in commissions charged. Additionally, best execution may not be obtained.

From time to time, to reduce client costs, Davidson aggregates client purchase and sale orders. This practice is disclosed to the client in the advisory agreement. The allocation of these trades is completed in a fair and equitable manner. No client is favored over another. In those accounts in which a broker other than Davidson is used, the client may forgo the benefits from savings on execution costs that could otherwise be obtained through order aggregation.

Aggregated trades may be effected in the MFP, SAM and Paragon programs. For complete fills of trades, but at different prices, average cost price allocation to customer accounts is used for all programs. For partial fills of trades in MFP and SAM, random allocation is used. For partial fills of trades in Paragon, the managers may use either random or *pro rata* allocation.

13A

D.A. Davidson receives compensation directly from mutual funds when providing sub-accounting and other related administration services with respect to each mutual fund position which is not related to assets held in a fund. Services include processing purchases, redemptions, and exchanges, dividend reinvestment, tax reporting and other recordkeeping services. Financial Consultants do not receive any portion of these fees received by D.A. Davidson.

Some mutual fund companies, whose funds are sold by Davidson to its advisory clients, assist Davidson in defraying the costs of its regional and educational meetings. The funds make sales and marketing presentations at these meetings. Some mutual fund companies sponsor due diligence trips for Davidson employees, at which the employees conduct due diligence investigations and attend presentations by the fund managers. Some mutual fund companies sponsor lunches and dinner for Davidson employees during due diligence trips.

Davidson has authorized some of its Financial Consultants to enter into the Scudder Asset Builder Program. In its educational efforts, Scudder may defray the costs to Davidson of the expenses involved in sending its Financial Consultants to the funds' educational programs.

13B

Unaffiliated Solicitors. Davidson has no unaffiliated solicitors at this time.

Affiliated Solicitors. Davidson Financial Consultants are paid to refer clients to Davidson advisory programs described in this Form ADV. Wrap fees are divided among Davidson, the Davidson Portfolio Manager, the outside investment adviser (if applicable) and the referring Davidson Financial Consultant, depending on the advisory program.

For MFP accounts, Davidson retains a little more than one-half of the total wrap fee and pays the remainder to the referring Financial Consultant. For Paragon and D.A. Davidson Choice accounts, Davidson retains a little more than one-half of the total wrap fee and pays the remainder to the Paragon Portfolio Manager. For SAM accounts, Davidson pays the outside adviser between 25% to 50% of the total wrap fee. Davidson retains the remainder, of which Davidson keeps 50% to 65% and pays the remainder to the Financial Consultant. For MAC accounts, Davidson pays the outside adviser 20% to 50% of the total wrap fee. Davidson retains the remainder, of which Davidson keeps 50% to 65% and pays the remainder to the Financial Consultant.

In addition, Davidson Financial Consultants receive ongoing fees for referral of customers to Davidson Investment Advisors and to Davidson Trust Co. Under this arrangement, Davidson Investment Advisors and Davidson Trust Co. quarterly fees assessed to customers are divided for DIA, among DIA, Davidson and the referring Financial Consultant; or for DTC, among DTC, Davidson, an outside manager (if any) and the referring Financial Consultant.

DAVIDSON COMPANIES PRIVACY POLICY

Davidson Companies' privacy policy governs Davidson Companies and its subsidiaries, one of which is D.A. Davidson & Co.

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

Davidson serves as custodian for many of the above-referenced advisory accounts. Davidson has implemented an anti-money laundering policy as mandated by the USA Patriot Act.

D.A. DAVIDSON & CO. PROXY VOTING POLICIES

Davidson 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"). Davidson 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 Davidson, 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.

Davidson proxy voting policies and procedures can be found on the Internet at www.dadavidson.com, at the bottom of the first page or a copy of the policies can be mailed, free of charge, at client's request at the following address: D.A. Davidson & Co. Attention: Compliance Department, 8 Third Street North, Great Falls, MT 59401.

D.A. DAVIDSON & CO. CODE OF ETHICS

Davidson has adopted an Investment Adviser Code of Ethics as mandated by SEC Rule 204A-1 (the "Code"). The Code sets forth Davidson'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 client request to the same address above in the Proxy Voting Policies section.

Applicant: D.A. Davidson & Co.	SEC File Number: 801- 45761	Date: 11/01/2009
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(for sponsors of wrap fee programs)

Name of wrap fee program described in attached brochure:
Advisory 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: D.A. Davidson & Co.	SEC File Number: 801- 45761	Date: 11/01/2009
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- (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)	3,13,23-25	7(j)	3
#7(b)	2	#7(g)	14-15	#7(k)	23-25
#7(c)	3-13	#7(h)	14	#7(l)	23-25
#7(d)	13, 24	#7(i)	3,14	#7(m)	3-13
#7(e)	13, 23-25				

D.A. DAVIDSON & CO.

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

Advisory Programs

Form ADV – Schedule H

Disclosure Document

November 1, 2009

**Telephone: (406) 727-4200
(800) 332-5915**

ATTENTION: This brochure provides clients with information about the D.A. Davidson & Co. Advisory Programs that should be considered before becoming a client. This information has not been approved or verified by any governmental authority.

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I. Overview

A. 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 a private client business, a capital markets business and a federally registered investment adviser program. D.A. Davidson is a wholly owned subsidiary of Davidson Companies, a financial services holding company, which also owns Davidson affiliates Davidson Investment Advisors, Inc. and Davidson Fixed Income Management, Inc., federally registered investment adviser, Davidson Trust Co., Davidson Travel and Davidson Insurance Agency.

B. The Advisory Programs ("Program")

As an investment adviser, D.A. Davidson sponsors a variety of discretionary and non-discretionary advisory programs: Managed Funds Portfolio; Russell Model Strategies; Separate Account Management; Managed Asset Consulting; Managed Account Resources; Unified Managed Account; the D.A. Davidson Choice Account; and the Paragon Program. The advisory programs serve clients including individuals, pension and profit sharing plans, retirement accounts, trusts, estates and business entities.

Advisory Program accounts provide the client with several fee arrangements, but this document describes only the accounts offered with a wrap fee.

II. Advisory Programs

A. Services

D.A. Davidson provides oversight and, in some cases, management of the client's securities, investments, cash and other assets, which comprise the client's account, in accordance with the client's written investment objectives. Clients are often introduced to the Program by their D.A. Davidson Financial Consultant, and are given a variety of choices for managing their assets. In general, accounts within the Program provides the following services:

- D.A. Davidson or outside advisory and management services;
- D.A. Davidson quarterly performance reports;
- D.A. Davidson monthly account activity and transaction summaries;
- D.A. Davidson custodial and trade execution services;
- Option to receive confirmations of every transaction in the account;
- Ongoing investment advice and consultation with a Financial Consultant;
- Access during regular business hours to a Financial Consultant and D.A. Davidson staff; and
- Other Program services described herein.

The specific services provided in wrap fee accounts are set forth in Subsections B through I below. For most accounts, except the MFP Classic, Focused and Index-Based accounts, the client may impose investment restrictions.

B. Managed Funds Portfolio ("MFP")

The MFP is a wrap fee program in which client funds are invested in mutual funds. Davidson purchases mutual funds for the client at Net Asset Value, with no extra cost to the client beyond the wrap fee. Davidson offers the following MFP management styles: Classic, Focus, Index-Based, and Elite.

1. Classic Portfolio

Classic Portfolios invest in managed mutual funds designed to match the client's asset allocation and investment objectives. Davidson offers five selections under the Classic Portfolio, in which Davidson recommends a desired asset allocation for the client, and a corresponding Portfolio, based on the

needs, financial situation and objectives identified in the Investment Profile Questionnaire (the "Questionnaire"). The five selections comprise the following: All Equity (100% equity); Capital Appreciation (80% equity, 20% fixed income); Balanced (60% equity, 40% fixed income); Conservative Balanced (40% equity, 60% fixed income); and Income (20% equity, 80% fixed income).

The client grants investment discretion to Davidson in all MFP Portfolios except "Guided" Portfolio which is no longer an option for current clients. The Investment Committee invests client funds in conformance with the client's investment objectives. The Committee conducts quarterly reviews of account performance, portfolio summary statistics and firm policies.

2. Focus Portfolio

Managed Assets offers three Focus Portfolios, each holding mutual funds invested in specific asset classes. The client is availed of distinct exposure to a desired sector of the market. Davidson identifies individualized client investment objectives through the Questionnaire. The use of multiple funds, based on various investment styles, may reduce the risks inherent in any single fund investment. Additional diversification is achieved in each Portfolio by incorporating both value and growth styles in an appropriate strategic mix.

- a. Large Cap Portfolio. Selected mutual funds invested primarily in securities of large United States companies with market capitalizations generally exceeding \$10 billion. The Portfolio contains a diversified blend of value and growth funds, balanced in response to market conditions.
- b. Small Cap Portfolio. Selected mutual funds that invest primarily in securities of United States companies with market capitalizations generally below \$1.5 billion. The Portfolio contains a diversified blend of value and growth funds, balanced in response to market conditions.
- c. International Portfolio. Selected mutual funds invested in securities issued outside the United States. The Portfolio contains a diversified blend of value and growth funds with large cap, mid cap and small cap emphasis.
- d. Fixed Income Portfolio. Selected mutual funds invested in fixed income oriented securities. The Portfolio contains a diversified blend of fixed income funds that normally includes exposure to both domestic and non-U.S. government and corporate bonds of various maturities.

4. Index-Based Portfolio

The Index-Based Portfolio is a managed portfolio using exchange-traded funds designed to match the client's asset allocation and investment objectives. Davidson offers four strategies under this arrangement: All Equity (100% equity), Capital Appreciation (80% equity, 20% fixed income), Balanced (60% equity, 40% fixed income), and Conservative Balanced (40% equity, 60% fixed income). Only MFP-selected funds will be purchased or held in an Index-Based Portfolio account.

5. Elite Portfolio

Elite Portfolios are managed mutual fund portfolios designed to conform with Client's asset allocation and investment objectives. Elite Portfolios are offered for investors who desire a higher degree of asset class exposure and additional diversification, as compared to other MFP portfolios. Davidson offers fifteen Elite Portfolios, five under each of the three model iterations: regular Elite, Elite Tax-Aware and Elite Manager Core, in which Davidson recommends a desired asset allocation for Client, and a corresponding Portfolio selection, based on the needs and objectives identified in Client's Objectives.

Elite Portfolio initial account minimum value is \$100,000, as compared to \$25,000 for the other MFP portfolios. These minimums may be negotiable under certain circumstances.

Davidson effects brokerage transactions for the MFP, and serves as custodian for client assets. Davidson provides administrative services for the client, including confirmation of transactions,

monthly statements and quarterly performance evaluation reporting. Davidson provides year-end information to assist the client in tax reporting. Davidson votes proxies in all MFP portfolios except Guided Portfolio in accordance with its Proxy Policies and Procedures. The client retains proxy voting responsibility in Guided Portfolio.

MFP account options are offered in a wrap fee format. The MFP wrap fee is a comprehensive, quarterly fee, assessed in advance and payable on the first day of the quarter. The fee includes all advisory, brokerage, custody and administrative costs. The fee does not include charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special service fees. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. Davidson may charge, in addition to the wrap fee, brokerage commissions, markups and markdowns for any transactions effected through a broker-dealer other than Davidson. No fee adjustments are made for withdrawals from the account, or for account appreciation or depreciation during a billing period. Davidson reserves the right to make fee adjustments for deposits made during a billing period.

MFP sets a \$25,000 minimum for account assets for all portfolios except the Elite Portfolio which sets a \$100,000 minimum, but these amounts may be negotiable. The annual fee is 1.00% or 1.25% of assets under management for non-retirement accounts and 1.25% or 1.50% for IRA and ERISA-covered accounts. The percentages are negotiable. Davidson calculates the fee based on the market value of the account at the close of each quarter. The client authorizes Davidson to deduct the quarterly fee and other special fees directly from the client's account. The client may terminate the relationship with Davidson at any time without penalty, and Davidson will return a *pro rata* portion of a prepaid fee.

Elite Tax-Aware portfolios will be available for non-qualified accounts sensitive to income and capital gains. Tax-Aware Elite MFP portfolios will generally reflect the allocations of the Elite Portfolios. In an effort to enhance after-tax performance, these strategies will incorporate the use of tax-free money markets, national municipal bond and other tax-efficient mutual funds and/or ETFs. Tax liability generated by the underlying investments and/or management of the strategic allocation will not be eliminated entirely. The mutual funds and ETFs in the portfolios will, from time to time, distribute capital gains, both short- and long-term. The primary objective continues to be risk-adjusted returns with tax efficiency as a secondary consideration.

The mutual funds in which Davidson invests may pay Davidson a 12b-1 commission. Davidson credits these fees to ERISA and IRA accounts, and retains them for other accounts.

C. Russell Model Strategies ("RMS").

The Russell Model Strategies program is a wrap fee, asset allocation based investment program comprised of various mutual fund portfolio model strategies utilizing mutual funds of Frank Russell Investment Company ("Russell").

The client grants discretion to Davidson for the purposes of investing and otherwise managing account assets in all Russell Model Strategy Portfolios. The client's investment objectives are used in suggesting an investment strategy to the client. Russell offers the asset allocation and mutual fund selection for the Russell Model Strategies and Davidson selects from these in conformance with client investment objectives. Davidson effects brokerage transactions, maintains custody of account assets and provides the client with monthly statements and quarterly reports. Davidson votes proxies in accordance with its Proxy Voting Policies and Procedures unless otherwise noted.

1. Core Model Strategies:

The Core Model Strategies invest in managed mutual funds designed to match the client's asset allocation and investment objectives. Davidson offers five selections under the Core Model Strategies, in which Davidson recommends a desired asset allocation for the client, and a corresponding Portfolio, based on the needs, financial situation and objectives identified in the Investment Profile

Questionnaire (the "Questionnaire"). The Core Portfolio selections consist of the following: Equity Growth (approximately 100% equity); Growth (approximately 80% equity, 20% fixed income); Balanced (approximately 60% equity, 40% fixed income); Moderate (approximately 40% equity, 60% fixed income); and Conservative (approximately 20% equity, 80% fixed income).

2. Tax-Managed Model Strategies:

Tax-Managed Model Strategies will generally reflect the allocations of the Core Model Strategies, but will be managed with sensitivity to taxes. It is important to note that the objective of the Tax-Managed portfolios is risk-adjusted returns primarily, and tax efficiency secondarily. The Tax-Managed portfolios cannot entirely avoid the realization of capital gains. Tax liability generated by the underlying investments and/or management of the strategic allocation will not be eliminated entirely. The Tax-Managed Portfolio selections consist of the following: Equity Growth (approximately 100% equity); Growth (approximately 80% equity, 20% fixed income); Balanced (approximately 60% equity, 40% fixed income); Moderate (approximately 40% equity, 60% fixed income); and Conservative (approximately 20% equity, 80% fixed income). ERISA and IRA accounts do not qualify for a Tax-Managed portfolio.

All Russell Model Strategy portfolios are offered in a wrap fee format. The wrap fee is a comprehensive, quarterly fee, assessed in advance and payable on the first day of the quarter. The fee includes all advisory, brokerage, custody and administrative costs. Davidson assesses no start-up or termination charges. The fee does not include charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special service fees. Davidson may charge, in addition to the wrap fee, brokerage commissions, markups and markdowns for any transactions effected through a broker-dealer other than Davidson. Russell Investments sets a \$25,000 minimum for account assets in all portfolios. The regular annual fee is 1.25% of assets under management, but is negotiable, and may be higher or lower, depending on the circumstances. Davidson calculates the fee based on the gross market value of the account at the close of each quarter. The client authorizes Davidson to deduct the quarterly fee and other special fees directly from the client's account. There are no 12b-1 fees associated with the Russell Model Strategies program. The client may terminate the relationship with Davidson with notice, at any time without penalty, and Davidson will return a pro rata portion of a prepaid fee.

- D. Separate Account Management ("SAM"). Davidson sponsors this wrap fee program in which client funds may be invested in a variety of fixed income, equity and derivative securities, including exchange-listed and OTC stocks, American Depositary Receipts, foreign securities, government, municipal and corporate debt instruments, and options.

The Questionnaire, completed by the client, sets forth in writing the client's financial situation, investment objectives and risk tolerance. Based on the information in the Questionnaire, Davidson presents the client with one or more appropriate advisers from a list of pre-screened professional investment advisers, on which Davidson conducts due diligence investigations on most advisers and which Davidson has employed as sub-advisers for its clients. The client enters into an investment management agreement with Davidson for the provision of advisory, custody, brokerage and administrative services. The client grants Davidson investment discretion in these accounts. Davidson delegates that discretion to the selected adviser. The selected adviser provides investment management services for the client in accordance with a sub-advisory agreement entered into by the adviser and Davidson.

Davidson serves as custodian for client assets. Unless the adviser otherwise directs transactions, Davidson serves as broker, effecting transactions initiated by the adviser for the purchase or sale of securities in the client's account. Davidson provides administrative services for the client, including confirmation of transactions, monthly account statements and quarterly performance reports. Davidson provides year-end information to assist the client in tax reporting. Davidson votes proxies in accordance with its Proxy Voting Policies and Procedures unless otherwise noted. The client has

access to Davidson employees and the referring Davidson Financial Consultant during regular business hours.

Davidson monitors and evaluates most of the investment advisers, employing benchmark indices for relative performance and risk-adjusted performance.

If the client informs Davidson of any material changes in the information in the Questionnaire, Davidson will provide that information to the adviser. Davidson evaluates the adviser's performance in light of the information in the most recent Questionnaire and makes recommendations regarding alternate advisers if the current adviser's performance is unacceptable under the circumstances or its investment philosophy and policies are not compatible with the client's most recent information.

The comprehensive wrap fee is assessed quarterly and in advance, and is payable on the first day of the quarter. The fee includes all advisory, brokerage, custody and administrative costs. The wrap fee comprises two elements: Davidson's fee; and the adviser's fee. The wrap fee is deducted from the client's account on a quarterly basis. Following is the wrap fee schedule, based on market value of client assets under management at the end of each quarter:

SAM WRAP FEE SCHEDULE

\$100,000 - \$199,999	2.75%
\$200,000 - \$399,999	2.60%
\$400,000 - \$699,999	2.40%
\$700,000 – 999,999.....	2.25%
\$1,000,000 – 1,999,999	2.00%
\$2,000,000 and greater	Negotiable

Fees are negotiable depending on historical factors, relationships, account activity and objectives. Davidson sets a \$100,000 minimum for account assets, but this amount is negotiable.

No fee adjustments are made for withdrawals from the account, or for account appreciation or depreciation during a billing period. Davidson may adjust fees for deposits during a billing period. Davidson assesses no start-up or termination charges. The fee does not include charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special service fees. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. If a broker-dealer other than Davidson is used, the client may be assessed commissions, markups and markdowns charged by the outside broker-dealer. The client authorizes Davidson to deduct the comprehensive wrap fee and other special service fees directly from the client's account.

The client may terminate the relationship with Davidson and the adviser at any time without penalty, and Davidson will return a *pro rata* portion of a prepaid fee.

E. Managed Account Consulting (“MAC”)

Davidson sponsors this wrap fee program in which the client enters into separate advisory agreements with Davidson and with the outside investment manager. In some cases the Davidson FC may recommend the outside investment manager and in other cases may not. In either circumstance, the responsibilities of Davidson with respect to the Client do not change. Client selects the outside investment manager, who may invest client funds in a variety of fixed income, equity and derivative securities, including exchange-listed and OTC stocks, American Depository Receipts, foreign securities, government, municipal and corporate debt instruments, and options.

Davidson will obtain documentary new account information, including investment objectives and suitability questionnaire, from the investment adviser. If the client is an ERISA-covered plan, the client must provide plan documents relating to investment authority and objectives.

The client selects the outside investment manager, with which the client enters into an investment management agreement. The manager provides investment management services for the client in accordance with the advisory agreement entered into by the client and the manager. The separate advisory agreement with the manager governs all responsibilities of the Manager to the Client.

The client also enters into an agreement with Davidson for the provision of custody, brokerage and administrative services. Davidson has no investment discretion in these accounts. Davidson puts account data in the Davidson system, where performance and other information is available to the client through the Davidson Financial Consultant.

The client also enters into an agreement with Davidson for the provision of advisory, custody, brokerage and administrative services.. At the outset of the account relationship the Financial Consultant will review the client's investment objectives and suitability questionnaire provided by the outside manager, which is intended to measure the client's investment objectives time horizon and risk parameters. The client is responsible for promptly bringing to Davidson's attention any material change in the client's investment objective or financial condition. Davidson will periodically review the outside manager's historical performance and notify the client if the manager has had significant underperformance relative to its benchmark or category average for a prolonged period of time. Based upon the information in the suitability questionnaire (and any additional written investment guidelines the client establishes) the Financial Consultant will be reasonably available for consultation regarding the status and performance of the Account in connection with Client's investment objectives. The Financial Consultant is responsible for periodically reviewing accounts to assess whether the investment strategy made for each account are suitable for each particular client. **Davidson does NOT have discretion to make investment decisions on client's behalf, which is the sole responsibility of the outside manager** (other than in connection with its consulting responsibilities, as described above). Davidson does not assume responsibility for the performance of the outside manager selected by the client. Davidson puts client account data in the Davidson system, where performance and other information is available to the client through the Davidson Financial Consultant and Davidson may, in some instances, provide the client with a quarterly account performance report.

Davidson serves as custodian for client assets. Unless transactions are otherwise directed by the adviser, Davidson serves as broker, effecting transactions initiated by the adviser for the purchase or sale of securities in the client's account. Davidson provides administrative services for the client, including confirmation of transactions and monthly account statements. The client retains proxy voting responsibility, but that responsibility may be delegated to the investment manager in the agreement between the client and the manager. Davidson does not vote proxies.

The comprehensive wrap fee is assessed quarterly and in advance, and is payable on the first day of the quarter. The fee includes all advisory, brokerage, custody and administrative costs. The fee comprises two elements: Davidson's fee and the adviser's fee, the total of which is deducted from the client's account on a quarterly basis. The fee is traditionally established as a single flat percentage on a client-by-client basis and, unless separately negotiated, does not automatically decline as a client's assets increase (or increase if a client's assets decline in value). Following is the Davidson portion of the wrap fee:

MAC FEE SCHEDULE (DAVIDSON PORTION OF FEE)

\$100,000 - \$199,999	Up to 2.25%
\$200,000 - \$399,999	Up to 2.10%
\$400,000 - \$699,999	Up to 1.90%
\$700,000 - \$999,999	Up to 1.75%

\$1,000,000 - \$1,999,999	Up to 1.50%
Greater than \$2,000,000	Negotiable

Davidson adds the adviser's fee to Davidson's portion of the fee. That combined amount is the total MAC comprehensive wrap fee, which Davidson deducts from the client's account. Fees are negotiable depending on historical factors, relationships, account value and objectives. Davidson sets a \$100,000 minimum for account assets, but this amount is negotiable.

No fee adjustments are made for withdrawals from the account, or for account appreciation or depreciation during a billing period. Davidson assesses no start-up or termination charges. The fee does not include charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special service fees. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. Davidson may charge, in addition to the wrap fee, brokerage commissions, markups and markdowns for transactions effected through a broker-dealer other than Davidson. The client authorizes Davidson to deduct the comprehensive wrap fee and other special service fees directly from the client's account.

The client may terminate the relationship with Davidson and the adviser at any time without penalty, and Davidson will return a pro rata portion of a prepaid fee.

F. Managed Account Resources ("MAR")

Davidson has entered into a tri-party agreement with Fidelity Brokerage Services LLC and Envestnet Asset Management, Inc. to allow Davidson clients access to certain outside investment advisers, who may invest client funds in a variety of fixed income, equity and derivative securities, including exchange-listed and OTC stocks, American Depositary Receipts, foreign securities, government, municipal and corporate debt instruments, and options.

Davidson clients select investment advisors and enter into one agreement with Davidson and Envestnet Asset Management, which has established relationships with those advisers. The client also enters into an agreement with Fidelity Brokerage Services for the provision of custody, brokerage and administrative services. Davidson has no investment discretion in the accounts. Davidson will provide performance reporting services.

A comprehensive wrap fee is assessed quarterly and in advance, and is payable on the first day of the quarter. The fee includes all advisory, brokerage, custody and administrative costs. The fee comprises three elements: Davidson's fee, Envestnet's fee and the adviser's fee, the total of which is deducted from the client's account on a quarterly basis. Envestnet bills client accounts, collects the fees and disburses the fee to the adviser and Davidson. Following is the Davidson portion of the annual wrap fee, based on the initial market value of client assets under management:

MAR FEE SCHEDULE	
\$100,000 - \$199,999	2.75%
\$200,000 - \$399,999	2.60%
\$400,000 - \$699,999	2.40%
\$700,000 - \$999,999	2.25%
\$1,000,000 - \$1,999,999	2.00%
Greater than \$2,000,000	Negotiable

Fees are negotiable depending on historical factors, relationships, account value and objectives. Davidson sets a \$100,000 minimum for account assets, but this amount is negotiable. No fee adjustments are made for withdrawals from the account, or for account appreciation or depreciation during a billing period. Davidson assesses no start-up or termination charges. The fee does not include charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special service fees. For accounts with a margin debit, Davidson charges a fee on the gross value of securities

in the account and the client also pays the margin interest on the debit balance in the account. The client may terminate the relationship with Davidson and Envestnet at any time without penalty, and Davidson will return a pro rata portion of a prepaid fee.

G. D.A. Davidson Choice Account

Choice is an advisory program sponsored by D.A. Davidson through which clients receive non-discretionary advice for investing in eligible securities. Choice is offered and available to many types of clients including individuals, pension and profit sharing plans, retirement accounts, trusts, estates and business entities.

The client enters into an agreement with D.A. Davidson for the provision of advisory, custody, brokerage and administrative services. At the outset of the account relationship, D.A. Davidson requires the client to complete an Investment Profile Questionnaire, which is intended to measure the client's investment objectives, time horizon and risk parameters. The client is responsible for promptly bringing to D.A. Davidson's attention any material change in the client's investment objective or financial condition. Based upon this information (and any additional written investment guidelines the client establishes), the Financial Consultant recommends an appropriate investment strategy to the client. The Financial Consultant is responsible for periodically reviewing accounts to assess whether the investment strategy and investments made for each account are suitable for each particular client.

D.A. Davidson does NOT have discretion to make investment decisions on client's behalf. The client has sole discretion whether to accept or reject an investment strategy or any specific recommendation to purchase or redeem securities. Other than in connection with its consulting responsibilities, as described above, D.A. Davidson does not assume responsibility for the performance of the securities selected by the client.

D.A. Davidson allows the following types of assets to be held or traded in the account: common or preferred stock listed on a domestic exchange, listed American Depositary Receipts (ADRs), certain open and closed-end mutual funds, options (covered calls and protective puts are allowed in proportion to underlying equity position), exchange traded funds (ETFs), unit investment trusts (UITs), certificates of deposit (CDs), U.S. Government and government agency bonds, mortgage backed and municipal bonds, corporate bonds, and cash and cash equivalents (e.g., money market funds, bank deposit programs, and other short-term fixed income securities), each for such prices and upon such terms as D.A. Davidson deems advisable. Clients in this program are eligible to purchase or hold shares of the Davidson Multi-Cap Core Fund, an open-end mutual fund, in their non-IRA and non-ERISA accounts. Please refer to Section V(D) under Potential Conflicts of Interest for more information.

D.A. Davidson serves as custodian for client assets. Unless transactions are otherwise directed by the client, D.A. Davidson serves as broker, effecting transactions initiated by the client for the purchase or sale of securities in the client's account. D.A. Davidson provides administrative services for the client, including confirmation of transactions, monthly account statements and quarterly performance reports. D.A. Davidson provides year-end information to assist the client in tax reporting. The client retains responsibility for proxy voting. D.A. Davidson does not vote proxies. The client has access to D.A. Davidson Financial Consultants and staff during regular business hours.

The wrap fee is assessed quarterly and in advance, and is payable on the first day of the quarter. The fee includes non-discretionary advice and services, brokerage, custody and administrative costs. The wrap fee is deducted from the client's account on a quarterly basis, based on the gross market value of the client's assets under management as of the last business day of the preceding quarter. The quarterly fee assessed will be dependant upon the account size and percentage of assets invested in individual equities. The following wrap fee schedule is used as a guideline for D.A. Davidson Financial Consultants in working with their clients

CHOICE WRAP FEE SCHEDULE		
Account Size		
50,001	100,000	1.80 - 2.00%
100,001	250,000	1.60 - 2.00%
250,001	500,000	1.40 - 2.00%
500,001	750,000	1.20 - 2.00%
	1,000,00	
750,001	0	1.05 - 2.00%
1,000,00	1,500,00	
1	0	0.95 - 2.00%
1,500,00	2,000,00	
1	0	0.75 - 2.00%
2,000,00	3,000,00	
1	0	0.65 - 2.00%
3,000,00	5,000,00	
1	0	0.55 - 2.00%
> 5,000,001		Negotiable

Actual client fees are negotiable depending on historical factors, relationships, account activity and objectives. The fee is traditionally established as a single flat percentage on a client-by-client basis and, unless separately negotiated does not automatically decline as a client's assets increase (or increase if a client's assets decline in value). D.A. Davidson sets a \$50,000 minimum for account assets, but this amount is negotiable.

No fee adjustments are made for withdrawals from the account, or for account appreciation or depreciation during a billing period. D.A. Davidson may adjust fees for deposits during a billing period. D.A. Davidson assesses no start-up or termination charges. The account fee does not include charges arising from retirement account fees, trust fees, exchanges fees, transfer fees, margin interest expense, or other special service fees. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. If a broker-dealer other than D.A. Davidson is used, the client may be assessed commissions, markups and markdowns charged by the outside broker-dealer. The client authorizes D.A. Davidson to deduct the wrap fee and other special service fees directly from the client's account.

The client may terminate the relationship with D.A. Davidson, upon notice, at any time without penalty, and D.A. Davidson will return a *pro rata* portion of a prepaid fee.

H. Unified Managed Account ("UMA") Program. The UMA Program is a customized investment management program sponsored by Davidson. Client accounts are managed by Placemark Investments, Inc., ("Placemark") and may consist of one or more model portfolios provided by separately registered investment advisers, and may include mutual funds or exchange traded funds or exchange traded notes representing different investment styles and strategies. Russell Investment Management Company ("Russell") offers its own proprietary asset allocation models that combine Russell Separate Accounts and Russell Funds as another UMA option for Davidson clients.

Financial Consultants work with each UMA Program client to analyze and define the client's investment objectives and needs. In addition, the client will complete an Investment Profile Questionnaire ("IPQ") which sets forth in writing the client's financial situation, investment objectives and risk tolerance. Based on the information provided by the client, the Financial Consultant will recommend a portfolio that may employ a multi-strategy investment approach consisting of one or more strategies managed by separately registered investment managers ("Sub-Managers") and Russell who provide recommendations to Placemark, as well as mutual funds and exchange traded funds and exchange traded notes. Davidson suggests to the client one or more appropriate Sub-Managers from a

pre-screened list. Davidson conducts due diligence on the Sub-Managers. Mutual funds, exchanged traded funds and exchange traded notes are selected from Davidson's Supervised Recommended List. For the Russell UMA option, the client can choose the Russell Separate Account option which offers five U.S. equity multi-manager mixes: Large Cap Growth mix, Large Cap Value mix, Small Cap mix, Large Cap mix, and Broad Cap mix. The other option is Russell Unified Managed Accounts which combines Russell Separate Accounts and mutual funds in strategic asset-allocation portfolios designed for tax-managed solutions and asset class diversification. Russell offers three series of Unified Managed Accounts: Tax-Managed Series I featuring the Large Cap Russell Separate Accounts mix, the Tax-Managed Series II featuring the Broad Cap Russell Separate Accounts mix and the Tax-Qualified Series I featuring the Large Cap Russell Separate Accounts mix. ERISA/IRA Accounts cannot invest in the Tax-Managed Series I or II UMA models.

The client enters into an investment management agreement with Davidson for the provision of advisory, custody, brokerage and administrative services. The client grants Davidson investment discretion in these accounts. Davidson delegates that discretion to Placemark Investments. Where a portion of the client's UMA portfolio is allocated to Sub-Managers, Placemark will seek to manage the client's account in a manner consistent with the recommendations provided by the Sub-Managers. However, Placemark may deviate, in its discretion, from such recommendations. Unless the client chooses to retain the responsibility to vote proxies, Placemark will vote proxies for the client.

Davidson serves as custodian for client assets. Unless Placemark otherwise directs transactions, Davidson serves as broker, effecting transactions initiated by the Sub-Manager for the purchase or sale of securities in the client's account. Davidson provides administrative services for the client, including confirmation of transactions, monthly account statements and quarterly performance reports. Davidson provides year-end information to assist the client in tax reporting. Davidson may remove, add or change the Sub-Managers or Russell asset allocation models selected by the client at any time in its sole discretion with prior written notification to the client.

A tax overlay management service is also available in the Program. In providing tax overlay management services, Placemark will consider the tax consequences of transactions in the client's account and will evaluate recommendations received from Sub-Managers and Russell or generated by Placemark in the context of such consequences and the tax information provided by the client. The Overlay Manager may, in light of other considerations in the client's account, effect transactions in the client's account even though such transactions may generate tax liabilities, including short-term taxable income. The performance of tax-managed accounts is likely to vary from that of non-tax managed accounts.

The client may choose between two rebalancing frequencies (quarterly or annually) for returning the account to its initial investment allocation. Placemark will rebalance the account on the timing selected by the client in the client agreement. The client authorizes and directs Placemark to effect the trades necessary to rebalance the account. For clients who have enrolled to receive active tax overlay management services, Placemark will evaluate the trade-off between rebalancing the account and the tax consequences of any client constraints or tax mandates. For clients whose accounts are not tax-exempt, the redemption or exchange of investments may result in taxable gains or losses. Davidson will not be liable for any tax consequences of rebalancing. Russell Separate Accounts and Unified Managed Accounts are automatically evaluated for rebalancing every quarter.

If the client informs Davidson of any material changes in the information in the IPQ, Davidson will provide that information to the Sub-Manager. Davidson evaluates the Sub-Managers' performance in light of the information in the most recent IPQ and makes recommendations regarding alternate Sub-Managers if the current Sub-Manager's performance is unacceptable under the circumstances or its investment philosophy and policies are not compatible with the client's most recent information.

The comprehensive wrap fee is assessed quarterly and in advance, and is payable on the first day of the quarter. The fee includes all advisory, brokerage, custody and administrative costs. The wrap fee comprises two elements: Davidson's fee; and the Sub-Manager's fee. The fee is traditionally established as a single flat percentage based upon initial market value on a client-by-client basis and,

unless separately negotiated, does not automatically decline as a client's assets increase (or increase if a client's assets decline in value). The client authorizes Davidson to deduct the comprehensive wrap fee and other special service fees directly from the client's account, and Davidson will do so on a quarterly basis. Following is the wrap fee schedule:

UMA PROGRAM FEE SCHEDULE

\$250,000 - 500,000	1.75 – 2.40%
\$500,001 - 750,000	1.60 – 2.25%
\$750,001 - 1,000,000	1.35 – 2.00%
\$1,000,001 – 1,500,000.....	1.10 – 1.75%
\$1,500,001 and greater	Negotiable

Accounts for which the client has elected active tax overlay management services will be charged an additional 0.10% per year.

RUSSELL SEPARATE ACCOUNTS

All Manager Mixes *

\$300,000- \$499,999	2.20 - 2.45%
\$500,000- \$749,999	2.05 - 2.30%
\$750,000- \$999,999	1.80 - 2.05%
\$1,000,000- \$1,499,999	1.55 - 1.80%
\$1,500,000 and greater	1.35 – 1.60%

* Large Cap Growth, Large Cap Value, and Small Cap manager mixes have a \$300,000 minimum account size.

* Large Cap mix has a \$500,000 minimum account size.

* Broad Cap mix has a \$750,000 minimum account size.

RUSSELL UNIFIED MANAGED ACCOUNTS

Tax Managed Series I

Account Size:	1,000,000-1,499,999	1,500,000-2,499,999	2,500,000-3,999,999	4,000,000 +
Equity Models	1.45- 1.70%	1.25- 1.50%	1.05- 1.30%	0.95- 1.10%
Growth Models	1.35- 1.60%	1.15- 1.40%	0.95- 1.25%	0.85- 1.05%
Balanced Models	1.25-1.50%	1.05- 1.30%	0.85- 1.15%	0.75- 0.95%
Moderate Models	1.15- 1.40%	0.95- 1.25%	0.75- 1.10%	0.65- 0.90%

Tax Managed Series II

Account Size:	1,500,000- 2,499,999	2,500,000- 3,999,999	4,000,000 +
Equity Models	1.25-1.50%	1.05- 1.30%	0.95- 1.10%
Growth Models	1.15- 1.40%	0.95- 1.25%	0.85- 1.05%
Balanced Models	1.05- 1.30%	0.85- 1.15%	0.75- 0.95%

Tax Qualified Series I

Account Size:	1,500,000- 2,499,999	2,500,000- 3,999,999	4,000,000 +
Equity Models	1.25- 1.50%	1.05- 1.30%	0.95- 1.10%
Growth Models	1.15-1.40%	0.95- 1.25%	0.85- 1.05%
Balanced Models	1.05- 1.30%	0.85- 1.15%	0.75- 0.95%
Moderate Models	0.95- 1.25%	0.75- 1.10%	0.65- 0.90%

Fees are negotiable depending on historical factors, relationships, account composition and objectives. Davidson sets a \$250,000 minimum for account assets in the first UMA option, but this amount can be negotiable. Minimum fees for the Russell Separate Accounts and Unified Managed Accounts vary depending upon the model selected. No fee adjustments are made for withdrawals from the account, or for account appreciation or depreciation during a billing period. Davidson may adjust fees for deposits during a billing period. Davidson assesses no start-up or termination charges. The fee does not include charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special service fees. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. If a broker-dealer other than Davidson is used, the client may be assessed commissions, markups and markdowns charged by the outside broker-dealer in addition to the wrap fee. The client may terminate the relationship with Davidson and the Sub-Manager or Placemark at any time without penalty, and Davidson will return a pro rata portion of a prepaid fee.

I. Paragon Account

The Paragon Program offers wrap and non-wrap fee accounts in which client funds can be invested in stocks, bonds and other securities including but not limited to, money market instruments, certain open and closed-end mutual funds, options (covered calls and protective puts in proportion to the underlying equity position), bonds and other securities, and contracts related to such, each for such prices and upon such terms as Davidson deems advisable.

The client grants Davidson full investment discretion. A Portfolio Manager (or Managers) makes the investment decisions for the client's account. The Portfolio Manager invests client funds in conformance with the client's investment objectives and risk tolerance found in the Investment Profile Questionnaire. The client may restrict investments. In most accounts, Davidson effects brokerage transactions and serves as custodian for client assets. For those accounts, Davidson provides administrative services, including confirmation of transactions, monthly statements and quarterly performance evaluation reports. Davidson also provides year-end information to assist the client in tax reporting. Davidson votes proxies in accordance with its Proxy Voting Policies and Procedures unless otherwise noted.

The wrap fee is a comprehensive quarterly fee, assessed in advance and payable on the first day of the quarter based upon the fee schedule below. The fee is variable and will be assessed depending on the gross market value of the assets in the Account on the last business day of the prior quarter. The fee includes all advisory, brokerage, custody and administrative costs. No fee adjustments are made for withdrawals from the account or for Account appreciation or depreciation during a quarter. Davidson assesses no start-up or termination charges. The fee does not include charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special services fees, including margin interest expense. For accounts with a margin debit, Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. Davidson may charge, in addition to the wrap fee, brokerage commissions, markups and markdowns for any transactions effected through a broker dealer other than Davidson. The client may terminate association with Davidson at any time without penalty, and Davidson will return a pro rata portion of a prepaid fee.

ANNUAL ADVISORY FEE FEE SCHEDULE

Household Market Value	Rate (%)
First \$250k	2.25
Next \$250k	2.00
Next \$500k	1.75
Next \$1MM	1.50
Next \$2MM	1.25

Davidson offers a householding option that could reduce the above-referenced fees for those clients with other advisory accounts held at Davidson. The gross market value of each advisory account the client has at Davidson may be aggregated for fee calculation purposes. The resulting increase in household gross market value may make the account, and all other Paragon account, eligible for a reduced rate based on the fee schedule above. Davidson is not responsible for situations where an advisory account is unintentionally excluded from the fee calculation for purposes of this householding offer.

Additionally, existing clients may have been subject to individual fee schedules set by his or her Portfolio Manager which may not correspond to the above-referenced fee schedule and may have resulted in lower fees than the above-referenced fee schedule. Davidson sets a \$25,000 minimum for account assets that only hold mutual funds or ETFs and a \$50,000 minimum for account assets with other securities. The mutual funds in which Davidson invests for each client may pay Davidson a 12b-1 commission which is refunded for all accounts.

The client has access to Portfolio Managers and referring Financial Consultants during regular business hours. Please refer to Exhibit A for a description of your individual Paragon Portfolio Manager's investment discipline.

J. Compensation

For each Program account, the total wrap fee paid by the client to Davidson is divided among Davidson, the Portfolio Manager and the referring Financial Consultant, depending on the type of account. For MFP accounts, Davidson retains a little more than one-half of the total wrap fee and pays the remainder to the referring Financial Consultant. For Paragon and D.A. Davidson Choice accounts, Davidson retains a little more than one-half of the total wrap fee and pays the remainder to the Paragon Portfolio Manager. For SAM accounts, Davidson pays the outside adviser between 25% to 50% of the total wrap fee. Davidson retains the remainder, of which Davidson keeps 50% to 65% and pays the remainder to the Financial Consultant. For MAC accounts, Davidson pays the outside adviser 20% to 50% of the total wrap fee. Davidson retains the remainder, of which Davidson keeps 50% to 65% and pays the remainder to the Financial Consultant.

Unaffiliated Solicitors. Davidson has no unaffiliated solicitors at this time.

Affiliated Solicitors. Davidson Financial Consultants are paid to refer clients to the Davidson advisory programs described in this Form ADV, Schedule H. Wrap fees are divided among Davidson, the Davidson Portfolio Manager, the outside investment adviser (if applicable) and the referring Davidson Financial Consultant, depending on the advisory program.

K. Termination Rights

The business relationship between Davidson and the client is memorialized in the investment management agreement. The client may terminate the agreement without penalty within five business days after executing the agreement, with all fees refunded. A party may terminate the Agreement at any time with 10-day written notice. Davidson refunds a *pro rata* portion of the client's prepaid fee if a portfolio is closed during a billing period. Davidson assesses no penalty for closing an account.

L. Alternatives to Wrap Fee

For select clients, Davidson offers accounts in which the client is assessed on a commission basis or on an hourly fee basis. These fee schedules are not available for all accounts. Depending on trading activity, the client's objectives and particular circumstances, these arrangements may be of greater benefit to the client than a wrap fee arrangement.

For most Program accounts, the client could purchase the services separately from Davidson, and the resulting cost could be more or less than the Program wrap fee. The client must consider factors such

as account activity, tax and estate consequences, account composition, and income requirements to determine which arrangement would provide the greater benefit.

III. Suitability of Investments

A. Client Information

Prior to opening a Program account, substantial information is elicited from the client, including general circumstances of the client (age, income, assets, investment knowledge, etc.), general and specific investment goals and time frames, and risk tolerance.

B. Investment Objectives

For all accounts, investment objectives are determined through information elicited from the client and memorialized in a Questionnaire. The Portfolio Managers and Financial Consultants periodically review the objectives. All transactions are made in conformance with the client's investment objectives. Every quarter, Davidson contacts the client in writing requesting updates of client data on file and of investment objectives.

IV. Performance Data

A. Calculation

Davidson uses AXYS portfolio management software for record keeping, reporting and performance calculation. Davidson calculates performance with the time-weighted rate of return approach. This approach eliminates the effects of external cash flows (contributions and withdrawals by the client), and measures return on the basis of asset management.

B. Performance Review

The MFP Investment Committee conducts quarterly reviews of MFP summary statistics, overall performance and policies. For SAM and MAC accounts, Davidson performs ongoing due diligence on the outside investment advisers. The designated officer reviews and approves both SAM and MAC accounts at inception. Each MFP, RMS, SAM, MAC and UMA client has a Financial Consultant who reviews quarterly performance reports for those accounts.

For Paragon and D.A. Davidson Choice accounts, Paragon Portfolio Manager or Financial Consultant and Branch Office Managers review daily trade reports, which may trigger further review. The Paragon Portfolio Managers review account statistics and portfolio performance on a quarterly basis, and some on a monthly basis.

When serving as broker to advisory accounts, Davidson provides the client with a confirmation of every transaction in the account. The confirmation contains the type of transaction, the security traded and the resulting debit or credit. Davidson furnishes reports to clients on a quarterly basis. The reports contain a list of all securities owned, security market value and security income. The report contains account performance figures for the preceding quarter and year to date. For an account on file for at least 12 months, Davidson provides annualized performance figures from account inception. Within a reasonable time after the end of the calendar year, Davidson provides information to assist the client in tax reporting.

C. Reporting to Client

Davidson 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. For an account on file for at least 12 months, the firm provides annualized, historical performance data. In addition to quarterly reports, the client may request special reports. As custodian, Davidson provides the client with trade confirmations and monthly reports detailing account holdings and activity. At calendar year-end, Davidson provides tax information to assist in tax preparation.

V. Disclosure

A. Investment Decision Makers

Davidson representatives with investment decision-making authority include Investment Committee members and Portfolio Managers. The Committee makes investment decisions for the MFP. The other Portfolio Managers make investment decisions for their Paragon client accounts, as set forth above.

B. Education and Experience Requirements

Davidson representatives providing investment advice must have experience in the financial world. They must have formal education or training that qualifies them for portfolio management. They must hold a Series 65 or 66 license, or an authorized substitute therefor.

Financial Consultants with D.A. Davidson Choice Accounts must have a minimum of 4 years as an active Series 7 professional or 6 years of investment industry experience, at least 3 of which should have been as an active Series 7 professional. Financial Consultants who are in formal partnerships where another member of the partnership satisfies the tenure requirement will be permitted to participate in the Program. Financial Consultants with D.A. Davidson Choice Accounts must also receive approval by the Branch Office Manager, Regional Manager, Director of Managed Assets and the Compliance Department.

The educational background and experience of the Investment Committee members and Portfolio Managers, are set forth below:

Investment Committee Members:

Cory Custer

Title: Senior Vice President, Director of Managed Assets

Birth Date: October 3, 1971

Education: Western State College of Colorado, BA Physics- 1997; Simon Fraser University, MBA Global Asset and Wealth Management- 2004

Business Experience: 2005 - 2006 SEI Investments - Director, Client Portfolio Management; 2002 - 2003 D.A. Davidson & Co. - Assistant Branch Manager; 1998 - 2003 D.A. Davidson & Co. - Financial Consultant

Frederic H. Dickson, CMT

Title: Senior Vice President, Director of Retail Research

Birth Date: January 6, 1946

Education: University of New York at Buffalo, MBA- Business- 1973

Business Experience: Mr. Dickson has been with D.A. Davidson twice, from 1993 – 1997, and from August 2001 to present. During both periods he served as a research analyst, most recently as Director of Retail Research. From 1997 to 2001 he served as Senior Managing Director at Branch Cabell in Richmond, Virginia.

Scott C. Haigh

Title: Associate Vice President, Managed Assets Analyst

Birth Date: December 30, 1966

Education: Montana State University, BS Economics- 1995

Business Experience: Mr. Haigh joined D.A. Davidson as a Managed Assets Analyst in 1998, and was appointed to the Managed Assets Investment Committee in 1999. Prior to his affiliation, he served as an insurance products analyst at Prudential Insurance.

Bradley H. Houle, CFA

Title: Vice President, Senior Portfolio Manager at Davidson Investment Advisors

Birth Date: August 26, 1969

Education: The University of Montana, BS in Business and Finance- 1991; University of Oregon, MBA in Business and Finance- 1995

Business Experience: Mr. Houle was nominated to serve on the Investment Committee in the summer of 2002. He joined Davidson Companies in 1995 as a Portfolio Manager at Davidson Investment Advisors, Inc. ("DIA").

Mr. Houle, who received the Chartered Financial Analyst designation in 1999, manages the Equity Income and Fixed Income portfolios at DIA.

James P. Kerr

Title: President, Private Client Group of D.A. Davidson & Co.

Birth Date: February 19, 1952

Education: University of Oregon

Business Experience: Mr. Kerr joined D.A. Davidson & Co as Western Regional Director in October 2005. He began his career in 1976 as an investment broker with Foster & Marshall. In 1982 he joined Dain Bosworth as was appointed Manager of their Seattle office in 1986, later being promoted to Regional Manager. He left Dain in 1999 to become President of Ragen MacKenzie. Ragen was later acquired by Wells Fargo and Mr. Kerr was named Regional Manager of Private Client Services for that new firm, overseeing Private Banking, Investment Management, Brokerage, and the Trust Company for the state of Washington.

Darcy MacLaren

Title: Senior Vice President, Senior Investment Officer, Davidson Trust Co.

Birth Date: November 19, 1950

Education: University of Colorado, BA- 1971; University of Washington, MBA- 1980

Chartered Financial Analyst designation since 1983

Business Experience: 1980-1983 Safeco Asset Management, Equity Analyst
1983-1992 First Interstate Bank of Washington (now Wells Fargo Bank), Vice President and Trust Officer; 1992-1994 Meridian Capital Management, Co-founder; 1994-2004 Safeco Asset Management, Director of Equity Research, Vice President Safeco Asset Management, Vice President Safeco Insurance Cos.; 2005-present Davidson Trust Co.

Joely H. Meighan

Title: Associate Vice President, Managed Assets

Birth Date: June 4, 1969

Education: C.M. Russell High School- 1987

Business Experience: Ms. Meighan served at Davidson Investment Advisors as an assistant in the trading area in 1987 and 1988. She joined D.A. Davidson in 1995, where she has worked in Great Falls and Seattle, most recently in the Managed Assets Department. She was appointed to the Investment Committee in 2002.

James D. Searles, CFP®

Title: Senior Vice President, Director of Professional Development and Product Management

Birth Date: October 22, 1946

Education: The University of Montana, BA Business- 1968; The University of Washington, MBA- 1969

Business Experience: Mr. Searles joined D.A. Davidson in 1980, serving as a Financial Consultant for 10 years. In 1990, he was appointed Director of Managed Asset Research. In 1999 he was appointed Director of Professional Development. Prior to joining Davidson, he was president of Searles Pontiac-Cadillac-Subaru in Missoula.

Jordan Werner

Title: Senior Vice President, Director of Private Client Services, Financial Consultant

Birth Date: May 11, 1967

Education: Whitman College, BA in Psychology- 1990

Business Experience: Mr. Werner joined D.A. Davidson in 1991 as a Financial Consultant and has served continually and successfully in that capacity since then. He offered his investment knowledge to the Managed Assets Program and began managing portfolios in 2000.

Douglas Woodcock

Title: Senior Vice President, Managing Director Equity Capital Markets

Birth Date: September 7, 1951

Education: University of Guelph, Guelph, Ontario, Canada, B.S.- 1974

Business Experience: Mr. Woodcock joined D.A. Davidson in 1998 when the Davidson Companies acquired Jensen Securities Co. Mr. Woodcock managed Institutional Equities until 2004 when he was named Managing Director of Equity Capital Markets. Mr. Woodcock serves on the Davidson Companies Board of Directors as well as the SIFMA Institutional Brokerage Committee.

Paragon Managers:

Jeffrey K. Anderson

Title: Senior Vice President, Financial Consultant

Birth Date: September 13, 1952

Education: Washington State University, B.A. Business- 1974; University of Oregon, MBA- 1975

Business Experience: Mr. Anderson joined D.A. Davidson in August of 2005. Prior to his Davidson affiliation Mr. Anderson served for 29 years most recently as a Senior Vice President at Smith Barney.

Kurt J. Anderson

Title: Senior Vice President, Financial Consultant

Birth Date: December 10, 1962

Education: Seattle University, BA Business Finance, MS Computer Science 1968

Business Experience: Mr. Anderson joined D.A. Davidson December 2008. Prior to his affiliation, Mr. Anderson served for 18 years in the financial industry, most recently with Smith Barney as a First Vice President in Port Angeles, Washington.

Glenn V. Baldwin, CFP®

Title: Vice President, Portfolio Manager, Financial Consultant

Birth Date: January 12, 1949

Education: BA Finance - Eastern Washington University, March 1972

CFP Designation, September, 2006

Business Experience: Banking from 1973 to 1983

Investment Securities from 1983 to present, first with Murphey Favre, Inc.(1983 to 2/1994), then with D.A. Davidson & Co., 2/94 to present

William F. Berner

Title: Senior Vice President, Portfolio Manager, Financial Consultant

Birth Date: December 20, 1945

Education: Portland State University, Liberal Arts – 1968

Business Experience: Mr. Berner joined D.A. Davidson as a Portfolio Manager in 2000. Prior to his Davidson affiliation he served as a registered representative at Ragen MacKenzie and Dain Bosworth for several years. He began his investment career in 1968.

Michael J. Bledsoe, CFA

Title: Vice President, Portfolio Manager

Birth Date: October 23, 1965

Education: Boise State University, BA Business Administration – 1989

Boise State University, MBA – 1998

Business Experience: Mr. Bledsoe joined D.A. Davidson in 1997. Prior to his affiliation, he served as a Portfolio Manager at U.S. Bank.

Franklin N. Boley

Title: Vice President, Financial Consultant

Birth Date: June 14, 1976

Education: Certified Investment Management Analyst- 2004

Certified Financial Planner- 2002; Oberlin College, BA in Economics- 1997

Business Experience: Mr. Boley joined D.A. Davidson in 1998.

R. David Bowman

Title: Senior Vice President, Portfolio Manager, Financial Consultant

Birth Date: February 28, 1964

Education: University of Washington, B.A. Economics- 1989

Business Experience: Mr. Bowman joined D. A. Davidson in 2006. Prior to his affiliation, Mr. Bowman served as Vice President and Portfolio Manager at UBS Financial/Piper Jaffray & Co. as well as Smith Barney where he began his career in 1992.

Robert E. Brady

Title: Senior Vice President, Portfolio Manager, Financial Consultant

Birth Date: June 4, 1950

Education: University of Wyoming- B.S.

Business Experience: Mr. Brady joined D.A. Davidson in 2007. Prior to his affiliation, Mr. Brady served as Senior Vice President and Portfolio Manager at Smith Hayes Financial Services, as well as Kirkpatrick Pettis where he began his career in 1975.

Richard Coen

Title: Senior Vice President, Financial Consultant

Birth Date: June 15, 1955

Education: B.S. Sociology/Business Linfield College- 1977

Business Experience: Mr. Coen worked at Smith Barney for 25 years. From 1983 through May of 2009, Mr. Coen focused on retirement planning.

Douglas G. Cooper

Title: Vice President, Financial Consultant

Birth Date: October 27, 1954

Education: Shippensburg University, MPA, 1997

Rice University, B.A., 1972

Business Experience: Mr. Cooper joined D.A. Davidson in 2009. Prior to his affiliation at D.A. Davidson, Mr. Cooper worked at Merrill Lynch and Morgan Stanley Smith Barney in Boise, Idaho for 10 years.

Michael P. Cusack

Title: Senior Vice President, Portfolio Manager

Birth Date: April 13, 1957

Education: Curry College, BA Economics – 1979

Business Experience: Mr. Cusack joined D.A. Davidson in 1997. Prior to his affiliation, he served as Vice President of Investments at U.S. Bank, and Vice President of Investments at First Interstate Bank.

Andrew I. Davidson

Title: Senior Vice President, President of DIA, Portfolio Manager, Financial Consultant

Birth Date: October 12, 1967

Education: The University of Montana, BS Business – 1990

Business Experience: Mr. Davidson has served as a Portfolio Manager since 1997 at Davidson affiliate Davidson Investment Advisors, where he is now the firm president. He offered his valuable investment experience to the Davidson Managed Assets Program and began managing portfolios here in 2000.

A. Joseph Denhart

Title: Senior Vice President, Financial Consultant

Birth Date: November 3, 1945

Education: Central Washington University, BA 1970, MS 1978

Business Experience: Mr. Denhart joined D.A. Davidson as a Financial Consultant in December of 2008. Prior to his affiliation he was a Financial Advisor for 29 years at Smith Barney and Branch Manager there for 27 years.

Gary L. Douvia

Title: Senior Vice President, Portfolio Manager, Financial Consultant

Birth Date: December 25, 1945

Education: Washington State University, MBA, Business Administration – 1970

Business Experience: Mr. Douvia joined D.A. Davidson as a Financial Consultant in 1992, and began his Portfolio Management with affiliated Davidson Investment Advisors soon thereafter. He recently moved his managed money business to D.A. Davidson. Prior to his Davidson affiliation he served for many years as an investment consultant at Paine Webber.

J. Bratton DuBose IV, CFP®

Title: Vice President, Portfolio Manager, Financial Consultant, Certified Financial Planner
Birth Date: February 8, 1969
Education: Clemson University, BS in Economics – 1993
Business Experience: Mr. DuBose joined D.A. Davidson as a Financial Consultant in 1994, where he now offers his investment adviser expertise to clients.

Bradley E. Dugdale, Jr.
Title: Senior Vice President, Portfolio Manager, Financial Consultant
Birth Date: April 15, 1958
Education: The University of Montana, Finance – 1980
Business Experience: Mr. Dugdale joined D.A. Davidson in 1982, and has served his entire career here, most recently as a Financial Consultant and Portfolio Manager in Coeur d'Alene, Idaho.

Douglas M. Dumais
Title: Vice President, Portfolio Manager, Financial Consultant
Birth Date: August 5, 1956
Education: Gonzaga University, BS Biology – 1978
Business Experience: Mr. Dumais joined D.A. Davidson as a Financial Consultant in 1992, and began his Portfolio Management with affiliated Davidson Investment Advisors soon thereafter. He recently moved his managed money business to D.A. Davidson. Prior to his Davidson affiliation he served for many years as an investment executive at Murphy Favre in Spokane.

Paul J. Fahey
Title: Vice President, Financial Consultant
Birth Date: March 2, 1956
Education: St. Mary's College - Winona, MN
Business experience - Mr. Fahey joined DA Davidson in 1997. Prior to his Davidson affiliation Mr. Fahey was employed as a Financial Advisor with Piper Jaffray Inc from 1982-1997

Karen R. Ferguson
Title: Vice President, Financial Consultant
Birth Date: November 29, 1949
Education: Certified Financial Planner- 2004; Northwestern State University of Louisiana, BS in Home Economics- 1971
Business Experience: Mrs. Ferguson joined D.A. Davidson in 1998. Prior to her affiliation at D.A. Davidson, Mrs. Ferguson worked at Piper Jaffray in Sheridan, WY for approximately 3 years.

James Fleck
Title: Senior Vice President, Financial Consultant and Branch Manager
Birth Date: April 30, 1947
Education: BS, University of Oregon 1972; MBA, University of Oregon, 1974
Business Experience: Mr. Fleck joined D.A. Davidson in 2007. Mr. Fleck was Senior Vice President for Ragen Mackenzie, inc. for the prior 12 years, 4 years with Dain Bosworth and the prior 12 years with Foster & Marshall, all in Bend, Oregon. Mr. Fleck started in Bend, Oregon as Assistant City Manager in 1974, and was General Manager for Century West Engineering Corporation immediately prior to his involvement in the financial services industry as a financial consultant with Foster & Marshall.

Richard T. Fowler
Title: Portfolio Manager, Financial Consultant
Birth Date: August 7, 1954
Education: University of Washington, BA – 1978
Business Experience: Mr. Fowler joined D.A. Davidson as a Financial Consultant and Portfolio Manager in January 2005. Prior to his Davidson affiliation Mr. Fowler served for 10 years as an investment representative at Wachovia Securities. He served at Smith Barney for 15 years before joining Wachovia and earned the designation of certified financial planner from the College of Financial Planning in Denver in 1987.

Kirt O. Fredericks
Title: Vice President, Portfolio Manager, Financial Consultant

Birth Date: July 2, 1958

Education: University of Southern California, Economics – 1981

Business Experience: Mr. Fredericks joined D.A. Davidson in 1994 as a Financial Consultant. He joined Douglas Dumais as a Portfolio Manager in 2000. Prior to his Davidson affiliation, he served as wholesaler at Chris Weil & Co.

Christy A. Gatien

Title: Portfolio Manager, Financial Consultant

Birth Date: August 15, 1973

Education: University of Washington, BA – 1995

Business Experience: Ms. Gatien joined D.A. Davidson in January 2005 as a Financial Consultant and Portfolio Manager, teamed with Richard Fowler. Prior to her Davidson affiliation, Ms. Gatien served for nine years at Wachovia Securities, most recently as an investment associate.

Bradley G. Hansen

Title: Senior Vice President, Portfolio Manager, Financial Consultant

Birth Date: October 11, 1963

Education: University of Utah, BS in Finance and Business – 1987

Business Experience: Mr. Hansen joined D.A. Davidson in 1997. Prior to his affiliation, he served as a Financial Consultant at Piper Jaffray in Salt Lake City.

Paul Hansen

Title: Senior Vice President, Portfolio Manager, Financial Consultant

Birth Date: October 22, 1967

Education: Weber State University, BS in Technical Sales 1995

Business Experience: Mr. Hansen Joined D.A. Davidson in 1997. Prior to his affiliation, he served as a Financial Consultant at Piper Jaffray in Salt Lake City and Fidelity Investments.

Clarke D. Henley

Title: Vice President, Financial Consultant, Portfolio Manager

Birth Date: August 15, 1947

Education: Lehigh University, BS in Finance and Economics – 1969

Business Experience: Mr. Henley has been with D.A. Davidson twice, once from 1993 to 1999, and most recently from February 2002 to present. He served as Financial Consultant both times and since 2002 he has recently joined Mr. Douvia in the managed money arena. Prior to his affiliation he served as an investment representative at Everen Securities.

Christopher B. Johns

Title: Senior Vice President, Portfolio Manager

Birth Date: August 6, 1957

Education: University of Cincinnati, Business Administration in Finance, 1983

Business Experience: Mr. Johns joined Davidson in 1992. Prior to his affiliation, he was a Vice President and Senior Portfolio Manager at Norwest Bank/United Bank of Denver from 1984-1992. Prior to that Mr. Johns was a Portfolio Manager at the Toledo Trust Company.

Thomas F. Johnson

Title: Vice President, Portfolio Manager, Financial Consultant

Birth Date: April 23, 1964

Education: Lehigh Seattle University, Seattle, Washington, Bachelor of Arts, Business Administration- Finance, 1987

Business Experience: Mr. Johnson joined D. A. Davidson in November of 2005. Securities licensed in 1991, Mr. Johnson served as Vice President, Financial Consultant and Assistant Branch Manager for RBC Dain Rauscher in Bellevue, Washington for 14 years prior to his affiliation with D.A. Davidson.

David W. Kuhns

Title: Vice President, Portfolio Manager, Financial Consultant

Birth Date: January 1, 1958

Education: Western State College, Business Administration – 1981

Business Experience: Mr. Kuhns joined D.A. Davidson in 1991, when he served as a Financial Consultant and Branch Office Manager. He became a Portfolio Manager in 2005. Prior to his Davidson employment he served as a broker at Piper Jaffray and Shearson Lehman Brothers.

Robert H. Lehrkind

Title: Vice President, Portfolio Manager, Financial Consultant

Birth Date: January 19, 1944

Education: University of Oregon, Social Science – 1966

The University of Montana School of Law- two years attendance

Business Experience: Mr. Lehrkind joined D.A. Davidson in 1977 as a Financial Consultant, and has served in that capacity ever since. He began managing money at affiliated Davidson Investment Advisors in the mid 1990s, and in 2002 transferred his managed money program to D.A. Davidson.

Shelley Lehrkind

Title: Vice President, Portfolio Manager, Financial Consultant

Birth Date: January 14, 1959

Education: Cannon Comprehensive Wealth Management Program- March 2005

Preferred Portfolio Management Program- April 2006

Business Experience: Ms. Lehrkind joined D.A. Davidson in 1990. Prior to her affiliation at D.A. Davidson, Ms. Lehrkind worked at Smith Barney and Foster & Marshall in Medford, OR for approximately 8 years.

Kelly Leonard

Title: Financial Consultant

Birth Date: July 25, 1949

Education: B.S. San Diego State University 1971. MED University of Oregon 1991

Business Experience: Mr. Leonard joined Smith Barney in 1992 and has served there until he joined Davidson.

Brock Loen

Title: Senior Vice President, Financial Consultant

Birth Date: July 21, 1962

Education: B.S. (Business) from Oregon State University 1984. MBA from University of Washington 1990.

Business Experience: Mr. Loen joined Ragen MacKenzie in 1994 until he joined Davidson. His position there was as a Financial Consultant and most recently as a producing Branch Manager.

Matthew Lusk

Title: Senior Financial Consultant

Birth Date: May 10, 1982

Education: Gonzaga University, BA Business Administration

Business Experience: Mr. Lusk joined D.A. Davidson in 2003.

John A. McCune, CFA

Title: Senior Vice President, Portfolio Manager

Birth Date: January 20, 1963

Education: Brigham Young University, BS Finance – 1987; UCLA/Anderson Graduate School, MBA – 1992

Business Experience: Mr. McCune joined D.A. Davidson in 1997. Prior to his affiliation he served as Vice President and Senior Portfolio Manager at U.S. Bank. He previously served as Senior Portfolio Manager at AMR Corporation. Mr. McCune received his chartered financial analyst designation in 1999.

Heath McHenry

Title: Senior Vice President, Financial Consultant

Birth Date: June 27, 1971

Education: Eastern Washington University, BS Finance

Business Experience: Mr. McHenry joined D.A. Davidson in March of 1999. Prior to his affiliation he served as Financial Consultant at Murphey Favre from 1994-1999.

Benjamin D. Milbrath

Title: Senior Vice President, Financial Consultant

Birth Date: January 19, 1964

Education: University of Minnesota, B.A., BIS 1986

Business Experience: Mr. Milbrath joined D.A. Davidson in February of 2006. Prior to his Davidson affiliation Mr. Milbrath served for 13 years most recently as a Senior Vice President at Piper Jaffray.

Douglas B. Nichols

Title: Senior Vice President, Portfolio Manager, Financial Consultant

Birth Date: August 27, 1935

Education: San Jose State University, BS

University of Denver, MBA

Business Experience: Mr. Nichols joined D.A. Davidson in May of 1998. Previously he was at Piper Jaffray & Co. since 1988. Before then he was at Boettcher & Co and Bache & Co. since 1969.

Timothy C. Owen

Title: Senior Vice President, Portfolio Manager, Financial Consultant

Birth Date: December 28, 1953

Education: Middlebury College

Business Experience: Mr. Owen joined D. A. Davidson in September 1983 and has served for 25 years as a Financial Consultant. Mr. Owen brought his broad knowledge of the markets and finance to Managed Assets in 1999, when he began managing portfolios.

Amy M. Palm

Title: Vice President, Financial Consultant

Birth Date: June 4, 1976

Education: Linfield College BA, Finance/Economics 1998; University of Phoenix, MBA 2001

Business Experience: Ms. Palm joined D.A. Davidson in 2009. Prior to her affiliation, Ms. Palm served as 2nd Vice President at Smith Barney where she began her career in 2004.

Bruce Pedey

Title: Vice President, Senior Financial Consultant

Birth Date: February 16, 1959

Education: United States Air Force Academy, B.S.- 1981

Business Experience: Mr. Pedey joined D.A. Davidson in May 2002. Prior to his affiliation with Davidson, Mr. Pedey served as a Senior Financial Advisor for 9 years with Waddell & Reed.

Chad A. Roland

Title: Vice President, Portfolio Manager, Financial Consultant

Birth Date: October 7, 1975

Education: Brigham Young University, Provo, UT, BS in Business Administration

Gonzaga University, MBA

Business Experience: Mr. Roland joined D.A. Davidson in 1999, after graduating with a business major from Brigham Young.

Robert C. Roland

Title: Senior Vice President, Portfolio Manager, Financial Consultant

Birth Date: June 29, 1948

Education: Gonzaga University

Business Experience: Mr. Roland joined D.A. Davidson in 1995. Prior to his affiliation, he served as an Investment Executive at Dain Bosworth, Inc., in Spokane, Washington.

Richard Ronnestad

Title: Vice President, Financial Consultant

Birth Date: January 17, 1959

Education: Embry-Riddle Aeronautical University, M.S., Aeronautical Science, 1997

Colorado Technical University, M.S. in Computer Science- 1993; U.S. Air Force Academy, B.S. in Computer Science- 1981

Business Experience: Mr. Ronnestad joined D.A. Davidson in September of 1997. Prior to his Davidson affiliation, Mr. Ronnestad served for 16 years as a pilot in the U.S. Air Force.

Lawrence D. Rush

Title: Vice President, Financial Consultant

Birth Date: June 12, 1949

Education: Gonzaga University- B.A. Business

Business Experience: Mr Rush has been with the Bellevue office of Smith Barney for almost 20 years before joining D.A. Davidson in October of 2007.

Eric M. Schaefermeyer

Title: Associate Vice President, Financial Consultant

Birth Date: February 6, 1978

Education: Washington State University BA in History 2000, BA in Political Science 2001

Business Experience: Mr. Schaferemyer joined D.A. Davidson in December of 2008. Prior to his affiliation, he was a Financial Advisor at Smith Barney in Port Angeles, Washington since January 2003.

Neil Sexton, CFP®

Title: Financial Consultant

Birth Date: March 24, 1970

Education: Grinnell College, BA English Literature – 1993; DU/Daniels College of Business, MBA – 2001
Center for Fiduciary Studies, AIF – 2004; CFP Board of Standards, CFP® – 2005

Business Experience: Mr. Sexton joined D.A. Davidson in 2001. Prior to his affiliation he served as an analyst at United Capital Management in Denver.

Joe L. Stone

Title: Senior Vice President, Portfolio Manager, Financial Consultant

Birth Date: January 14, 1961

Education: Central Washington Universtiy – B.S. Accounting 1983; CPA - State of Washington 1986

Business Experience: Mr. Stone joined D.A. Davidson in 2007. Prior to his affiliation at D.A. Davidson, Mr. Stone served as a 1st Vice President and Senior Portfolio manager at Smith Barney for the past 13 years. Prior to his experience at Smith Barney Mr. Stone spent 10 years as a CPA focusing on the multi-employer pension fund market place.

Tracy J. Swanson

Title: Branch Manager, Vice President, Financial Consultant

Birth Date: June 5, 1950

Education: Preferred Portfolio Management Program- April 2007

Casper College, AS Business- 1971

Business Experience: Mr. Swanson joined D.A. Davidson in 1998. Prior to his affiliation at D.A. Davidson, Mr. Swanson worked at Piper Jaffray and Waddell & Reed in Sheridan, WY for approximately 16 years.

Robert Toomey

Title: Senior Vice President, Financial Consultant, CFA

Birth Date: March 14, 1953

Education: BA-History: Trinity College (Hartford, CT)-1975; MBA-Boston University-1982

Chartered Financial Analyst (CFA) Designation: 1986

Business Experience: Commercial banking: 1975 to 1982; Buy-side equity research: 1982 to 1992; sell-side securities industry equity research/strategy: 1992 to 2008.

Prior to his affiliation with D.A. Davidson, he served as Director of Research and Chief Equity Strategist for E.K.Riley Investments in Seattle, WA. From 4/99 to 5/05 he served as Managing Director and head of Pacific Northwest Research for RBC Wealth Management in Seattle, WA.

Julie K. Trownson, CFP

Title: Vice President, Financial Consultant

Birth Date: September 10, 1951

Education: Purdue University, B.A.; New York University, M.B.A.

Business Experience: Ms. Trownson joined D.A. Davidson in September 2009. Prior to that, Ms. Trownson was affiliated with Smith Barney in Boise for 13 years.

Richard W. Tschetter

Title: Senior Vice President, Portfolio Manager, Financial Consultant
Birth Date: October 28, 1946
Education: University of South Dakota, B.A. Political Science- 1968; University of South Dakota, MBA- 1973
Business Experience: Mr. Tschetter joined D.A. Davidson in 2005 as a Paragon Portfolio Manager and a Financial Consultant. Prior to his Davidson employment, he served as a registered representative at Wells Fargo/Ragen MacKenzie since 1989.

Harry G. Tumanjan, CIMA®
Title: Senior Vice President, Financial Consultant
Birth Date: June 20, 1952
Education: Certified Investment Management Analyst, CIMA®, Wharton, 2008
University of Southern California, M.B.A. in Finance, 1976
Santa Clara University, Bachelors Degree in Business, 1974
Business Experience: Mr. Tumanjan joined D.A. Davidson & Co. September 30, 2009. Mr Tumanjan has 28 years experience in the financial services industry having most recently worked at Smith Barney for 20 years and Thomson McKinnon for 8 years.

Paul Webber
Title: Senior Vice President, Financial Consultant
Birth Date: August 9, 1958
Education: Boston College: BS in Economics- 1980
Business Experience: Mr. Webber worked for Merrill Lynch from 1985- 2000. Then he worked for Smith Barney from 2000-2008. At Smith Barney, Mr. Webber participated in the Portfolio Manager Program.

James G. Webster IV
Title: Vice President, Portfolio Manager, Financial Consultant
Birth Date: July 24, 1958
Education: St. Lawrence University, BA History – 1980; Babson Graduate School of Management, MBA – 1991
Business Experience: Mr. Webster joined D.A. Davidson as a Financial Consultant in 1999. He has served as a Financial Consultant since 1991. Before beginning his career in the financial world, Mr. Webster served as a supply officer in the United States Navy.

Geoffrey H. White
Title: Senior Vice President, Portfolio Manager, Financial Consultant
Birth Date: January 14, 1962
Education: University of Washington, BA Business Administration- 1984
Business Experience: Mr. White joined D.A. Davidson in 2005 as a Paragon Portfolio Manager and a Financial Consultant. Prior to his Davidson employment, he served as a branch manager and financial consultant at Wells Fargo/Ragen MacKenzie for 17 years.

Amy L. Yacuk
Title: Financial consultant
Birth Date: August 3, 1974
Education: BA Southern Oregon University 1998
MAT Pacific University 2000
Business Experience: Ms. Yacuk joined DA Davidson in late 2009, prior to her affiliation with DA Davidson, she worked at Smith Barney, joining the Capitol City Group in 2008. Ms. Yacuk's prior work experience was as a teacher and small business owner.

C. Information Sources

Davidson's principal sources of information are Morningstar Principia, financial periodicals, company press releases, information from mutual fund managers, Bloomberg, ILX, the Internet, Stockval, and research materials prepared by D.A. Davidson & Co., and other outside brokers.

D. Potential Conflicts of Interest

Davidson will effect principal or riskless principal transactions for brokerage accounts. For advisory clients, Davidson will only effect such transactions with a Principal Transaction Disclosure Form for each trade signed by the client. Davidson will effect cross transactions in brokerage accounts, but

Davidson policy prohibits such transactions advisory accounts, with an occasional exception in extraordinary circumstances.

Davidson client transactions are effected mainly through Davidson in its capacity as broker-dealer. Portfolio Managers may recommend to a client a transaction in a security in which Davidson is a member of a syndicate offering the security for sale. A Portfolio Manager may on occasion buy or sell for the client securities that Davidson purchases and sells for its own accounts.

Davidson carefully considers best execution for client transactions. Davidson charges brokerage commissions that may be somewhat higher than those obtainable through discount brokers or on the Internet. However, Davidson provides the best qualitative execution for the client. In selecting Davidson, the Investment Committee and the Portfolio Managers consider such factors as the full range of Davidson's brokerage services, the value of research provided, execution capability, commission rates, financial responsibility and responsiveness. The Best Execution Committee reviews brokerage practices and accepts them as they are, or recommends changes if it believes that best execution could be obtained in a more preferable way.

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.

As the Custodian for the Account, D.A. Davidson may receive a fee in connection with any cash that the Client designates to be swept into a bank insured deposit account pursuant to the D.A. Davidson's cash management sweep program. This program is further described in the "Terms and Conditions for D.A. Davidson & Co. Bank Insured Deposit Account," which is part of the D.A. Davidson Account Agreement.

D.A. Davidson's & Co.'s affiliate, Davidson Investment Advisors, Inc., is the investment adviser to the Davidson Multi-Cap Core Fund ("the Fund"). Davidson Investment Advisors will receive a management fee from the Fund based on the aggregate value of all shares sold by the Fund. The compensation that D.A. Davidson and its Financial Consultants receive from selling shares of the Fund is set forth in the prospectus relating to the Fund and is similar to what it may receive from sales of mutual funds managed by non-affiliated investment advisers. Clients in the D.A. Davidson Choice Program are the only advisory clients eligible to purchase or hold shares of the Fund in their non-IRA or non-ERISA accounts.

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 pay a Davidson advisory fee and a mutual fund management 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 trailing commissions to Davidson in addition to the management fee paid to Davidson by the client. All 12b-1 commissions are credited to respective client accounts in D.A. Davidson Paragon and Choice Accounts.

The client should be aware that for those Program accounts invested in mutual funds, the client may be able to purchase the fund shares directly without using Davidson's services.

From time to time, to reduce costs, Davidson aggregates client trade orders. Davidson allocates these trades in a fair and equitable manner. Davidson favors no account in this process.

Davidson compensation from Program accounts may be higher than compensation from other accounts available to the client. Davidson compensation may exceed compensation received if the client purchased Program services separately. Therefore, Davidson may have a financial incentive to recommend Program accounts over other programs or services.

A referring Davidson Financial Consultant receives compensation as a result of the client's participation in the Program. The amount of that compensation may be more than what the referring Financial Consultant would receive if the client participated in other investment adviser programs or paid separately for investment advice, brokerage and other services. Therefore, a Financial Consultant may have an incentive to recommend one of the Program account options.

In each of the Program accounts the client may pay costs in addition to the wrap fee, including charges arising from retirement account fees, trust fees, exchange fees, transfer fees or other special service fees. In the rare cases where Davidson must use a broker other than Davidson, the client may be assessed brokerage commission, markups and markdowns in addition to the wrap fee.

As a broker-dealer, Davidson, its employees and affiliates may effect securities transactions in their and their clients' accounts in the same securities that Davidson recommends to, or purchases for Program clients. They may manage other accounts in a different manner than that in which the client's account is managed. They may offer to other parties research, advisory, brokerage and investment services that differ from those provided to the client. Davidson uses quotation services it believes reliable to price securities, and uses its best judgment for valuation of securities for which no public quotations are available.

D.A. Davidson employs its affiliate DIA as one of its stable of outside investment advisers in the SAM Program. DIA receives a portion of the SAM wrap fee for its advisory services in the SAM program.

Andrew Davidson serves in two capacities at Davidson: Portfolio Manager and Financial Consultant. In his capacity as a Financial Consultant he could refer a client to one of the several Davidson advisory programs in return for which he would receive compensation. Mr. Davidson is also dually employed, currently serving as President at Davidson Investment Advisors, Inc. ("DIA"). On occasion, Mr. Davidson recommends DIA's money management services to his Davidson clients. Part of Mr. Davidson's compensation is based on DIA's overall profitability. Hence, Mr. Davidson may have an incentive to refer Davidson clients to DIA.

D.A. Davidson receives compensation directly from mutual funds when providing sub-accounting and other related administration services with respect to each mutual fund position which is not related to assets held in a fund. Services include processing purchases, redemptions, and exchanges, dividend reinvestment, tax reporting and other recordkeeping services. Financial Consultants do not receive any portion of these fees received by D.A. Davidson.

Some mutual fund companies, whose funds are sold by Davidson to its advisory clients, assist Davidson in defraying the costs of its regional and educational meetings. The funds make sales and marketing presentations at these meetings. Some mutual fund companies sponsor due diligence trips for Davidson employees, at which the employees conduct due diligence investigations and attend presentations by the funds managers. Some mutual fund companies sponsor lunches and dinners for Davidson employees during due diligence trips by those employees.

Davidson has authorized some of its Financial Consultants to enter into the Scudder Asset Builder Program. In its educational efforts Scudder may defray the costs to Davidson of the expenses involved in sending its Financial Consultants to the funds' educational programs.

Portfolio Managers may effect transaction in their own accounts in securities owned in DAD advisory portfolios and customer advisory accounts, but only pursuant to company policy and securities regulations.