

Form ADV - Part 2A
Client Brochure

Davidson Capital Management, Inc.
SEC File Number 801-60519

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This brochure provides information about the qualifications and business practices of Davidson Capital Management, Inc. If you have any questions about the contents of this brochure, please contact W. Jeffrey Davidson at jeff@davidsoncap.com or (361)906-0070. 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 Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes for Form ADV - Part 2A & 2B

Material Changes for Form ADV - Part 2A

Item 4 – Advisory Business

Updated language regarding asset allocation strategies

Discretionary assets under management, number of Discretionary and non-Discretionary accounts updated as of December 31, 2019

Item 5 – Fees and Compensation

Updated Discretionary Account Agreement termination procedures

Updated Management Fee Schedule for all assets managed by Davidson Capital Management in the Individual & Asset Builder management programs

Added Fee Schedule for Other Fiduciary Services

Item 14 – Review of Accounts

Updated portfolio reporting capabilities that included daily reports available through Davidson Capital Management's online portal

Material Changes for Form ADV - Part 2B

Updated office addresses for John Kyle Davidson & Joe Carroll Rust Jr. to reflect our San Antonio office

Updated all principal employees' and consultant Outside Business Activities disclosures to reflect the addition of the WOAI 1200 radio show

Updated John Edward Davidson's Supervision requirements

Item – 3 Table of Contents

Form ADV - Part 2A

Item 1	Cover Page	1
Item 2	Material Changes to Form ADV- Part 2A & 2B	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	4
Item 6	Fiduciary Status	6
Item 7	Performance-Based Fees and Side-By-Side Management	7
Item 8	Types of Clients	7
Item 9	Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 10	Disciplinary Information	8
Item 11	Other Financial Industry Activities and Affiliations	8
Item 12	Code of Ethics, Participation or Interest in Client Transactions And Personal Trading	8
Item 13	Brokerage Practices	10
Item 14	Review of Accounts	12
Item 15	Client Referrals and Other Compensation	12
Item 16	Custody	13
Item 17	Investment Discretion	13
Item 18	Voting Client Securities	13
Item 19	Financial Information	18
Item 20	Requirements for State Registered Advisers	18

Form ADV - Part 2B

William Jeffrey Davidson	19
John Kyle Davidson	22
Joe Carroll Rust, Jr.	25
John Edward Davidson	28

Item 4 - Advisory Business

Davidson Capital Management, Inc. (DCM) is a subchapter S Corporation organized under the laws of the state of Texas. DCM is a registered investment adviser with the United States Securities and Exchange Commission, the Texas State Securities Board, and has been registered since November 1989.

DCM is owned by William Jeffrey Davidson, President, and John Kyle Davidson Vice President. DCM is not publicly owned or traded. There are no indirect owners of DCM.

DCM provides independent, fee-only investment management to its clients under 3 different investment management programs: Individually Managed Account, Asset Builder Account, and 401(k) Advisory Account. William Jeffrey Davidson, John Kyle Davidson, and Joe Carroll Rust Jr. develop asset allocation strategies using a mix of stocks, exchange traded funds, bonds, and no-load mutual funds. The asset allocation strategy for each client will be determined by the amount of client assets available to invest, the clients' risk tolerance, investment objective, and income requirements. Clients may impose security name, security type, and portfolio allocation restrictions.

DCM does not specialize in any specific investment type and generally limits the types of securities used for client investment to the following: common stocks, exchange traded funds, government bonds, investment grade corporate bonds, State of Texas municipal bonds, and no-load mutual funds.

As of December 31, 2019, DCM managed on a discretionary basis \$290,530,491 in 656 accounts and on a non-discretionary basis \$82,766 in 1 account.

DCM does not participate in any wrap account programs.

Item 5 - Fees and Compensation

DCM charges investment management fees for investment management services. Investment management fees under the Individually Managed Account or Asset Builder Account programs are computed based upon the total market value of assets managed for each client at the close of each calendar quarter and are payable quarterly in advance. Investment management fees are deducted directly from each client's account.

If the client terminates DCM's Discretionary Account Agreement DCM must be notified either in writing or verbally by an account holder, or the account holders' duly authorized representative. DCM, may in its sole discretion, accept the termination notification by one account holder, or the account holder's duly authorized representative, to be valid termination of *all* accounts held at the same household address as the notifying party even if the notifying party is not the account holder. All Individually Managed Account or Asset Builder Account clients are required to give 30-day termination notices before management fees cease accruing. After the required 30-day notice

period elapses, DCM will refund to the client's account any unearned management fees from the ending date of the 30-day notice period to the end of the calendar quarter. If there is less than 30 days left in the calendar quarter when termination notice is given there will be no management fee refund. If DCM terminates the Discretionary Account Agreement for any reason, a management fee refund will be computed based on the date of termination to the end of the calendar quarter.

INDIVIDUALLY MANAGED & ASSET BUILDER ACCOUNT FEE SCHEDULES

First \$1 Million	1.00% of Assets Annually
Next \$1 Million	0.90%
Next \$2 Million	0.80%
Thereafter	0.70%

DCM may negotiate management fees in certain circumstances.

Clients that invest in common stocks or exchange traded funds may be charged a commission by the custodian for the purchase or sale of these securities.

Clients that invest in mutual funds should understand that each mutual fund company charges fees and expenses to manage the client's assets that are in addition to the investment management fees charged by DCM. In addition, the custodian of each client's account may charge a transaction fee for the purchase or sale of some or all the mutual funds selected by DCM for investment in client account. These transaction fees are beyond the control of DCM.

Clients may also incur other fees and expenses imposed by custodians, brokers, or other third parties such as custodial fees, deferred sales charges, account transfer fees, and wire transfer fees. The fees and expenses charged by each mutual fund company, custodian, broker, or other third party is beyond the control of DCM.

DCM is not compensated for the selection of any security used for client investment. DCM does not receive any portion of the fees and expenses charged to any client by the mutual fund company, custodian, broker, or other third party.

401(k) PLAN ADVISORY FEE SCHEDULE

First \$3 Million	.50% of Assets Annually
Next \$2 Million	.20% of Assets Annually
Next \$5 Million	.15% of Assets Annually
Next \$10 Million	.10% of Assets Annually
Thereafter	Negotiable

Minimum Annual Management Fee \$5,000

Investment management fees are paid quarterly in arrears. This fee is in addition to the 401(k) third

party administrator's annual asset fee(s) as outlined in their 401(k) program agreement and the management fees and expenses charged by the individual mutual funds in the 401(k) plan. Both the fees and expenses charged by the third-party administrator and the mutual fund company are beyond the control of DCM.

Investment management fees are paid quarterly in arrears. This fee is in addition to the 401(k) third party administrator's annual asset fee(s) as outlined in their 401(k) program agreement and the management fees and expenses charged by the individual mutual funds in the 401(k) plan. Both the fees and expenses charged by the third-party administrator and the mutual fund company are beyond the control of DCM.

OTHER FIDUCIARY SERVICES

DCM may perform other fiduciary services for clients. DCM's compensation for those other fiduciary services will be negotiated on a case-by-case basis.

Item 6 – Fiduciary Status

As fiduciaries DCM is required to act in the best interest of all clients and to place the interests of all clients before their own.

DCM is deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, DCM 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. To avoid engaging in prohibited transactions, DCM may only charge fees for investment advice. DCM does not receive any 12b-1 fees from the mutual fund companies selected for inclusion in DCM's 401(k) investment platform and does not receive any portion of the fees and expenses charged to any client by the third-party administrator.

To the extent that DCM provides investment advice regarding retirement plan investments, DCM will comply with the requirements of the Department of Labor's Best Interest Contract Exemption applicable to level fee fiduciaries. DCM acknowledges that it is a fiduciary under ERISA with respect to such investment advice. DCM will provide investment advice that is, at the time of the recommendation, in the best interest of the Client, without regard to the financial or other interests of DCM, any affiliate, related entity, or other party. Any recommended transaction will not cause DCM (or its affiliates or related entities) to receive, directly or indirectly, compensation for their services that is in excess of reasonable compensation within the meaning of ERISA Section 408(b)(2) and IRC Section 4975(d)(2). Neither DCM nor its advisers will make any statement to the Client about the recommended transaction, fees and compensation, material conflicts of interest, or any other matters relevant to the Client's investment decisions that are materially misleading at the time they are made.

In the case of a recommendation to roll over from an ERISA plan to an IRA, DCM will document the specific reason or reasons why the recommendation was in the best interest of the Client. This documentation will include consideration of the Client's alternatives to a rollover, including leaving the money in his or her current employer's plan, if permitted, and will take into account the fees and expenses associated with both the plan and the IRA; whether the employer pays for some or all of the plan's administrative expenses; and the different levels of services and investments available under each option. In the case of a recommendation to roll over from another IRA or to switch from a commission based account to a level fee arrangement, DCM will document the reasons that the arrangement is in the best interest of the Client, including the services that will be provided for the fee.

Item 7 - Performance-Based Fees and Side-By-Side Management

DCM does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 8 - Types of Clients

DCM provides investment management services to individuals, charitable organizations, corporations, and defined contribution plans.

Clients are required to initially invest and maintain an account balance of at least \$1,000,000 to participate in the Individually Managed Account program.

Clients are required to initially invest and maintain an account balance of at least \$500,000 to participate in the Asset Builder Account program. DCM reserves the right to combine multiple accounts to determine if minimum investment requirements are met.

DCM reserves the right to waive minimum investment requirements for any investment program at our discretion.

Item 9 - Methods of Analysis, Investment Strategies and Risk of Loss

DCM uses a long-term investment strategy with adjustments in client holdings being made when valuation changes occur, which cause holdings to become either overvalued or undervalued.

In constructing equity portfolios, DCM uses a quality oriented, disciplined, long term approach to identify those companies whose fundamentals cause them to have greater growth potential than the marketplace. The same disciplined approach will be used to sell those holdings which have become overpriced. A database screen is used to identify those companies which merit further screening. From the eligible list, portfolios will be constructed using a proprietary grid ranking system which is sensitized to risk, economic, and cyclical considerations.

Fixed income portfolios are constructed around a high quality core holding of investment grade government, agency, corporate, or Texas municipal bonds with maturity ranges of 1 to 7 years from the date of purchase depending on the type of investment account and the client's marginal tax bracket. The remainder of the portfolio is invested in either longer or shorter maturity government, agency, corporate, or Texas municipal bonds based upon DCM's interest rate forecasts.

Mutual fund portfolios are constructed using proprietary screens of the entire mutual fund universe. Mutual funds are screened based on criteria such as investment style, portfolio manager tenure, fees and expenses, and long-term performance.

The principal sources of information to be used in equity, fixed income, and mutual fund research are print and online databases that contain fundamental investment variables for individual companies. DCM also obtains information from financial newspapers and magazines, and other sources offering information relevant to potential investments.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

All investments present the risk of loss of principal - the risk that the value of securities, when sold or otherwise disposed of, may be less than the original price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

Item 10 - 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 DCM or the integrity of DCM's management. DCM has no disciplinary events to disclose.

Item 11 - Other Financial Industry Activities and Affiliations

DCM has no other financial industry activities or affiliations.

Item 12- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

DCM's Code of Ethics (The Code) establishes rules of conduct for all employees of DCM and is designed to, among other things, govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that DCM and its employees owe a fiduciary duty to DCM's clients to conduct their affairs, including their personal securities transactions, in

such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by DCM continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee.

Pursuant to Section 206 of the Investment Advisers Act of 1940 (Advisers Act), both DCM and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that DCM has an affirmative duty of utmost good faith to act solely in the best interest of its clients.

DCM and its employees are subject to the following specific fiduciary obligations when dealing with clients: (1) The duty to have a reasonable, independent basis for the investment advice provided; (2) The duty to obtain best execution for a client's transactions where the Firm is in a position to direct brokerage transactions for the client; (3) The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs and circumstances; and (4) A duty to be loyal to clients.

DCM employees may buy or sell securities that are also used for client investment. DCM maintains a formal policy manual which has been acknowledged in writing by every employee. DCM has a strict policy against entering into transactions that might pose a conflict of interest between employees and DCM's clients. DCM employees are forbidden from purchasing or selling securities, other than open-end mutual funds, immediately prior to the purchase or sale of the same securities by a client. Investment accounts of DCM employees are reviewed monthly by the Chief Compliance Officer to ensure adherence to this policy.

In meeting its fiduciary responsibilities to its clients, DCM expects every employee to demonstrate the highest standards of ethical conduct for continued employment with DCM.

Strict compliance with the provisions of the Code shall be considered a basic condition of employment with DCM.

A complete copy of DCM's Code of Ethics is available to existing or prospective clients on our website at www.davidsoncap.com/our-firm/disclosures or on request.

Item 13 - Brokerage Practices

Individual & Joint Brokerage Accounts, Custodial Accounts, Corporate Accounts, Endowments, Partnerships, IRA's, Roth IRA's, Inherited IRA's, SEP IRA's, Simple IRA's

DCM may recommend and/or require that clients establish brokerage accounts with the Schwab Institutional Division of Charles Schwab & Co., Inc. (Schwab) a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although DCM may recommend and/or require that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. DCM is independently owned and operated and not affiliated with Schwab.

Schwab provides DCM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon DCM committing to Schwab any specific amount of business (assets in custody or trading). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For DCM's client accounts maintained in Schwab's custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to DCM other products and services that benefit DCM but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of DCM's accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist DCM in managing and administering clients' accounts includes software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocation of aggregated trade orders for multiple client accounts; (iii) provide research, pricing information and other market data; (iv) facilitate payment of DCM's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help DCM manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay for these types of services rendered to DCM by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to DCM.

Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of DCM personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, DCM may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by

Schwab, which may create a potential conflict of interest. Our experience with Schwab has demonstrated their integrity in the marketplace, reputation, confidentiality, financial stability, reliability, accurate record keeping, and back office services.

DCM may from time to time aggregate client security orders. DCM, or persons associated with DCM, or entities controlled by DCM will not be favored by DCM over any other client and each client who participates in an aggregated security order will receive the same average security price. By aggregating all our trades through Schwab Institutional, DCM can negotiate reduced commission costs for all clients. Schwab Institutional's back-office support works in conjunction with DCM's portfolio management system to deliver reduced overhead costs enabling DCM to reduce overall management fees charged to our clients. If the client does not specify otherwise, DCM will direct all of the client's security transactions through Schwab Institutional.

Clients should understand that if they wish to direct or they are required to direct their security transactions through a broker-dealer other than Schwab Institutional, DCM may or may not charge additional management fees or expenses to compensate for increased overhead expenses that may be required to direct trades through the client's selected broker-dealer.

Brokerage firms are considered based upon the value of research provided, execution capability, commission rate, financial responsibility, responsiveness to DCM and its clients, and other factors which DCM deems appropriate. The determinative factor is not necessarily the lowest possible commission, but whether each security transaction represents the best qualitative execution for the client's account.

DCM does not share in any commission or fee charged by any custodian to any client account.

401(k) Accounts

DCM has contracted with various third-party organizations (The TPRs), to act as third party recordkeepers to 401(k) plans where DCM will act as a consultant to the plan sponsors' participants. DCM will use its proprietary method of selecting mutual funds to create a list of mutual funds available for investment in each 401(k) plan. Plan participants can design their own 401(k) portfolio the following ways. (1) Plan participants can select from various risk-based asset allocation models designed by DCM or asset allocation models designed by the third party recordkeeper which will contain pre-set allocations of mutual funds from the list of mutual funds selected by DCM. (2) Plan participants can design their own portfolio asset allocation from the list of mutual funds chosen by DCM. (3) If the third party recordkeeper permits, plan participants can create portfolios from a combination of both (1) & (2). DCM will draft an Investment Policy

Statement (IPS) and provide ongoing monitoring of the mutual funds in the 401(k) plan to ensure compliance with the IPS. The mutual funds available to 401(k) participants are continually reviewed by DCM. When any mutual fund(s) fail to meet the investment standards outlined in the IPS, DCM will replace those mutual fund(s). DCM and the third part administrators (TPA's) will provide plan design, plan implementation, and ERISA consultation. The TPA's will offer administration and communication to the plan's participants. The TPA's offer a menu of employee education and communication materials, quarterly statements, online participant support at the TPA's websites, interactive voice response (IVR) telephone systems, including Spanish versions, and customized enrollment materials. The TPA's will provide compliance documents and reporting to the Department of Labor.

DCM does not share in any commission or fee charged to any 401(k) participant's account by third party organizations.

Item 14 - Review of Accounts

Portfolio Reviews

DCM continuously monitors all client portfolios for adherence to each portfolio's investment objectives. Portfolio changes are made when DCM determines that; (i) market conditions change causing investment objectives to be adjusted or (ii) client investment objectives change due to client specific factors.

Portfolio Reporting

Written reports which give a summary of account holdings, transactions, and performance will be furnished to clients on a quarterly basis through our online portal. In addition, daily updated reports which give a summary of account holdings, realized gains & losses, and performance will be furnished to clients through our online portal. DCM offers face-to-face portfolio review meetings on an annual basis.

For our 401(k) clients, the third-party organization will provide quarterly statements to the employer and employees. DCM will provide semi-annual or annual group meetings with the employer and employees.

Item 15 - Client Referrals and Other Compensation

DCM has entered into an agreement with W. Gary Whittington ("Whittington") who is independent and unaffiliated with DCM to participate in a referral program. This agreement provides that for each prospective client referred to DCM by Whittington that subsequently becomes a client, DCM agrees to pay Whittington a referral fee equal to twenty percent (20%) of the annual advisory fee charged to the client by DCM for as long as DCM is the client's investment adviser and Whittington abides by the provisions of the referral agreement contract between DCM

& Whittington. Referral fees are paid to Whittington on a quarterly basis. DCM has agreed not to

charge advisory clients introduced by Whittington fees or costs greater than the fees or costs DCM charges its advisory clients who were not introduced by Whittington and who have similar portfolios under management with DCM.

Item 16 - Custody

DCM does not have custody of clients' cash or securities. All clients' cash and securities are held by independent qualified custodians.

Item 17 - Investment Discretion

DCM's Discretionary Account Agreement provides for full discretionary investment control over client assets. The powers of DCM shall include, without limitation, the power to buy, sell, exchange, convert and otherwise trade in any stocks, bonds, mutual funds, and/or exchange traded funds, and to place orders for the execution for such security transactions with or through such brokers, dealers, or issuers for such service and compensation as DCM may deem appropriate.

Item 18- Voting Client Securities

Policy

DCM as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policies and practices include the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

Background

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. Investment advisers registered with the SEC, and which exercise voting authority with respect to client securities, are required by Rule 206(4)-6 of the Advisers Act to (a) adopt and implement written policies and procedures that are reasonably designed to ensure that client securities are voted in the best interests of clients, which must include how an adviser addresses material conflicts that may arise between an adviser's interests and those of its clients; (b) to disclose to clients how they may obtain information from the adviser with respect to the voting of proxies for their securities; (c) to describe to clients a summary of its proxy voting policies and procedures and, upon request, furnish a copy to its clients; and (d) maintain certain records relating to the adviser's proxy voting activities when the adviser does have proxy voting authority.

Responsibility

W. Jeffrey Davidson has the responsibility for the implementation and monitoring of our proxy voting policy, practices, disclosures and record keeping, including outlining our voting guidelines in our procedures.

Procedure

DCM has adopted procedures to implement the firm's policy and reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

Voting Procedures

- All employees will forward any proxy materials received on behalf of clients to W. Jeffrey Davidson;
- W. Jeffrey Davidson will determine which client accounts hold the security to which the proxy relates;
- Absent material conflicts, W. Jeffrey Davidson will determine how DCM should vote the proxy in accordance with applicable voting guidelines, complete the proxy and vote the proxy in a timely and appropriate manner.

Disclosure

- DCM will provide conspicuously displayed information in its Disclosure Document summarizing this proxy voting policy and procedures, including a statement that clients may request information regarding how DCM voted a client's proxies, and that clients may request a copy of these policies and procedures.
- W. Jeffrey Davidson will also send a copy of this summary to all existing clients who have previously received DCM's Disclosure Document; or W. Jeffrey Davidson may send each client the amended Disclosure Document. Either mailing shall highlight the inclusion of information regarding proxy voting.

Client Requests for Information

- All client requests for information regarding proxy votes, or policies and procedures, received by any employee should be forwarded to W. Jeffrey Davidson.
- In response to any request W. Jeffrey Davidson will prepare a written response to the client with the information requested, and as applicable will include the name of the issuer, the proposal voted upon, and how DCM voted the client's proxy with respect to each proposal about which client inquired.

Policy Statement

DCM is adopting these proxy voting policies and procedures (the "Policies and Procedures") in order to comply with Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended and

its associated record-keeping requirements.

The Policies and Procedures apply to those client accounts (i) that contain voting securities; and (ii) for which DCM has authority to vote client proxies. The Policies and Procedures will be reviewed and, as necessary, updated periodically to address new or revised proxy voting issues. Other, similar rights such as consent rights shall be evaluated on a case by case basis.

Pursuant to the Policies and Procedures and its fiduciary duties DCM will vote client proxies as part of its authority to manage, acquire and dispose of account assets. When voting proxies for client accounts, the DCM's primary objective is to make voting decisions solely in the best interests of clients and beneficiaries and participants of benefits plans for which we manage assets. In fulfilling its obligations to clients, the DCM will act in a manner deemed to be prudent and diligent and which is intended to enhance the economic value of the underlying securities held in client accounts. In certain situations, a client or its fiduciary may provide DCM with a statement of proxy voting policy. In these situations, DCM seeks to comply with such policy to the extent it would not be inconsistent with applicable regulation or the fiduciary responsibility of DCM.

General Proxy Voting Guidelines

It is the policy of DCM in voting proxies to consider and vote each proposal with the objective of maximizing long-term investment returns for its clients. To ensure consistency in voting proxies on behalf of its clients, DCM utilizes the proxy voting guidelines (the "Proxy Voting Guidelines") set forth below. These guidelines address a broad range of issues, including board size and composition, executive compensation, anti-takeover proposals, capital structure proposals and social responsibility issues.

Management Proposals

A. The following management sponsored proposals are usually voted *in support* of management:

1. Approval of auditors and financial statements
2. Election of Directors
3. Requirement that at least 51% of its Board's members be comprised of independent and unaffiliated Directors
4. Requirement that the majority of members of the company's compensation committee, and 100% of members of the company's nominating and audit committees, be comprised of independent or unaffiliated Directors
5. Recommendations to set retirement ages or require specific levels of stock ownership by Directors
6. General updating/corrective amendments to the charter
7. Elimination of cumulative voting
8. Elimination of preemptive rights
9. Provisions for confidential voting and independent tabulation of voting results
10. Proposals related to the conduct of the annual meeting except those proposals which relate to the "transaction of such other business which may come before the meeting"
11. Capitalization changes which eliminate other classes of stock and voting rights
12. Proposals to increase the authorization of existing classes of stock if: (i) a clear and

-
- legitimate business purpose is stated and (ii) the number of shares requested is reasonable in relation to the purpose for which authorization is requested
13. Proposals for share repurchase plans, unless it appears that a repurchase plan lacks a bona fide business purpose
 14. Proposals to affect stock splits unless such a split would be contrary to shareholders' interest
 15. Proposals to effect reverse stock splits if management proportionately reduces the authorized share amount set forth in the corporate charter. Reverse stock splits that do not adjust proportionately to the authorized share amount will generally be approved if the resulting increase in authorized shares coincides with the proxy guidelines set forth above for common stock increases
 16. Director fees unless the amounts are excessive relative to other companies in the country or industry
 17. Employee stock purchase plans that permit discounts up to 15%, but only for grants that are part of a broad-based employee plan, including all non-executive employees
 18. Establishment of Employee Stock Option Plans and other employee ownership plans
 19. Proposals to expense stock options
 20. Executive/Director stock option plans. Generally, the stock option plans should meet the following criteria: (i) the stock option plan should be incentive based; (ii) should be no more than 2% per annum of the issued capital at the time of approval
 21. Modify or rescind existing supermajority vote requirements to amend the charters or bylaws
 22. Adoption of anti-greenmail provisions provided that the proposal (a) defines greenmail, (b) prohibits buyback offers to large block holders not made to all shareholders or not approved by disinterested shareholders, and (c) contains no antitakeover measures or other provisions restricting the rights of shareholders
 23. Proposals requiring shareholder ratification of poison pill
- B. The following proposals are usually voted ***against***, notwithstanding management support:
1. Capitalization changes which add classes of stock which may significantly dilute the voting interests of existing shareholders
 2. Proposals to increase the authorized number of shares of existing classes of stock which carry preemptive rights or super voting rights
 3. Creation of blank check preferred stock
 4. Changes in capitalization by 2% or more where management does not offer an appropriate rationale or where it is contrary to the best interests of existing shareholders
 5. Compensation proposals that allow for discounted stock options which have not been offered to employees in general
 6. Executive compensation plans that are excessive relative to other companies in the industry
 7. Anti-takeover and related provision that serve to prevent the majority of shareholders from exercising their rights or effectively deter the appropriate tender offers and other offers
 8. Shareholders rights plans which allow appropriate offers to shareholders to be blocked by the board or trigger provisions which prevent legitimate offers from proceeding
 9. Amendments to bylaws that would require a supermajority shareholder vote to pass or

- repeal certain provisions
- 10. Proposals to indemnify auditors
- 11. Proposals to adopt poison pills

C. The following types of proposals are usually voted on a *case-by-case* basis:

1. Change-in-control provisions in non-salary compensation plans, employment contracts, and severance agreements that benefit management and would be costly to shareholders if triggered are not supported by the Advisers, however the Adviser does not want to vote against a good management team, and so will usually abstain
2. Mergers, acquisitions and other special corporate transactions (i.e., takeovers, spin-offs, sales of assets, reorganizations, restructurings and recapitalizations)
3. Proposals to create a new class of preferred stock or for issuances of preferred stock up to 5% of issued capital unless the terms of the preferred stock would adversely affect the rights of existing shareholders, in which case we are opposed
4. Proposals to reduce the number of authorized shares of common or preferred stock, or to eliminate classes of preferred stock, provided such proposals have a legitimate business purpose
5. Proposals to change covenants or other terms in connection with financings or debt issuances
6. Proposals to amend terms of shareholder rights agreements or similar documents which will affect the rights of a client
7. Limiting Directors' liability and broadening indemnification of Directors shareholder proposals

Shareholder Proposals

A. The following shareholder proposals are usually voted *in support*:

1. Requirement that a majority of members of the company's compensation, nominating and audit committees be comprised of independent or unaffiliated Directors
2. Prohibit payment of greenmail
3. Proposals which request or require disclosure of executive compensation in addition to the disclosure required by the Securities and Exchange Commission ("SEC") regulations
4. Elimination of certain anti-takeover related provisions
5. Reduction or elimination of supermajority vote requirements
6. Proposals to expenses stock options
7. Confidential voting

B. The following shareholder proposals are usually voted *against*:

1. Requirements that the issuer prepare reports which are costly to provide, or which would require duplicative efforts or expenditures which are of a non-business nature or would provide no pertinent information from the perspective of institutional shareholders
2. Restrictions related to social, political or special interest issues that impact the ability of the company to do business or be competitive and which have a significant financial or best interest impact to the shareholders
3. Proposals that require inappropriate endorsements or corporate actions
4. Proposals requiring Directors to own large amounts of stock to be eligible for election
5. Proposals which limit tenure of Directors

6. Requiring shareholder approval of golden parachutes

C. The following shareholder proposals are usually determined on a *case-by-case* basis:

1. Proposals to limit golden parachutes
2. Restoring cumulative voting in the election of Directors
3. Requirement that a certain percentage of its Board's members be compromised of independent and unaffiliated Directors
4. Proposals which limit retirement benefits or executive compensation
5. Requiring shareholder approval for Bylaw or charter amendments
6. Requiring shareholder approval for shareholder rights plan or poison pill

Conflicts of Interest

- DCM will identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationship of DCM with the issuer of each security to determine if DCM or any of its employees has any financial, business or personal relationship with the issuer.
- If a material conflict of interest exists, W. Jeffrey Davidson will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.
- DCM will maintain a record of the voting resolution of any conflict of interest.

Recordkeeping

W. Jeffrey Davidson shall retain the following proxy records in accordance with the SEC's five-year retention requirement.

- These policies and procedures and any amendments;
- Each proxy statement that DCM receives;
- A record of each vote that DCM casts;
- Any document DCM created that was material to deciding how to vote proxies, or that memorializes that decision including periodic reports to W. Jeffrey Davidson or proxy committee, if applicable.
- A copy of each written request from a client for information on how DCM voted such client's proxies, and a copy of any written response.

Item 19 - Financial Information

DCM does not receive investment management fees more than six months in advance.

Item 20 - Requirements for State-Registered Advisers

DCM is a federally registered investment adviser.

Form ADV - Part 2B
Brochure Supplement

William Jeffrey Davidson
CRD File Number 4406705

5656 South Staples, Suite 370
Corpus Christi, Texas 78411
Phone: (361)906-0070

March 31, 2020

This brochure supplement provides information about William Jeffrey Davidson that supplements the Davidson Capital Management, Inc. (DCM) brochure. You should have received a copy of that brochure. If you did not receive DCM's brochure or have any questions about the contents of this brochure supplement, please contact W. Jeffrey Davidson at jeff@davidsoncap.com or (361)906-0070. The information in this brochure supplement has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Educational Background and Business Experience

William Jeffrey Davidson
Year of Birth – 1966

BBA North Texas State University 1988
MBA Texas A&M University - Corpus Christi 1994

2017-Present Davidson Capital Management, Inc.
President/Owner

1992-2017 Davidson Capital Management, Inc.
Vice President/Owner

1988-1992 Norwest Financial Texas, Inc.
Branch Manager

Disciplinary Information

William Jeffrey Davidson is required as an investment adviser representative of DCM to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of William Jeffrey Davidson. William Jeffrey Davidson has no disciplinary events to disclose.

Other Business Activities

William Jeffrey Davidson participates in a radio show called "Money Wise with Davidson Capital Management" on KKTX 1360 AM in Corpus Christi, Texas, every Saturday from 12pm-2pm CST and on WOAI 1200 AM in San Antonio, Texas, every Saturday from 6pm-7pm CST. Both KKTX 1360 AM & WOAI 1200 AM are owned by IHeartMedia, Inc. The shows provide information on various investment and financial planning topics. The investment and financial planning information discussed during the shows do not purport to meet the needs of each individual listener. The shows are designed to provide listeners with general investment and financial planning information. Listeners can participate in the shows by sending an email to DCM with questions specific to their personal situation or by suggesting topics to be discussed during the shows. DCM maintains archive recordings of the radio shows on its website at www.davidsoncap.com/category/podcast and archives all email communications related to the radio shows. DCM compensates IHeartMedia, Inc. for this activity.

Additional Compensation

William Jeffrey Davidson does not receive any additional compensation for his work at DCM beyond his standard compensation.

Supervision

William Jeffrey Davidson's investment management and compliance activities are supervised thru daily office interactions with John Kyle Davidson, Senior Vice President.

Requirements for State-Registered Advisers

There are no events required to be disclosed by William Jeffrey Davidson.

Form ADV - Part 2B
Brochure Supplement

John Kyle Davidson
CRD File Number 3087294

8000 IH 10 West, Suite 970
San Antonio, Texas 78230
Phone: (210)418-1989

March 31, 2020

This brochure supplement provides information about John Kyle Davidson that supplements the Davidson Capital Management, Inc. (DCM) brochure. You should have received a copy of that brochure. If you did not receive DCM's brochure or have any questions about the contents of this brochure supplement, please contact W. Jeffrey Davidson at jeff@davidsoncap.com. or (361)906-0070. The information in this brochure supplement has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Educational Background and Business Experience

John Kyle Davidson
Year of Birth – 1975

BBA Southwest Texas State University 1998

2017-Present Davidson Capital Management, Inc.
Senior Vice President/Owner

2005-2017 Davidson Capital Management, Inc.
Vice President/Owner

2002-2005 ADP Retirement Services
Regional Channel Manager

1999-2002 Alliance Capital Management
Associate Wholesaler

Disciplinary Information

John Kyle Davidson is required as an investment adviser representative of DCM to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of John Kyle Davidson. John Kyle Davidson has no disciplinary events to disclose.

Other Business Activities

John Kyle Davidson participates in a radio show called "Money Wise with Davidson Capital Management" on KKTX 1360 AM in Corpus Christi, Texas, every Saturday from 12pm-2pm CST and on WOAI 1200 AM in San Antonio, Texas, every Saturday from 6pm-7pm CST. Both KKTX 1360 AM & WOAI 1200 AM are owned by IHeartMedia, Inc. The shows provide information on various investment and financial planning topics. The investment and financial planning information discussed during the shows do not purport to meet the needs of each individual listener. The shows are designed to provide listeners with general investment and financial planning information. Listeners can participate in the shows by sending an email to DCM with questions specific to their personal situation or by suggesting topics to be discussed during the shows. DCM maintains archive recordings of the radio shows on its website at www.davidsoncap.com/category/podcast and archives all email communications related to the radio shows. DCM compensates IHeartMedia, Inc. for this activity.

Additional Compensation

John Kyle Davidson does not receive any additional compensation for his work at DCM beyond his standard compensation.

Supervision

John Kyle Davidson's investment management and compliance activities are supervised thru daily office interactions with William Jeffrey Davidson, President & Chief Compliance Officer.

Requirements for State-Registered Advisers

There are no events required to be disclosed by John Kyle Davidson.

Form ADV - Part 2B
Brochure Supplement

Joe Carroll Rust, Jr.
CRD File Number 2674322

8000 IH 10 West, Suite 970
San Antonio, Texas 78230
Phone: (210)418-1989

March 31, 2020

This brochure supplement provides information about Joe Carroll Rust, Jr. that supplements the Davidson Capital Management, Inc. (DCM) brochure. You should have received a copy of that brochure. If you did not receive DCM's brochure or have any questions about the contents of this brochure supplement, please contact W. Jeffrey Davidson at jeff@davidsoncap.com. or (361)906-0070. The information in this brochure supplement has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Joe Carroll Rust, Jr. is also available on the SEC's website at www.adviserinfo.sec.gov

Educational Background and Business Experience

Joe Carroll Rust, Jr.
Year of Birth – 1975

BA Texas A&M University 1993

2017–Present Davidson Capital Management, Inc.
Vice President, Director of Retirement Plans

2007-2017 IBTX Wealth Management
Wealth Manager

2002-2007 Planco Financial Services
Regional Marketing Director

2000-2002 Allied Fund Distributors
Associate Wholesaler

1999-2000 Merrill Lynch, Pierce, Fenner & Smith, Inc.
Financial Consultant

1997-1999 Citicorp Investment Services
Financial Consultant

Disciplinary Information

Joe Carroll Rust, Jr. is required as an investment adviser representative of DCM to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Joe Carroll Rust, Jr. Joe Carroll Rust, Jr. has no disciplinary events to disclose.

Other Business Activities

Joe Carroll Rust, Jr. participates in a radio show called "Money Wise with Davidson Capital Management" on KKTU 1360 AM in Corpus Christi, Texas, every Saturday from 12pm-2pm CST and on WOAI 1200 AM in San Antonio, Texas, every Saturday from 6pm-7pm CST. Both KKTU 1360 AM & WOAI 1200 AM are owned by IHeartMedia, Inc. The shows provide information on various investment and financial planning topics. The investment and financial planning information discussed during the shows do not purport to meet the needs of each individual listener. The shows are designed to provide listeners with general investment and financial planning information. Listeners can participate in the shows by sending an email to DCM with questions specific to their personal situation or by suggesting topics to be discussed during the shows. DCM maintains archive recordings of the radio shows on its website at www.davidsoncap.com/category/podcast and archives all email communications related to the radio shows. DCM compensates IHeartMedia, Inc. for this activity.

Joe Carroll Rust Jr. is Vice President and 49% owner of Alamo City Angels, LLC, a bartending and promotions business. Mr. Rust spends approximately 3 to 4 hours a week after regular business hours on this activity.

Additional Compensation

Joe Carroll Rust, Jr. does not receive any additional compensation for his work at DCM beyond his standard compensation.

Supervision

Joe Carroll Rust, Jr.'s investment management and compliance activities are supervised thru daily office interactions with either William Jeffrey Davidson, President & Chief Compliance Officer or John Kyle Davidson, Senior Vice President.

Requirements for State-Registered Advisers

There are no events required to be disclosed by Joe Carroll Rust, Jr.

Form ADV - Part 2B
Brochure Supplement

John Edward Davidson
CRD File Number 2789891

5656 South Staples, Suite 370
Corpus Christi, Texas 78411
Phone: (361)906-0070

March 31, 2020

This brochure supplement provides information about John Edward Davidson that supplements the Davidson Capital Management, Inc. (DCM) brochure. You should have received a copy of that brochure. If you did not receive DCM's brochure or have any questions about the contents of this brochure supplement, please contact W. Jeffrey Davidson at jeff@davidsoncap.com or (361)906-0070. The information in this brochure supplement has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Educational Background and Business Experience

John Edward Davidson
Year of Birth – 1945

BBA University of Texas 1967
MBA Corpus Christi State University 1977

2017-Present Davidson Capital Management, Inc.
Consultant

1989-2017 Davidson Capital Management, Inc.
President

1987-1989 Lomas Capital Management
Vice President/Portfolio Manager

1984-1987 First City Bank of Dallas
Senior Vice President/Senior Trust Investment Officer

Disciplinary Information

John Edward Davidson is required as an investment adviser representative and consultant of DCM to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of John Edward Davidson. John Edward Davidson has no disciplinary events to disclose.

Other Business Activities

John Edward Davidson participates in a radio show called "Money Wise with Davidson Capital Management" on KKTX 1360 AM in Corpus Christi, Texas, every Saturday from 12pm-2pm CST and on WOAI 1200 AM in San Antonio, Texas, every Saturday from 6pm-7pm CST. Both KKTX 1360 AM & WOAI 1200 AM are owned by IHeartMedia, Inc. The shows provide information on various investment and financial planning topics. The investment and financial planning information discussed during the shows do not purport to meet the needs of each individual listener. The shows are designed to provide listeners with general investment and financial planning information. Listeners can participate in the shows by sending an email to DCM with questions specific to their personal situation or by suggesting topics to be discussed during the shows. DCM maintains archive recordings of the radio shows on its website at www.davidsoncap.com/category/podcast and archives all email communications related to the radio shows. DCM compensates IHeartMedia, Inc. for this activity.

Additional Compensation

John Edward Davidson does not receive any additional compensation for his work as a consultant to DCM.

Supervision

John Edward Davidson's consults William Jeffrey Davidson, John Kyle Davidson, and Joe Carroll Rust Jr. on matters relating to investment strategy and participates periodically as a contributor to the radio show. He also performs trading functions that are limited to the purchase or sale of fixed income securities only in a limited number of client accounts. He has no interaction with clients. John Edward Davidson's consulting and trading activities are supervised thru periodic office interactions with William Jeffrey Davidson, President & Chief Compliance Officer.

Requirements for State-Registered Advisers

There are no events required to be disclosed by John Edward Davidson