



Davidson Capital

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FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of Davidson Capital. If you have any questions about the contents of this brochure, contact us at 704-987-0288. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Davidson Capital is available on the SEC's website at www.adviserinfo.sec.gov.

Davidson Capital is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 7, 2017, we have made the following changes:

Asset Transfer Authority

Our firm or persons associated with our firm may effect third party asset transfers for client accounts without client written consent per transaction for client accounts. An adviser with authority to conduct third party asset transfers has access to the client's assets, and therefore has custody of the clients' assets in any related accounts.

Investment Management Fees have changed:

Portfolio Size	Annual Fee
First \$2,000,000	1.00%
Next \$3,000,000	0.75%
Next \$5,000,000	0.50%
\$10,000,000 and Over	0.25%

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Item 4 Advisory Business

Davidson Capital was incorporated in 1996 and is 100% owned by Stanley Dyl. Please refer to the **Brochure Supplement**, Exhibit A, for more information on Mr. Dyl and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

Davidson Capital primarily provides its clients (individuals, business entities, trusts, corporate retirement plans, estates and charitable organizations, etc.) with discretionary investment advisory services. In addition, Davidson Capital provides consulting services to Plan Sponsors of "participant directed" defined contribution retirement plans including 401(k) and 403(b) plans. We assist plan sponsors in comparing plans and expenses, selecting and monitoring investment options and providing employee education.

SERVICES PROVIDED

At the outset of each client relationship, Davidson Capital spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, Davidson Capital generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level, and
- the client's investment objectives and guidelines.

The financial outline is a reflection of the client's current financial picture and a look to the future goals of the client. The investment plan developed for each client determines the types of investments Davidson Capital will make discretionary on behalf of the client to meet those established goals. Davidson Capital regularly discusses the client's evolving financial situation and overall investment plan with each client.

Where Davidson Capital provides general consulting services, Davidson Capital will work with the client to prepare an appropriate summary of the specific project(s) to the extent necessary or advisable under the circumstances.

Investment Management

As described above, at the beginning of a client relationship, Davidson Capital meets with the client, gathers information, and performs research and analysis as necessary to develop the client's investment plan. In designing a client's Investment Portfolio we consider the client's individual circumstances including investment objectives, risk tolerance, withdrawal needs and tax situation. The investment plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by Davidson Capital based on updates to the client's financial or other circumstances.

To implement the client's investment plan, Davidson Capital will manage the client's investment portfolio on a discretionary basis. As a discretionary investment adviser, Davidson Capital will have the authority to supervise and direct the portfolio without prior consultation with the client.

Notwithstanding the foregoing, clients may impose certain written restrictions on Davidson Capital in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio.

Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of Davidson Capital.

Held Away Assets

Davidson Capital provides additional services for accounts not held through the normal custodians. These are primarily company retirement accounts, 529 plans and variable annuities. Davidson Capital manages these accounts on a discretionary basis, monitors the accounts, and provides statements (where given access) on an ongoing basis.

Retirement Plan Advisory Services

Davidson Capital provides discretionary investment management services to Retirement Plans and Plan Fiduciaries. In conjunction with management of the plan portfolio, Davidson Capital will also provide additional services as described below as selected by the client. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan.

Fiduciary Consulting Services

- *Investment Selection Services* - Davidson Capital will provide Plan Fiduciaries with recommendations of investment options consistent with ERISA section 404(c). Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c).
- *Non-Discretionary Investment Advice* - Davidson Capital provides Plan Fiduciaries and Plan Participants general, non-discretionary investment advice regarding assets classes and investments.
- *Investment Monitoring* - Davidson Capital will assist in monitoring the plan's investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and Davidson Capital will make recommendations to maintain or remove and replace investment options. The details of this aspect of service will be enumerated in the engagement agreement between the parties.

Fiduciary Management Services

- *Discretionary Management Services* - When retained as an investment manager within the meaning of ERISA § 3(38), Davidson Capital provides continuous and ongoing supervision over the designated retirement plan assets. Davidson Capital will monitor the designated retirement plan assets and provide ongoing management of the assets. When applicable, Davidson Capital will have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in the our sole discretion without first consulting with the Plan Fiduciaries. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the designated retirement plan assets.
- *Discretionary Investment Selection Services* - Davidson Capital will monitor the investment options of the Plan and add or remove investment options for the Plan without prior consultation with the Plan Fiduciaries. Davidson Capital will have discretionary authority to make and implement all decisions regarding the investment options that are available to Plan Participants.

- *Investment Management via Model Portfolios* - Davidson Capital will provide discretionary management of Model Portfolios among which the participants may choose to invest as Plan options. Plan Participants will also have the option of investing only in options that do not include Model Portfolios (i.e., the Plan Participants may elect to invest in one or more of the mutual fund options made available in the Plan, and choose not to invest in the Model Portfolios at all).

Non-Fiduciary Services

- *Participant Education & Enrollment* - Davidson Capital will provide education services to Plan Participants about general investment principles and the investment alternatives available under the Plan. Education presentations will not take into account the individual circumstances of each Plan Participant and individual recommendations will not be provided unless a Plan Participant separately engages Davidson Capital for such services. Plan Participants are responsible for implementing transactions in their own accounts. Davidson Capital will also assist with group enrollment meetings designed to increase retirement Plan participation among employees and investment and financial understanding by the employees.

The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to plan assets. For certain services, Davidson Capital will be considered a fiduciary under ERISA. For example, Davidson Capital will act as an ERISA § 3(21) fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select. Also, when Plan Fiduciaries retain Davidson Capital to act as an investment manager within the meaning of ERISA § 3(38), Davidson Capital will provide discretionary investment management services to the Plan. With respect to any account for which Davidson Capital meets the definition of a fiduciary under Department of Labor rules, Davidson Capital acknowledges that both Davidson Capital and its Related Persons are acting as fiduciaries. Additional disclosure may be found elsewhere in this Brochure or in the written agreement between Davidson Capital and Client.

General Consulting

To the extent specifically requested by a client, Davidson Capital may provide limited consultation services to its investment management clients on investment and non-investment related matters that are generally ancillary to the investment management process. Any such consultation services, to the extent rendered, shall be rendered exclusively on an unsolicited basis, for which Davidson Capital shall generally not receive any separate or additional fee.

General Information

In performing its services, Davidson Capital shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely upon information provided by the client or other professionals representing the client. If requested by the client, Davidson Capital may recommend the services of other professionals, such as attorneys or accountants. The client is under no obligation to engage the services of any such recommended professional.

Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Davidson Capital if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Davidson Capital's previous recommendations and/or services.

Assets Under Management

As of February 28, 2018, we provide continuous management services for \$197,301,220 in client assets on a discretionary basis.

Item 5 Fees and Compensation

Investment Management

Clients can determine to engage Davidson Capital to provide discretionary investment advisory services on a *fee-only* basis. Davidson Capital's annual investment advisory fee shall be based upon a percentage (%) of the market value of the assets placed under Davidson Capital's management as follows:

Portfolio Size	Annual Fee
First \$2,000,000	1.00%
Next \$3,000,000	0.75%
Next \$5,000,000	0.50%
\$10,000,000 and Over	0.25%

Davidson Capital's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Davidson Capital generally requires a minimum quarterly fee of \$1,250.00 for investment advisory services. However, Davidson Capital, in its sole discretion, may reduce its minimum fee and/or charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Both Davidson Capital's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Davidson Capital's investment advisory fee and to directly remit that management fee to Davidson Capital in compliance with regulatory procedures. In the limited event that Davidson Capital bills the client directly, payment is due upon receipt of Davidson Capital's invoice. The *Investment Advisory Agreement* between Davidson Capital and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, Davidson Capital shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

Unless other arrangements are made, held away account fees are typically deducted from a client's managed account held at our recommended custodian(s). Fees are charged according to the valuation of the assets at the close of the quarter.

Davidson Capital's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Broker-dealers generally charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Mutual funds and exchange traded funds ("ETFs") also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Davidson Capital's fee, and Davidson Capital shall not receive any portion of these commissions, fees, and costs. **Item 12 - Brokerage Practices** further describes the factors that Davidson Capital considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g. commissions).

Retirement Plan Advisory Services

Davidson Capital's comprehensive suite of Retirement Plan Services is provided under one all-inclusive fee in conjunction with management of the Plan portfolio. Davidson Capital's annual investment advisory fee shall be based upon a percentage (%) of the market value of the assets placed under Davidson Capital's management as follows:

Portfolio Size	Annual Fee
First \$2,000,000	1.00%
Next \$3,000,000	0.75%
Next \$5,000,000	0.50%
Amount over \$10,000,000	0.30%

Davidson Capital's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the quarter. Davidson Capital, in its sole discretion, may reduce its annual fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

Davidson Capital does not have any performance-based fee arrangements. "Side-by-Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Davidson Capital has no performance-based fee accounts, it has no side-by-side management.

Item 7 Types of Clients

Davidson Capital provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, and trusts. In addition, Davidson Capital provides consulting services to participant directed defined contribution retirement plans including 401(k) and 403(b) plans. The annual minimum fee charged is \$5,000 (\$1,250 per quarter). Under certain circumstances and in its sole discretion, Davidson Capital may negotiate such minimums.

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

Methods of Analysis

Davidson Capital's method of security analysis may include fundamental analysis as well as a review of general market and financial conditions. Our research sources include commercial research services, financial newspapers and periodicals, and research provided by mutual fund companies. Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, as applicable and without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

Investment Strategies

Davidson Capital's strategic approach is to invest each portfolio in accordance with the plan that has been developed specifically for each client. Based on each client's current financial situation, investment objectives, risk tolerance and time horizon, Davidson Capital will develop an appropriate

asset allocation. All portfolios are diversified among different asset classes. We design long-term portfolios that incorporate the principles of Modern Portfolio Theory. Our investment approach is rooted in the belief that markets are relatively efficient and that investor returns are determined principally by asset allocation decisions. We build our portfolio utilizing no-load mutual funds and exchange traded funds.

We take a long-term approach and avoid frequent trading. We will generally hold investments for at least one year though circumstances (e.g. tax considerations, cash needs, etc.) may sometimes dictate that an investment be sold within one year. We do not typically buy investments on margin but we can establish a margin account at the request of a client.

Risk of Loss

While Davidson Capital seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

Management Risks. While Davidson Capital manages client investment portfolios based on Davidson Capital's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Davidson Capital allocates client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements, and the risk that Davidson Capital's specific investment choices could underperform their relevant indexes.

Risks of Investments in Mutual Funds, ETFs and Other Investment Pools. As described above, Davidson Capital may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

Equity Market Risks. Davidson Capital will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

Fixed Income Risks. Davidson Capital may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

Foreign Securities Risks. Davidson Capital may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Davidson Capital or the integrity of Davidson Capital's management. This item is not applicable to Davidson Capital.

Item 10 Other Financial Industry Activities and Affiliations

Davidson Capital's Principal, Stanley P. Dyl, is also the Principal of Davidson Capital Management Corporation ("DCM"), an accounting firm. The business of DCM is not investment-related and is separate and apart from that of the Davidson Capital. DCM provides its clients with tax preparation and administrative support services. No client of the Davidson Capital is under any obligation to engage the services of DCM.

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

Code of Ethics and Personal Trading

Davidson Capital has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. Davidson Capital's Code has several goals. First, the Code is designed to assist Davidson Capital in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, Davidson Capital owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with Davidson Capital (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Davidson Capital's associated persons. Under the Code's Professional Standards, Davidson Capital expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, Davidson Capital associated persons are not to take inappropriate advantage of their positions in relation to Davidson Capital clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time Davidson Capital's associated persons may invest in the same securities recommended to clients. Under its Code, Davidson Capital has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of

associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

Participation or Interest in Client Transactions

Because client accounts are invested almost exclusively in open-end mutual funds and ETFs, there is little opportunity for a conflict of interest between personal trades by Davidson Capital associated persons and trades in client accounts, even when such accounts invest in the same securities. However, in the event of other identified potential trading conflicts of interest, Davidson Capital's goal is to place client interests first.

Consistent with the foregoing, Davidson Capital maintains policies regarding participation in initial public offerings ("IPOs") and private placements to comply with applicable laws and avoid conflicts with client transactions. If a Davidson Capital associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

Finally, if associated persons trade with client accounts (i.e., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with Davidson Capital's written policy.

Item 12 Brokerage Practices

In the event that the client requests that Davidson Capital recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Davidson Capital to use a specific broker-dealer/custodian), Davidson Capital generally recommends that investment management accounts be maintained at TD Ameritrade Institutional Services. ("TD Ameritrade"). Prior to engaging Davidson Capital to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Davidson Capital setting forth the terms and conditions under which Davidson Capital shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Davidson Capital considers in recommending TD Ameritrade (or any other broker-dealer/custodian to clients) include historical relationship with Davidson Capital, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Davidson Capital's clients shall comply with Davidson Capital's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Davidson Capital determines, in good faith, that the commission and/or transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Davidson Capital will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Davidson Capital's investment management fee. Davidson Capital's best execution responsibility is qualified if securities that it purchases for client accounts are no-load mutual funds that trade at net asset value as determined at the daily market close.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Davidson Capital may receive from TD Ameritrade (or a mutual fund company), without cost (and/or at a discount) support services and/or products, certain of which assist Davidson Capital to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Davidson Capital may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Davidson Capital in furtherance of its investment advisory business operations. As indicated above, certain of the support services and/or products that may be received may assist Davidson Capital in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Davidson Capital to manage and further develop its business enterprise.

Davidson Capital's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade as result of this arrangement. There is no corresponding commitment made by Davidson Capital to TD Ameritrade or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

Directed Brokerage

Clients may direct Davidson Capital to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangement that Davidson Capital has with the Custodians is designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers can in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing Davidson Capital to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with Davidson Capital that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

Aggregated Trade Policy

Davidson Capital typically directs trading in individual client accounts as and when trades are appropriate based on the client's Investment Plan, without regard to activity in other client accounts. However, from time to time, Davidson Capital may aggregate trades together for multiple client accounts, most often when these accounts are being directed to sell the same securities. If such an

aggregated trade is not completely filled, Davidson Capital will allocate shares received (in an aggregated purchase) or sold (in an aggregated sale) across participating accounts on a pro rata or other fair basis; provided, however, that any participating accounts that are owned by Davidson Capital or its officers, directors, or employees will be excluded first.

Item 13 Review of Accounts

For those clients to whom Davidson Capital provides investment supervisory services, account reviews are conducted on an ongoing basis by the Davidson Capital's Principal, Stanley P. Dyl and/or Davidson Capital's Associated Persons. All investment supervisory clients are advised that it remains their responsibility to advise Davidson Capital of any changes in their investment objectives and/or financial situation. All clients are encouraged to comprehensively review investment objectives and account performance with Davidson Capital on an annual basis.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the account custodian for the client accounts. Those clients to whom Davidson Capital provides investment supervisory services shall also receive a periodic report from the Davidson Capital summarizing account holdings.

Item 14 Client Referrals and Other Compensation

As noted above, Davidson Capital receives an economic benefit from TD Ameritrade in the form of support products and services it makes available to Davidson Capital and other independent investment advisors that have their clients maintain accounts at TD Ameritrade. These products and services, how they benefit our firm, and the related conflicts of interest are described in Item 12 - Brokerage Practices. The availability of TD Ameritrade's products and services to Davidson Capital is based solely on our participation in the program and not in the provision of any particular investment advice.

From time to time, Davidson Capital may enter into arrangements with third parties ("Solicitors") to identify and refer potential clients to Davidson Capital. Consistent with legal requirements under the Investment Advisers Act of 1940, as amended, Davidson Capital enters into written agreements with Solicitors under which, among other things, Solicitors are required to disclose their compensation arrangements to prospective clients before such clients enter into an agreement with Davidson Capital.

Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

Asset Transfer Authority

Our firm or persons associated with our firm may effect third party asset transfers for client accounts without client written consent per transaction for client accounts. An adviser with authority to conduct third party asset transfers has access to the client's assets, and therefore has custody of the clients' assets in any related accounts.

Item 16 Investment Discretion

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

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

Investment guidelines and restrictions must be provided to Davidson Capital in writing.

Item 17 Voting Client Securities

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

Item 18 Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Davidson Capital's financial condition. Davidson Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Davidson Capital does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure with respect to this item.