



DAVIDSON
INVESTMENT ADVISORS

Part 2A Appendix 1 of Form ADV:
Wrap Fee Program Brochure

8 Third Street North
Great Falls, MT 59401

800-332-0529

www.davidsoncompanies.com/dia

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This firm brochure provides information about the qualifications and business practices of Davidson Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 800-332-0529 or DavidsonInvMarketing@dadco.com. 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. Registration as an investment adviser with the Securities and Exchange Commission does not imply any specific level of skill or training.

Additional information about Davidson Investment Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by our firm's CRD number, which is 110552.

Item 2 Material Changes

The Securities and Exchange Commission ("SEC") adopted "Amendments to Form ADV" in July, 2010. This Wrap Fee Program Brochure ("Brochure") is our disclosure document prepared according to the SEC's requirements and rules.

This Brochure dated December 21, 2020 contains no material changes from the last annual update, dated December 19, 2019.

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Item 4 Services, Fees and Compensation

Davidson Investment Advisors, Inc. ("Davidson Investment Advisors" or "Davidson" or "Firm") is a SEC-registered investment adviser. The Firm is wholly owned by D.A. Davidson Companies, a financial services holding company. Davidson Investment Advisors has been conducting business since 1975. Its headquarters are in Great Falls, Montana with additional offices in Seattle, Washington; Carlsbad, California; Spokane, Washington; Portland, Oregon; Denver, Colorado; and Bozeman, Montana.

As a registered investment adviser, Davidson is a fiduciary to the Firm's investment advisory clients and has an obligation to act in good faith, and in the best interest of the client and to place the client's interests first and foremost. This would include a duty of care, which requires among other things for advisers to ensure that its investment advice is suitable based on the client's investment profile or mandate.

The purpose of this Wrap Fee Brochure ("Brochure") is to describe and disclose the services, fees, potential conflicts of interest, and other necessary information clients should consider prior to becoming a client. The programs described in this Brochure ("Programs") are provided to clients in a "wrap fee" arrangement. A wrap fee arrangement is one in which a single fee is charged based on the market value of assets in the client's account. The wrap fee covers advisory services related to the Programs, which generally include investment advice or counsel provided by Davidson investment professionals, the execution of client transactions, custody services at D.A. Davidson & Company (a subsidiary of D.A. Davidson Companies), account servicing, and performance reporting, in addition to other standard services.

The Programs are (1) the Discretionary Program, where a client appoints Davidson to make investment decisions with respect to the assets in a client's account ("Discretionary Program"); or (2) the Non-Discretionary program, where a client appoints Davidson to provide investment advice and recommendations as to the assets in a client's account, but the client retains full authority over the decisions regarding the actual selection and implementation of those assets ("Non-Discretionary Program").

Davidson also offers the same discretionary advisory services but according to a different fee schedule that is not inclusive of transaction charges. For a complete description of other services and fee arrangements offered by our Firm, clients should refer to our Form ADV Part 2A: Firm Brochure. The information contained herein is current as of the date of this Brochure and is subject to change at Davidson's discretion. Please retain this Brochure for your records.

In the advisory relationship between the client and Davidson, a client will work with our investment professionals or a D.A. Davidson & Co. Financial Advisor (if applicable) to determine the client's overall investment situation, needs, goals, risk tolerance and time horizon for the assets being invested.

To assist in identifying these factors, clients provide investment profile information within the New Account Application. Based on the information provided by the clients, the investment professional and the Financial Advisor (if applicable) will use this information, among other things, to assist the client in selecting the appropriate Program(s) and subsequent investment strategy, if applicable. If the client wishes to proceed with the Program(s), the client will enter into an Advisory Agreement which contains specific terms applicable to the Program(s) selected, advisory services to be offered, fees payable by

the client, and other terms applicable to the client's advisory relationship with Davidson.

Not all Programs discussed in this brochure are appropriate for a client. Each Program is designed to meet differing investment needs of clients. The Programs offered may have different levels of services, administration, structure, fees and expenses. The particular investment advisory services Davidson provides in connection with each Program are described in detail below. Please review this Brochure carefully, in its entirety.

Important Note about Wrap Fee Programs.

Davidson participates in wrap fee programs sponsored and administrated by D.A. Davidson & Co., a related person and broker-dealer, and unaffiliated parties (the "Sponsors"). As compensation for its services, Davidson Investment Advisors receives management fees based upon the total market value of all assets according to the fee schedules of each separate wrap fee program.

If a client is participating in such a program, the client will receive a copy of the Sponsor's brochure for a full description of the services provided and fees charged by the Sponsors.

Important Note about Other Advisory Services. Davidson Investment Advisors provides model portfolio recommendations to other investment advisers. Services and fees for these arrangements will be negotiated.

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

AMOUNT OF MANAGED ASSETS

As of September 30, 2020, Davidson managed \$2,039,755,431 in assets on a discretionary basis. Davidson does not currently manage any assets on a non-discretionary basis. Additionally, Davidson provides several investment strategies via a model-based solution to other investment advisers. As the model portfolio provider, Davidson monitors and updates the portfolio; investment advisers then implement the model portfolio for their clients and adjust the model portfolio as recommended by Davidson. Davidson does not have any trading authority over the clients' assets. As of September 30, 2020, Davidson's model-based assets totaled \$285.3 million, which is not included on the Firm's ADV Part 1.

DISCRETIONARY PROGRAM

The Firm offers discretionary professional portfolio management to individuals and institutions. The discretionary advisory services offered by Davidson generally include portfolio management, investment advice, consulting services, performance reporting, and related account services.

The Firm manages client portfolios with full investment discretion and considers individual investors' needs when recommending an investment strategy to its clients. Davidson offers four primary investment strategies: Equity Income, Multi-Cap Equity, Intermediate Taxable Fixed Income, and SeaCap Intermediate Municipal Fixed Income. In addition, Davidson offers multi-asset custom portfolio management and asset allocation services for high net worth and institutional clients.

Davidson also offers optional tax overlay services, which seek to reduce the overall tax burden of client accounts while maintaining the risk and return characteristics of our core investment strategies. Tax overlay services in an investment account offer benefits and

limitations, as described below.

- Tax overlay management services will be implemented based on the information and instructions provided by the client for their account(s).
- Tax overlay management services do not include general tax advice, tax return preparation or tax planning services.

Tax overlay management services are provided with the assumption that Davidson will continue to provide services to the (account(s) for an entire tax year. The termination or removal of the overlay management services before the completion of an entire tax year may result in adverse tax consequences, including without limitation realization of short-term capital gains. Regardless of account size or any other factors, Davidson strongly recommends that clients continuously consult with a tax professional prior to and throughout the investing of assets.

Subject to the agreement with Davidson, a client may impose reasonable restrictions on the securities or types of securities held in the client's account, including directing Davidson to not purchase or liquidate certain securities in their account. If the request for restrictions is deemed reasonable by Davidson, Davidson will select replacement securities as appropriate. Note that restrictions placed on an account may positively or negatively affect account performance, and may cause the account to perform differently (including worse) than a like account with no restrictions.

The investment strategies discussed in this Brochure may not be appropriate for all clients. Davidson will only select or recommend those strategies it believes to be suitable for a particular client.

Fees and Compensation. The specific fee a client will pay is set forth in their Advisory Agreement, or as indicated in any amendment thereof. In most instances, a client pays Davidson an ongoing fee based on the market value of the assets in the account on the last day of the preceding quarter ("asset based fee"). In establishing the asset-based fee to be charged in the Discretionary Program, Davidson will take into consideration the amount of assets being deposited into the Program, other assets the client or client's household may have invested in other Programs offered by Davidson, and the type of client relationship. As a general matter, the greater the amount of assets a client has in a program when the fee is established, the lower the fee that will be assessed, though depending on particular client circumstances, not all clients with the same amount of assets will be charged the same fee in the same program.

Below is a typical fee schedule for the Discretionary Program, based on total advisory household value. Advisory fees are negotiable.

Advisory Household Value	Fee Rate
Less than \$2.5mm	1.00%
\$2.5mm - \$10mm	0.90%
\$10mm - \$20mm	0.75%
\$20mm+	negotiable

NON-DISCRETIONARY PROGRAM

The Firm offers a non-discretionary advisory program in which clients receive advice from a Davidson investment professional regarding the management of assets in the account. Neither Davidson nor its investment professionals has investment discretion and may not buy or sell securities in connection with the account without the client's consent. The client enters into an agreement with Davidson for the provision of advisory, custody, brokerage and administrative

services. The client has sole discretion, and makes the final decision whether to accept or reject any specific recommendation to purchase or sell securities. Davidson is responsible for periodically reviewing the account to assess whether the investments in the client's account are suitable.

Fees and Compensation. A Non-Discretionary Program client's investment management agreement will set forth the actual compensation the client will pay to Davidson. In most instances, a client pays Davidson an ongoing fee based on the market value of the assets in the account on the last day of the preceding quarter.

Non-Discretionary clients pay an annual advisory fee of 0.20%, with a maximum fee of \$250 annually. If applicable, the value Davidson Multi-Cap Equity Fund holdings is excluded from fee calculation. For accounts holding only shares of the Davidson Multi-Cap Equity Fund, this fee is waived.

ADDITIONAL FEE INFORMATION

Portfolio Manager Compensation. With the exception of referral fees paid to portfolio managers dually employed by Davidson and Davidson Fixed Income Management Inc., as explained in Item 9 below, Davidson portfolio managers are salaried employees and do not receive a portion of the fees assessed to clients account.

Purchasing Like Services Outside of an Advisory Relationship. Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees. Each service provided to a client in connection with Davidson's Programs may be available to a client, separately, outside of the Programs. Clients are cautioned that depending on factors such as the level of fees charged by the executing broker-dealer, the amount of trading activity in the client's

account, the size of the client's account, the investment strategies and level of service sought by the client, the value of the services provided under the Program may exceed the total cost of such services had they been provided separately.

In addition, the Program Fee may be higher or lower than that charged by other firms who offer comparable advisory programs.

How Fees are Charged. Fees are generally charged quarterly, in advance, based on the market value of assets in the account (including cash and cash-equivalents) on the last business day of the prior calendar quarter. Depending on the terms of the investment management agreement, some clients may be charged in arrears and/or monthly. If management begins after the start of a month or quarter, fees will be prorated accordingly. The initial billing period begins when an investment management agreement is signed by the client and accepted by Davidson. Clients may choose to have fees deducted directly from their account or be invoiced quarterly.

Services Covered by the Fees. The fee includes Davidson's investment management services, transaction costs, and D.A. Davidson & Co. custodial and other administrative services.

Services NOT Covered by the Fees. The fee does not include charges arising from retirement account fees, trust fees, margin interest charges, exchange fees, redemption fees that may be assessed on mutual fund shares, transfer fees or other special service fees and charges.

For accounts with a margin debit held at D.A. Davidson & Co., client pays a management fee on the gross value of securities in the account and margin interest on the debit balance in the account.

Additional Fees and Expenses. Davidson may

invest client assets in one or more pooled investment vehicles, such as mutual funds and exchange-traded funds, if such investments are consistent with the investment objectives and policies of the client accounts involved. If Davidson makes such an investment on behalf of its clients, those clients will be responsible, indirectly as investors in the pooled investment vehicles, for a portion of the operating expenses of the pooled investment vehicles in which they are invested. In effect, those clients would be paying multiple advisory fees. When investing in mutual funds, including money market funds, a 12b-1 fee may be assessed, depending on the fund selected. 12b-1 fees are sales charges that are incorporated into the expense ratio of the fund. In no case does Davidson receive compensation from mutual fund companies in which client assets are invested. As wrap fee client accounts are held in custody at D.A. Davidson & Co., if a 12b-1 fee is paid, it is rebated back to the client account.

Termination of the Advisory Relationship. If either Davidson or client terminates the client's investment management agreement, any prepaid, unearned fees will be refunded. In calculating a client's reimbursement of fees, Davidson will credit the client's account with a pro-rated refund based on the number of days remaining in the billing period.

Additional General Fee Information. In some instances, clients may pay a higher fee than indicated in the fee schedule sections above. Davidson may modify a client's existing fees and/or add additional fees or charges by providing the client thirty (30) days prior written notice. Different fee schedules have been in effect over time, which may have reflected fees that are higher or lower than those currently stated.

Davidson, at its discretion, may group certain related client accounts for the purposes of achieving the minimum account size

requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our Firm.

ERISA Accounts. Davidson Investment Advisors is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, Davidson is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation.

Other Advisory Fees Collected by Davidson: Davidson Investment Advisors receives fees for the investment advisory services it provides for the Davidson Multi-Cap Equity Fund. Investors are invited to visit our website at www.davidsonmutualfunds.com and read the Fund's prospectus for more information. If shares of the Davidson Multi-Cap Equity Fund are held in an advisory account managed by Davidson Investment Advisors, the market value of Fund holdings will be excluded from the market value of assets in the account used in the management fee calculation.

Wrap Fee Programs. Davidson participates in wrap fee programs provided through other sponsors. Further information in regard to wrap programs that Davidson participates in is available in Davidson Investment Advisors' Firm Brochure and is available upon request. Davidson's fee for its sub-advisory arrangements is determined by separate contracts entered into with these various program sponsors. Client fees, including any and all trading and transaction costs are "wrapped" into one overall fee as determined and calculated by the wrap fee sponsor.

The amount of Davidson's portion of the wrap fee varies dependent upon several factors, including the specific terms agreed between Davidson and the wrap fee sponsor, the client's account size, the client's related investment management accounts, and individual account investment restrictions.

Important information about the program sponsor's advisory programs, brokerage services, custody relationships and conflicts of interest is available in the Program Sponsor's Form ADV, Part 2. A copy of the Form ADV, Part 2 is provided to the client at or prior to opening an account, annually and upon request by contacting Program Sponsor directly.

Compensation Received by Financial Advisors.

Financial Advisors at D.A. Davidson & Co. or other firms who recommend a client participate in Davidson's wrap fee program will receive compensation as a result of that recommendation. The amount of compensation received is based upon the client's fee. The amount of compensation received may be more or less than the amount of compensation the individual would receive if the client paid separately for similar advice and services outside of the advisory relationship. Accordingly, the Financial Advisor may have an incentive to recommend one advisory Program over other non-advisory Programs and services offered by D.A. Davidson & Co. or other firms. However, when providing investment advisory services to clients, Financial Advisors are fiduciaries and are required to act solely in the best interest of clients. As previously noted, both Davidson and D.A. Davidson & Co. addresses these potential conflicts by adopting and enforcing policies and procedures that are designed to ensure that D.A. Davidson and its Financial Advisors comply with their fiduciary duties as is further described under Item 9 Additional Information - Code of Ethics.

Clients are also encouraged to carefully consider the difference between various brokerage and investment advisory services including our obligations, costs, and needs of the services provided.

CUSTODY

Davidson may recommend D.A. Davidson & Co. and D.A. Davidson Trust Company, related parties, for brokerage, custody and safekeeping purposes, but the client retains the right to direct Davidson to use another broker. When client assets are held in custody at D. A. Davidson & Co., a related person and qualified custodian, or other custodian as directed by the client, advisory fees can be directly debited from client accounts with written authorization from the client.

As a related person to D.A. Davidson & Co. and D.A. Davidson Trust Company, Davidson is deemed to have indirect custody of some clients' assets. However, all client assets are held with financial institutions known as qualified custodians who are responsible for maintaining the assets and records of those assets.

Clients will receive account statements directly from their qualified custodian. That statement is the official record of your account and the assets contained in it. As noted under Item 9 and the Review of Accounts-section below, Davidson also delivers statements and reports to clients on the performance of their account. We urge you to compare the information contained in the Davidson quarterly account statements and other reports to the information contained in your official statements for the same period. In the event of a discrepancy between official account statements and other reports or statements for the holdings and transactions shown, the client's official account statement shall prevail.

Item 5 Account Requirements and

Types of Clients

MINIMUM ACCOUNT REQUIREMENTS

A minimum of \$100,000 of assets under management is generally required to participate in the Discretionary Program's equity strategies. A minimum of \$250,000 of assets under management is generally required to participate in the Discretionary Program's fixed income strategies. The account minimum for multi-asset custom portfolio solutions and/or asset allocation services, as well as accounts participating in the Non-Discretionary Program, is negotiable. Please refer to the Investment Strategies section below for a detailed description of the investment strategies.

This account size may be negotiable under certain circumstances. Davidson Investment Advisors may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

TYPES OF CLIENTS

Davidson offers its services to all types of current or prospective clients, including, but not limited to: individuals; banks or thrift institutions; pension and profit sharing plans; trusts; estates; charitable organizations; corporations or other business entities; and registered investment companies.

Item 6 Portfolio Manager Selection and Evaluation

Davidson serves as Wrap Program sponsor and portfolio manager, and outside portfolio managers do not participate in the Wrap Program. All investment strategies discussed below are managed internally by the Davidson investment team. The investment strategy recommended for particular clients is jointly determined by the client and their Financial Advisor (if applicable) and is based on the client's investment profile. Please see Item

7 - Client Information Provided to Portfolio Managers - for further information on the criteria used to recommend suitable investment strategies for the client.

CALCULATION AND REVIEW OF PERFORMANCE

Davidson prepares and presents performance in conformance with the Global Investment Performance Standards (GIPS®). Davidson Investment Advisors is independently verified on annual basis; verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Davidson's annual verification is performed by The Spaulding Group, Inc.

PORTFOLIO MANAGEMENT BY RELATED PERSONS

As previously noted all portfolios are managed internally by Davidson investment professionals.

ADVISORY BUSINESS

As described in detail under Item 4 - Services, Fees and Compensation - Davidson provides portfolio management services through wrap fee programs. Davidson receives a portion of the wrap fee charged to client for its services. In relation to its advisory services, Davidson considers every client situation individually, based on responses provided in the client's New Account Application. Not every Program is suitable for a client or their specific investment circumstances. Clients may impose reasonable investment restrictions on the management of their accounts. Please refer to Item 4 - Services, Fees and Compensation - for further details.

PERFORMANCE-BASED FEES

Davidson Investment Advisors, Inc. does not

charge performance-based fees (i.e. fees based on a share of capital gains or capital appreciation of the client's assets) in its Wrap Program.

METHODS OF ANALYSIS – DISCRETIONARY PROGRAM

The investment team process leverages one team, with shared responsibility for due diligence and explicit accountability for decisions. There is a focus on discipline in portfolio construction and risk-adjusted investment performance.

Davidson utilizes three primary methods of analysis for its investment strategies:

Fundamental Analysis. Davidson attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

Quantitative Analysis. Davidson uses mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used are based on assumptions that may prove to be incorrect.

Qualitative Analysis. Davidson subjectively evaluates non-quantifiable factors such as quality of management, labor relations, and

strength of research and development factors not readily subject to measurement, and attempts to predict changes to market value based on that data.

A risk of using qualitative analysis is that our subjective judgment proves to be incorrect.

Risks for all forms of analysis. Securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis becomes compromised by inaccurate or misleading information. Investing in any security involves risk of loss that clients should be prepared to bear.

INVESTMENT STRATEGIES – DISCRETIONARY PROGRAM

Davidson offers the following core investment strategies in the Discretionary Program:

Equity Income Strategy. The Davidson Equity Income strategy is actively managed and invests in high-quality companies with solid balance sheets, ample cash flow and a strong competitive position generating attractive return on capital. Key to the investment strategy is our focus on Dividend Power - looking beyond current dividend yield to include a company's future capacity for dividends. Using a multivariate appraisal process, we assess value across three dimensions (Asset Value, Dividend Power and Growth Value) to uncover quality companies underappreciated by the broader market.

Multi-Cap Equity Strategy. The Davidson Multi-Cap Equity strategy is actively managed and unconstrained by market capitalization and style classifications. As fundamental investors, we are cognizant of cyclical and secular dynamics, and focus on profitable

companies with attractive return on capital, cash flow and growth prospects. Of key importance are superb management teams with sound, achievable strategies. We take active industry positions, with relative position sizes commensurate with risk. Our holdings are diversified by economic sector and adjusted based on where we view the greatest market opportunities.

Intermediate Taxable Fixed Income Strategy.

The Davidson Intermediate Taxable Fixed Income strategy is actively managed and focuses on the intermediate portion of the yield curve. We invest in investment grade or higher issues with maturities generally ranging from one to ten years. Stability of principal value is a primary focus of the strategy; we perform rigorous fundamental credit analysis and monitor issuers and credit trends daily. We believe that fixed income assets are best managed actively with respect to duration and credit exposures, as we monitor, anticipate and respond to changes in the broad economy and the interest rate environment.

SeaCap Intermediate Municipal Fixed Income Strategy. The SeaCap Intermediate Municipal strategy is actively managed and focuses on the intermediate portion of the yield curve, purchasing issues rated “A” or higher with maturities ranging from one to fifteen years. Emphasis is placed on purchasing issues with predictable income and principal stability, while managers also remain aware of resiliency to credit stress, changing interest rates, and market volatility. Given the tax-sensitive nature of the asset class, attention is also paid to the management of portfolio turnover and the opportunity to realize gains or losses as advantageous for clients, as well as Alternative Minimum Tax and state tax considerations.

Multi-Asset Custom Portfolio Management.

Davidson offers multi-asset custom portfolio management to meet the needs of our clients, which include, but is not limited to, asset

allocation services. We tailor portfolios to Investment Policy Statement specifications (when applicable) regarding exposure to various asset classes (including, but not limited to, equities, fixed income securities, international securities, alternative investments, and private equity), as well as desired portfolio characteristics (such as quality parameters or cash flow projections). We also offer portfolios designed to provide both strategic and tactical allocations based upon client-specific needs/tolerances and broad capital market exposures consistent with our Investment Team’s views of market opportunities.

METHODS OF ANALYSIS – NON-DISCRETIONARY PROGRAM

In the Non-Discretionary program, a Davidson investment professional advises the client on an appropriate investment strategy, which includes security selection and general asset allocation, and may include advice on financial planning and other wealth management topics. In the Non-Discretionary Program, the client is ultimately responsible for the actual implementation of their assets, Davidson generally uses a customized approach to recommendations and methods analysis depending upon the client’s investment circumstances. In making recommendations to clients in the Non-Discretionary Program, Davidson recommends varying objectives, such as aggressive growth of capital, moderate growth of capital, preservation of capital, etc., and may also focus on certain market capitalizations (such as large caps or small caps), investment styles (such as growth, value or core) or certain types of securities (such as stocks, bonds or mutual funds) to achieve those objectives. The use of leverage, including margin, may be used if directed by the client.

The client should ask Davidson for information about their investment strategies,

philosophies, and methods of analysis and investing techniques that may be used in formulating recommendations to the client, bearing in mind, the client has sole discretion, and makes the final decision whether to accept or reject an investment strategy or any specific recommendation to purchase or sell securities.

RISK OF LOSS

Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal. The following provides information on specific types of investment risks depending on the type of underlying investments.

Market Risk. Market risk is the risk of investment losses due to external factors that affect the overall performance of the financial markets, independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events and cause prices to fall.

Business Risk. These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of potential profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Financial Risk. Excessive borrowing to finance a business' operations and financial stress increases the risk of profitability and loan default, and consequently the risk of bankruptcy and/or a declining market value.

Inflation Risk. When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation. Inflation risk is the risk of inflation exceeding or eroding the

return of an investment.

Interest Rate Risk. Fluctuations in interest rates cause investment prices to fluctuate. For example, bond market values have an inverse relationship to changes in interest rates. Rising interest rates cause bond market values to decline and declining interest rates cause market values to rise. Generally, the longer a bond's maturity, the greater the interest rate risk and the higher its yield. Similarly, equities may also suffer from a rising interest rates. Therefore, in real terms, your portfolio may not keep up with the rate of inflation.

Liquidity Risk. Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many individuals are interested in buying or selling a standard asset or product. For example, Treasury bills are highly liquid, while real estate properties are not.

Reinvestment Risk. This is the risk that future proceeds from investments have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities

Currency Risk. Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk. Currency risk is the risk of a loss in investments made in foreign countries due to a depreciation of the corresponding country's currency.

VOTING CLIENT SECURITIES

Davidson does not vote securities on behalf of clients in the Non-Discretionary Program.

Davidson generally votes proxies for client accounts in our Discretionary Program; however, clients always have the right to vote proxies. Clients can exercise this right by instructing us in writing (including by email) to not vote proxies in your account. Clients may

also direct Davidson to vote a proxy in a particular manner, so long as the client timely notifies Davidson in writing (including by email).

Davidson has engaged a third-party Proxy Service Vendor to provide proxy voting administrative duties and proxy voting recommendations from another third-party Proxy Advisory Form ("Proxy Advisor"). The Proxy Advisor recommendations are pre-populated into the Proxy Service Vendor's electronic voting platform, and are automatically executed pursuant to the Proxy Advisor's recommendations. However, Davidson reserves the right to exercise its own judgment on a case-by-case basis, to serve its clients' best interests once it has determined that such a vote would not involve an identified firm-related conflict of interest. In these situations, Davidson will generally vote in favor of proxy proposals that enhance the independence of board membership, against measures that promote anti-takeover defenses, and for incentive compensation that would align management interests with shareholder interests. Corporate governance issues, however, are diverse and continually evolving and these general policies may not be relevant in some circumstances.

An Investment Adviser Proxy Voting Committee (the "Committee"), with members including senior personnel from Davidson and other D.A. Davidson Companies' subsidiaries, meets periodically. The Committee monitors Davidson's overall adherence to and effectiveness of the Firm's proxy voting policies and procedures. It reviews the rationale for some proxy votes that are not covered by the policies and procedures, or that present a potential conflict of interest. It also reviews the internal controls and independence of the third-party vendors on no less than an annual basis. The Committee periodically reviews

policies and procedures and provides advice for revisions thereof.

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

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact his or her Davidson representative by telephone, email, or in writing.

Class Actions. Davidson will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 7 Client Information Provided to Financial Advisors and Portfolio Managers

Davidson, or Financial Advisors if applicable, is responsible for developing an initial financial profile of the prospective client. Prior to opening an account, Davidson, or the Financial Advisor if applicable, obtains from the client appropriate information (i.e., time horizon, periodic cash movements and any reasonable restrictions the client wishes to impose upon the management of the account). This information is captured on Davidson's New Account Application. Initial investment strategy is jointly determined based on an

assessment of the information provided by the client.

While Davidson provides the client with periodic reminders, it is ultimately the client's responsibility to advise Davidson of any changes to the information previously provided that might impact the ongoing suitability of any prior determined investment strategy or objectives. Davidson is not responsible for independently verifying information or data provided in a client's initial or subsequent updates to Investment Profiles, nor is Davidson responsible for any adverse consequences arising out of client's failure to promptly provide notification.

Client understands the integrity and quality of the respective investment management services to be rendered by Davidson is dependent upon the accuracy of the data and information supplied by client in the Investment Profile Questionnaire.

Davidson, or the Financial Advisor if applicable, will directly contact each wrap fee program client at least annually to verify that there has been no change in the client's financial circumstances or investment objectives, and determine whether the client wishes to impose or change any reasonable restrictions on the management of the account. Davidson will promptly act on, or communicate any reported changes to the appropriate investment manager.

Item 8 Client Contact with Portfolio Managers

Davidson does not place any restrictions on clients who wish to contact or consult with portfolio managers managing their accounts. Davidson also encourages clients to discuss their accounts with their Financial Advisor, if applicable, as the Financial Advisor typically serves as the communication conduit between the client and the manager.

Item 9 Additional Information

DISCIPLINARY INFORMATION

Davidson Investment Advisors does not have any material legal, financial, or disciplinary events that require disclosure. We are required to disclose any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Davidson is a wholly-owned subsidiary of D.A. Davidson Companies, a financial services holding company with other subsidiaries: D.A. Davidson & Co., D.A. Davidson Trust Company, and Davidson Fixed Income Management, Inc. ("Davidson Fixed Income Management"). D.A. Davidson & Co. is a broker-dealer registered as such with FINRA (Financial Industry Regulatory Authority) and a SEC Registered Investment Adviser. D.A. Davidson Trust Company is a federal savings bank. Davidson Fixed Income Management is a SEC registered investment adviser. This presents a conflict of interest, as each of these firms are under common ownership. However, as discussed in further detail under the Code of Ethics-section below Davidson has a fiduciary duty to place its client's interest above all else.

As previously noted, Davidson may recommend clients use D.A. Davidson & Co. and D.A. Davidson Trust Company, related parties, for brokerage, custody and safekeeping purposes. The client also retains the right to direct Davidson to use another broker. If a client elects to use D.A. Davidson & Co., or D.A. Davidson Trust Company, the client may terminate the arrangement at any time. Also see additional information in regard to Directed Brokerage below.

Davidson Investment Advisors employs two portfolio managers from Davidson Fixed

Income Management, Inc.; they are located in Denver, Colorado and Portland, Oregon. These portfolio managers receive a portion of the management fees attributable to accounts that they refer to Davidson Investment Advisors. As a matter of Firm practice, the advisory fees charged to clients referred by these portfolio managers are not increased as a result of any referral.

D.A. Davidson Trust Company employs Davidson to manage money for some of its clients who have granted investment discretion to the Trust. Davidson also manages four D.A. Davidson Trust Company common trust funds.

D.A. Davidson & Co. Financial Advisors may refer clients to Davidson Investment Advisors, Inc. in its capacities as independent investment adviser and as an investment adviser participating in D.A. Davidson's advisory programs. D.A. Davidson and its Financial Advisors have an incentive to recommend a Program or an investment manager that is affiliated with D.A. Davidson because the entire client fee is retained by D.A. Davidson and its Affiliate. However, in providing investment advisory services to clients, D.A. Davidson and its Financial Advisors are required to act solely in the best interest of clients. The criteria used by them in deciding to select or recommend affiliated investment products are the same as those used for unaffiliated investment products.

Mutual Fund. Davidson previously disclosed in "Advisory Business" (Item 6) and "Fees and Compensation" (Item 4) of this brochure that it is the investment adviser to the Davidson Multi-Cap Equity Fund, a series of the Adviser Series Trust, an investment company registered under the Investment Company Act of 1940. Please refer to these items for a detailed explanation of this relationship and important conflict of interest disclosures.

For additional information, the Fund's

Prospectus and Statement of Additional Information are available on-line at: www.davidsonmutualfunds.com. Prospective investors should review these documents carefully before making any investment in the mutual fund(s).

Mutual Fund Sub-Advisory Services. Davidson Fixed Income Management, a related person doing business as Kirkpatrick Pettis Capital Management, serves as the sub-advisor to the Tax Free Fund of Colorado and to the Tax Free Trust of Oregon, both of which are municipal bond mutual funds, registered with the SEC. In its role as sub-advisor, it provides portfolio management services on a discretionary basis to the funds' investment adviser, Aquila Investment Management, LLC. Both of these mutual funds invest in municipal bonds issued by state, county or local governments located in each respective mutual fund's state.

CODE OF ETHICS AND PERSONAL TRADING

Davidson Investment Advisors has adopted a Code of Ethics ("Code") which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Davidson's Code establishes rules of conduct for all employees and is designed to govern personal securities trading activities in the accounts of employees, among other things. The Code is based upon the principle that Davidson and its employees owe a fiduciary duty to its clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid: serving their own personal interests ahead of clients; taking inappropriate advantage of their position with the Firm; and any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You

may request a copy by calling us at 800-332-0529.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

As a general practice, Davidson does not engage in principal transactions.

Davidson employees are allowed to invest in the same securities recommended to or owned by clients. However, in order to avoid conflicts of interest, all Davidson employees are required to receive prior approval to trade in personal security accounts.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

D.A. Davidson & Co. Participation in Client Transactions. As previously noted, Davidson Investment Advisors may recommend D.A. Davidson & Co., a related party and broker-dealer, as the qualified custodian for many Davidson Investment Advisor clients. Subject to the requirements of applicable law, D.A. Davidson & Co. may act as principal, buying securities for itself from, or selling securities it owns to, an advisory client, but only on a case-by-case basis with advance written authorization from the client, and when it is in the best interest of a client to do so.

D.A. Davidson & Co.'s policy generally prohibits agency cross transactions for advisory clients, but in rare exceptions may be granted. An agency cross transaction is a transaction in which D.A. Davidson & Co. acts as broker for the party or parties on both sides of the transaction. However, no cross transactions may be made in ERISA-covered or IRA advisory accounts. For additional information regarding D.A. Davidson & Co.'s principal trading and

agency cross transaction policies, please refer to D.A. Davidson & Co.'s Wrap Fee Brochure. You may also request a copy by calling us at 800-332-0529.

GENERAL BROKERAGE PRACTICES

For clients, Davidson Investment Advisors will determine: (1) which securities are bought and sold; (2) the total amount of such purchases and sales and whether a client's transaction should be aggregated with those of other clients; (3) the broker through which transactions will be executed and; (4) the commission rates paid to effect the transactions in the good faith judgment of the Firm so that such orders will be placed at prices and commissions that will be in the best interest of the account.

Best Execution. Davidson has the obligation to seek best execution when it places trades with broker-dealers. Best execution entails the efficient placement of orders, clearance, settlement and the overall quality of execution as well as the cost of the transaction.

Selection of Broker-Dealers. Davidson considers the full range and quality of the services in selecting or approving broker-dealers to meet best execution obligations which include but are not limited to: ability to provide anonymity; promptness of execution; access to inventory in case of fixed income, or access to multiple centers and alternative networks in case of equity; best available price; competitive bids/offers; adequate backup for the trader; financial stability/business reputation; overall responsiveness, and communication.

Soft Dollars. Consistent with obtaining best execution for clients, Davidson maintains trading arrangements with various broker-dealers whereby it has access to its research. Davidson may direct trades to one of those broker-dealers and pay commissions that are competitive but that are higher than the

lowest available rate that another broker might have charged, if Davidson determines in good faith that the commissions are reasonable in relation to the value of the brokerage and research services provided.

The provision of such services in exchange for brokerage business is commonly referred to as a "soft dollar arrangement." Research services and products may include tangible research products, (publications or writings as to the value of securities, analysis and reports concerning issuers, industries, economic factors and trends) as well as direct access to analysts and traders. This creates an incentive to select or recommend a broker-dealer based on Davidson's interest in receiving research, rather than client's interest in receiving most favorable execution. However, Davidson has a fiduciary duty to act in the best interest of clients and to obtain best execution for its advisory clients. Davidson does not enter into soft dollar arrangements that are not covered by the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

BROKERAGE PRACTICES – DISCRETIONARY PROGRAM

Directed Brokerage in Wrap Programs. Client accounts managed by Davidson which originate through a Wrap Program ordinarily are directed brokerage accounts. Sponsors of these programs typically charge the program participants a fee, which covers the costs of executing transactions for the participants' accounts when such transactions are placed by the program sponsor. Trades not placed by the program sponsor are referred to as "step-out" trades and will incur the client additional trading costs. A Wrap Program client should confer with the program's sponsor and determine that the direction of brokerage provided for under the program is reasonable in view of the benefits received, and that the trade execution provided by the program's sponsor is in the client's best interest.

Davidson executes transactions in exchange-traded securities and mutual funds for Wrap Program clients via D.A. Davidson; as such, there are no additional per-share transaction costs to the client for the execution of these trades. Davidson "steps-out" the majority of its fixed income trades, since it believes that "step-out" trades are more likely to provide Wrap Program clients with best execution and offer a higher degree of liquidity. Wrap Program clients will not incur trading costs that are in addition to the fee they pay to the program sponsor for fixed income transactions.

Order Aggregation. Davidson will aggregate client trades where possible and when advantageous to clients. This aggregation of trades permits the trading of blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. All participating accounts receive an average share price for trade execution.

Trade Rotation. Davidson employs a trade rotation policy for block trades, by which a rotating, pre-determined order is used to bring clients' shares to the market.

In the event that an aggregated trade takes multiple trading sessions to complete, the overall trade rotation for subsets is adhered to, and allocation of shares is conducted on a random basis using the trade order management system.

BROKERAGE PRACTICES – NON-DISCRETIONARY PROGRAM

For Non-Discretionary accounts, Davidson generally places orders for the account promptly after receiving client authorization to do so, and therefore, generally does not wait to aggregate trades for the client with trades for other clients. Because similar orders for the client and other clients will be placed and

filled at different times, clients may buy or sell securities at prices that are different from the prices obtained by other clients who received the same or similar advice from Davidson. All trades in Non-Discretionary accounts will be placed through D.A. Davidson & Co.

REVIEW OF ACCOUNTS

Reviews. Davidson continually monitors the underlying securities within each client's accounts. Depending on the type, accounts are generally reviewed on a quarterly basis or at least on an annual basis. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, political or economic environment.

These accounts are reviewed by various members of the investment team, client service professionals and portfolio administrators.

Reports. Davidson generally provides written reports to clients on the performance of their account(s) on a quarterly basis. Client performance reports typically include a portfolio valuation, the asset allocation, and account performance. Performance returns include the deduction of advisory fees, transaction costs, market appreciation or depreciation and the reinvestment of capital gains, dividends, interest and other income.

When preparing a client's account statements and performance reports, Davidson relies on third parties, such as third party quotation services and other custodians when determining the value of account assets. Our Firm does not conduct an in-depth review of valuation information provided by third party quotation services or other custodians, and it does not verify or guarantee the accuracy of such information. The prices obtained by Davidson from the third party quotation services it uses may differ from prices that could be obtained from other sources. If a

client has assets held by a third party custodian, the prices shown on a client's account statement provided by that custodian may be different from the prices shown on statements and reports provided by Davidson due to the use of different valuation sources by the custodian and Davidson.

CLIENT REFERRALS

Davidson will from time to time pay referral fees to independent persons or firms, as well as Financial Advisors at D.A. Davidson & Co., a related person and broker-dealer, ("Solicitors") for introducing clients to us. Whenever Davidson pays a referral fee, we require the Solicitor to provide the prospective client with a copy of this Brochure and a separate disclosure statement that includes: the Solicitor's name and relationship with our Firm; the fact that the Solicitor is being paid a referral fee; the amount of the fee; and whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of Firm practice, the advisory fees charged to clients referred by solicitors or related parties are not increased as a result of any referral.

OTHER COMPENSATION

It is Davidson Investment Advisors' policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

FINANCIAL INFORMATION

We are also required to disclose any financial condition that is likely to impair our ability to meet our contractual obligations. Davidson Investment Advisors, Inc. has no additional financial circumstances to report.

Davidson Investment Advisors, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.