



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

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This wrap fee program brochure provides information about the qualifications and business practices of D.A. Davidson & Co. If you have any questions about the contents of this brochure, please contact us at 406-727-4200 or 800-332-5915.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about D.A. Davidson & Co. is available on the SEC's website at www.adviserinfo.sec.gov. You can search that site by our firm's CRD number, which is 199.

Item 2 Material Changes

D.A. Davidson & Co. (“D.A. Davidson”) last updated this ADV Part 2A-1 Wrap Fee Program brochure (the “Brochure”) in December 2020. The following information discusses the material changes made to the Brochure since the prior annual update that may be important to clients. The material changes summarized below were also incorporated within this Brochure. Capitalized terms used but not otherwise defined in this Item 2 have the meanings specified elsewhere in the Brochure.

Clients are encouraged to carefully read the Brochure in its entirety and contact their Financial Advisor with any questions.

Two Oaks Investment Management. The brochure was revised to remove references to Two Oaks Investment Management (“Two Oaks”), an unaffiliated investment adviser owned and operated by Blake Todd and Jarrett Perez, who are registered representatives and investment adviser representatives of D.A. Davidson. Two Oaks was formerly an adviser to the Two Oaks Diversified Growth and Income fund (the “Two Oaks Fund”). On May 13, 2021, following the acquisition of the Two Oaks Fund, Two Oaks withdrew its SEC and state investment adviser registrations thereby eliminating all associated conflicts of interest. Consequently, all disclosures concerning the conflicts and mitigating controls related to Mr. Todd’s and Mr. Perez’s affiliation with Two Oaks have been removed from this brochure.

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Item 4 Services, Fees and Compensation

D.A. Davidson & Co. ("D.A. Davidson" or "the Firm") is a dually-registered investment adviser and broker-dealer with its principal place of business located in Great Falls, Montana. This Brochure describes the services, fees and other compensation, conflicts of interest, and other information clients should consider prior to becoming a client of one or more of D.A. Davidson's investment advisory wrap fee programs (each, a "Program" and collectively, the "Programs").

As a registered investment adviser D.A. 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. As part of a duty of loyalty to clients advisers must also attempt to eliminate or make full and fair disclosure of all material facts of any conflicts of interest so a client, or prospective client, can make an informed decision in each particular circumstance. The structure of each Program and other internal controls described in this brochure are designed to support D.A. Davidson's ongoing efforts to fulfill its fiduciary duties. This includes actions to either avoid or mitigate material conflicts of interest which may exist between D.A. Davidson and its clients, and to provide clients with required disclosure of these conflicts of interest. Clients and prospective clients should carefully consider the information set forth in this Brochure in evaluating each of the Programs. D.A. Davidson's Financial Advisors (each, a "Financial Advisor," and collectively, "Financial Advisors") serve as the primary point of contact for Program clients. Clients are encouraged to carefully read this Brochure in its entirety and contact their Financial Advisor with any questions.

Clients are also encouraged to carefully consider the differences between brokerage and investment advisory services including our obligations, costs, and the need for the services provided. For additional information please review the Firm's Form Client Relationship Summary ("Form CRS"), which provides information about the differences between Brokerage Accounts and advisory accounts (including Program accounts). Generally, the Firm and its Financial Advisors have an incentive to recommend investment advisory services over brokerage services because the Firm and Financial Advisor receive higher fees for advisory services than brokerage services, and higher fees for some advisory programs than others.

The information included in this Brochure is current as of the date of this Brochure and is subject to change at D.A. Davidson's discretion. Please retain this Brochure for your records. D.A. Davidson also offers Financial Planning Services and ERISA Employer Plan Services and is an adviser to and managing member of the Concordant Fund, each of which is described in a separate brochure. You may obtain a copy of that brochure by mailing your request to 8 Third Street North, Great Falls, MT 59401, Attn: Compliance Department, or by calling 406-727-4200 or 800-332-5915.

ASSETS UNDER MANAGEMENT

As of September 30, 2020, D.A. Davidson has approximately \$20,660,700,000 in regulatory assets under management for its Programs. Approximately \$17,773,500,000 of which was managed on a discretionary basis and \$2,887,200,000 of which is managed on a non-discretionary basis.

PORTFOLIO MANAGEMENT SERVICES

D.A. Davidson sponsors various Programs. The Programs described in this Brochure 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, rather than on the transactions in the account as in a commission account (a "Brokerage Account"). In a Brokerage Account, the total costs will generally increase or decrease as a result of the frequency of transactions in the account and the type of securities purchased. The wrap fee covers advisory services related to the Programs. Advisory services generally include investment advice or counsel provided by D.A. Davidson investment professionals and/or the client's Financial Advisor, portfolio

management services provided by one or more persons or firms who may or may not be affiliated with D.A. Davidson (each, a “Portfolio Manager” and, collectively, “Portfolio Managers”), the execution of client transactions, custody services, account servicing, reporting, and other services.

The Programs are either (1) discretionary (collectively, “Discretionary Programs”), in which a client appoints and authorizes D.A. Davidson or a third-party to make investment decisions with respect to the assets in the client’s account (including authority to buy, sell, or hold securities, as D.A. Davidson or the third-party manager determines, in its discretion and without notice to the client); or (2) non-discretionary, in which a client appoints D.A. Davidson to provide investment advice and recommendations relating to the assets in the client’s account, but in which the client retains full authority over the decisions regarding which securities to purchase or sell, and the timing of those transactions.

The following Discretionary Programs are offered by D.A. Davidson: (1) Managed Funds Portfolios; (2) Russell Model Strategies; (3) Separate Account Management (“SAM”); (4) Managed Account Consulting (outside manager discretion); (5) Unified Managed Account (“UMA”); and (6) Paragon. D.A. Davidson also offers a non-discretionary program known as Choice. Further information regarding each of the Programs is provided in this Brochure below.

As described in further detail under the Wrap Fee Programs-section, certain Programs utilize a variety of investment securities and different asset classes as part of an overall asset allocation strategy. This includes traditional investments and products such as stocks (“equities”), bonds, mutual funds, and exchange traded funds as well as alternative investments. Examples of alternative investment products utilized in certain Programs include private hedge fund of funds, managed future funds, and private market and real estate funds. Alternative investments are used for a variety of investment strategies, such as hedging strategies due to potentially lower correlations to traditional asset classes, or absolute return strategies that attempt to provide higher risk-adjusted returns than traditional asset classes with reduced volatility. Alternative investments are not traded on public exchanges and carry unique risks as they are typically less transparent and more illiquid in comparison to traditional investments. In addition, alternative investments are usually unregistered securities with the SEC and limited to accredited investors, qualified investors, or qualified purchasers. However, investors are also able to gain exposure to alternative investments through mutual funds and exchange traded funds that invest in alternative investments (“Alternative Funds”). Please see Item 6 – Portfolio Manager Selection and Evaluation – for more information on the product approval process and Programs that utilize alternative investments products in their asset allocations.

In the advisory relationship between the client and D.A. Davidson, a client will typically work with a Financial Advisor to complete a Risk Tolerance Questionnaire, an investment profile questionnaire or other suitability documentation (collectively referred to herein as the “Investment Profile”). The information provided by the client in completing the Investment Profile will be utilized to determine the client’s overall investment needs, goals, risk tolerance, and time horizon for the assets being invested. The client’s Financial Advisor will use this Investment Profile information, among other things, to assist the client in selecting the appropriate Program(s) and particular investment strategy relating to each Program selected by the client. The Financial Advisor will typically present this information to the client with an investment proposal or strategy sheet that identifies the specific portfolio model recommended to the client, and the proposed asset allocation and investments to be held in the account. If the client wishes to proceed with the Program(s), the client will enter into a written 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 D.A. Davidson. In addition, the client will receive a written confirmation of the opening of their investment advisory account(s), the selected Program(s), fee schedule(s) and other important account information. If the client informs D.A. Davidson of any material changes to the information in the Investment Profile and/or the Account Application, the Financial Advisor will evaluate the updated information and make changes or recommendations as appropriate to help ensure their investment allocation is suitable with the client’s Investment Profile. The Financial Advisor is also responsible for periodically reviewing the client’s account to

assess whether the investment strategy implemented for the client's account is suitable.

D.A. Davidson has engaged Envestnet to support the provision of services to clients' accounts under each of the Programs. In addition, Envestnet provides sub-advisory services for accounts managed under the SAM and UMA Programs. Clients participating in either of these Programs will receive a copy of Envestnet's Brochure, which provides information about that firm's qualifications and business practices. A copy of Envestnet's Brochure is also available upon request or by searching for Envestnet Asset Management at:

<https://www.adviserinfo.sec.gov>.

Not all Programs discussed in this Brochure are appropriate for a client. Each Program is designed to meet differing investment needs, depending on a client's particular investment objectives, risk tolerance, and other circumstances. The Programs offered also have different levels of services, administration, fees, and expenses. The particular investment advisory services D.A. Davidson provides in connection with each Program are described below.

WRAP FEE PROGRAMS

MANAGED FUNDS PORTFOLIOS ("MFP")

The MFP Program offers clients discretionary investment management services based on proprietary strategic asset allocation models developed by D.A. Davidson, and on models provided by third-parties ("Model Providers"), one of which is Davidson Investment Advisors, Inc. ("DIA"), a Related Person of D.A. Davidson. The Model Providers develop asset allocation models and make investment decisions which are then implemented by D.A. Davidson. The models vary in their exposure to different asset classes (such as equities, fixed income and alternative investments) and investment strategy (such as growth, core, and value), and are intended to provide clients with a diversified means of meeting various investment objectives. The models use mutual funds and/or exchange traded funds ("ETFs") and/or exchange traded notes ("ETNs") of various investment companies to gain these exposures.

With the professional advice and guidance of a Financial Advisor, the client will select an MFP model that is appropriate based on the information in the client's Investment Profile.

D.A. Davidson and the Model Providers construct the model portfolios and will, from time to time and without notice or approval from the client, adjust the asset allocations of the MFP models. D.A. Davidson and Model Providers also determine the specific mutual funds, ETFs, and ETNs that are included in the models. D.A. Davidson in its sole discretion will, from time to time, adjust the percentages allocated to those investments and/or will add or remove a Model Provider participating in the Program as it deems appropriate. For more information on the investment process undertaken in the MFP Program, please see Item 6 - Portfolio Manager Selection and Evaluation.

Other services offered in the MFP Program include periodic rebalancing of the client's portfolio to maintain the desired asset allocation, monthly custodial account statements, and quarterly performance reporting. Further information regarding these services is provided in the Additional Program Information section below.

D.A. Davidson currently offers the following model iterations, each intended to meet a particular investment goal: Access, Classic, Focus, Index-Based, Socially Aware, and Elite.

RUSSELL INVESTMENTS MODEL STRATEGIES ("RMS")

The RMS Program offers clients discretionary investment management services based on strategic asset allocation models developed by Russell Investments. The models vary in their exposure to different asset classes (such as equities, fixed income, multi assets and alternative investments) and investment strategy (growth, core, and value), and are intended to provide clients with a diversified means of meeting various investment objectives. The models use mutual funds in the Russell Investments Funds family to gain these exposures. With the professional advice and guidance of a Financial Advisor, the client will select a RMS model

that is appropriate based on the information in the client's Investment Profile.

Russell Investments constructs the model portfolios and will, from time to time and without notice or approval from the client, instruct the Platform Manager to adjust the asset allocations of the RMS models. Russell Investments also determines the specific Russell Investments mutual funds included in the models at any given time, and in its sole discretion will, from time to time, instruct the Platform Manager to adjust the percentages allocated to those investments and/or will add or remove a fund as it deems appropriate. For more information on the investment process in the RMS Program, please see Item 6 - Portfolio Manager Selection and Evaluation.

Other services offered in connection with the RMS Program include periodic rebalancing of the client's portfolio to maintain the desired asset allocation, monthly custodial account statements, and quarterly performance reporting. Further information regarding these services is provided in the Additional Program Information Section below.

D.A. Davidson currently offers the following Russell Investments model strategies, each intended to meet a particular investment goal: Core, Tax-Managed, and Hybrid.

SEPARATE ACCOUNT MANAGEMENT ("SAM")

The SAM Program offers clients discretionary investment management services provided by pre-screened related or third-party Portfolio Managers contracted by D.A. Davidson either as sub-advisers ("SAM Managers") or as Model Providers. In the SAM Program, clients will automatically enter into either a SAM Manager or Model Provider arrangement depending on the investment manager and accompanying strategy selected by the client. The client enters into an Advisory Agreement with D.A. Davidson for the provision of advisory, custody, brokerage, and administrative services. Information regarding our brokerage services is described in the Brokerage Practices section in Item 9 below. The client grants D.A. Davidson investment discretion over the account. D.A. Davidson delegates discretion to the selected SAM Manager in the case of SAM Manager accounts, or to the Platform Manager, in the case of Model Provider accounts. If the client selects a SAM Manager strategy, the SAM Manager actively manages the client's portfolio in a manner that is consistent with the strategy objective detailed in their brochure. If the client selects a SAM Model strategy, the Platform Manager will use the investment model to manage the client's portfolio in conformance with the selected strategy. In both arrangements, D.A. Davidson has no influence or control over the third-party Portfolio Managers' investment decisions or security selection. D.A. Davidson or an Affiliate may also act as a SAM Manager or Model Provider. For further information please see Item 6 - Portfolio Manager Selection and Evaluation, and the subsection Portfolio Management by Affiliates and Related Persons.

D.A. Davidson selects the investment managers available for participation in the SAM Program after conducting a review of those firms. This review is described below in Item 6 – Portfolio Manager Selection and Evaluation. D.A. Davidson has sole discretion to terminate a manager from the SAM Program, in which case the client will be notified. The investment managers participating in the SAM Program may have varying investment objectives, styles, and strategies, and they may purchase and sell different types of securities to achieve those objectives. In addition, an investment manager's strategy may change in response to market conditions. If the client decides to participate in the SAM Program, the client will receive a copy of each investment manager's brochure, which describes the manager's strategy. A copy of the manager's brochure is also available through D.A. Davidson upon request.

Other services currently offered in the SAM Program include monthly custodial account statements and periodic reporting. Further information regarding these services is provided in the Additional Program Information Section below.

MANAGED ACCOUNT CONSULTING ("MAC")

The MAC Program is intended to accommodate clients who wish to independently, or in some cases with a recommendation by their Financial Advisor, hire or retain a third-party Portfolio Manager to manage, with investment discretion, the assets in the client's account. In this Program, D.A. Davidson does not have discretion to make investment decisions on the client's behalf. The client enters into separate Advisory Agreements with both D.A. Davidson and the Portfolio Manager, commonly referred to as a "dual contract" arrangement. The third-party Portfolio Manager provides discretionary investment management services for the client consistent with the terms and conditions of the Advisory Agreement entered into by the client and the manager (to which D.A. Davidson is not a party). The separate Advisory Agreement with the Portfolio Manager sets forth, among other things, the responsibilities of that manager to the client, and generally governs the relationship between the client and the Portfolio Manager. The client also enters into a separate Advisory Agreement with D.A. Davidson for the provision of selected advisory, custody, brokerage, and administrative services. In certain legacy programs formerly offered by D.A. Davidson and under other exceptional circumstances (e.g. accounts held with an outside broker-dealer), the dual contract arrangement between the client, the Portfolio Manager, and D.A. Davidson will include different provisions for custody, brokerage, and administrative services to be provided to the client. Additional information regarding the dual contract arrangement is available from D.A. Davidson upon request.

D.A. Davidson, in its role as Program sponsor, has sole discretion to select the Portfolio Managers allowed to participate in the MAC Program. However, D.A. Davidson does not manage the account and does not otherwise have any influence or control over the Portfolio Manager's investment strategy, investment or trading decisions, or security selection in and on behalf of the client's account. In this Program, after the client retains a Portfolio Manager, D.A. Davidson has no obligation to provide any recommendations, advice, or counsel as to the Portfolio Managers and their investment processes or management of the client's account. Some or all of these MAC Program services may be provided to a client by a Financial Advisor, if agreed upon by the client and their Financial Advisor directly. D.A. Davidson will remove a Portfolio Manager from managing the client's account if directed by the client to do so. However, D.A. Davidson, in its sole discretion, retains the right to remove any Portfolio Manager from the Program; in such circumstances, each affected client will be notified. D.A. Davidson selects Portfolio Managers to participate in the MAC Program after conducting a limited review of those firms. This review is described below in Item 6 – Portfolio Manager Selection and Evaluation. However, D.A. Davidson does not assume responsibility for the performance of the Portfolio Manager selected by the client.

Portfolio Managers participating in the MAC Program have varying investment objectives, styles, and strategies, and they may purchase and sell different securities to achieve those objectives. In addition, a Portfolio Manager's strategy may change in response to market conditions. If a client decides to participate in the MAC Program, the client will receive a copy of each Portfolio Manager's brochure which describes that manager's strategy. A copy of the Portfolio Manager's brochure is also available from D.A. Davidson upon request. The client is responsible for promptly communicating any material changes in the client's investment profile to the MAC Program Portfolio Manager and to D.A. Davidson.

Other services currently offered in connection with the MAC Program include delivery of monthly custodial account statements. Performance and other account information may also be available to the client through the Financial Advisor and D.A. Davidson. Further information regarding these services is available in the Additional Program Information section below.

UNIFIED MANAGED ACCOUNT ("UMA")

The UMA Program offers clients several types of discretionary investment management services in a single account. A UMA account may consist of model portfolios provided by a third-party Portfolio Manager (each, a "Sub-Manager," and collectively, "Sub-Managers"), and/or mutual funds and/or ETFs and/or ETNs to pursue different investment objectives, styles, and strategies.

In the UMA Program, the client enters into an Advisory Agreement with D.A. Davidson for the provision of advisory, custody, brokerage, and administrative services. In this agreement, the client grants D.A. Davidson investment discretion over the client's account. In turn, D.A. Davidson delegates that discretion to the Platform Manager. Based on information in the client's Investment Profile, a Financial Advisor presents the client with one or more appropriate investment strategies from the following pre-screened UMA Program options. D.A. Davidson or an Affiliate may also act as a Sub Manager in a UMA account. For further information please see the Portfolio Management by Affiliates and Related Persons-section under Item 6.

1. UMA Select Account – Based on information in the client's Investment Profile, a Financial Advisor presents the client with one or more appropriate investment strategies from the list of pre-screened Sub-Managers, ETFs, ETNs, and/or mutual funds, subject to minimum investment requirements and the value of the Account. The client then selects the Sub-Managers and investment options for their portfolio. D.A. Davidson may replace a Sub-Manager, ETF, ETN, and/or mutual fund selected by the client without prior notice to the client in the event a Sub-Manager, ETF, ETN, and/or fund are no longer recommended or made available as an investment option by D.A. Davidson. D.A. Davidson will provide the client with notice of any such change.
2. UMA Discretion Account – In the UMA Discretion Account, the client grants discretionary investment management to D.A. Davidson and a Financial Advisor to select one or more Sub-Managers, ETFs, ETNs, and/or mutual funds based on a model portfolio constructed by D.A. Davidson or by their Financial Advisor, and consistent with the client's Investment Profile, subject to minimum investment requirements and the value of the account. D.A. Davidson may, from time to time in its sole discretion, make changes to the account's asset allocation or replace one or more Sub-Managers, ETFs, ETNs, and/or mutual funds. The client will receive notice of any such change. Related Sub-Managers (including DIA) are not available to UMA Discretion accounts subject to regulation under the Employee Retirement Income Security Act of 1974 ("ERISA"), or to Individual Retirement Account ("IRA") and certain other qualified account regulations.

In the UMA Program, clients have the ability to request reasonable investment restrictions on their accounts, including restrictions on investments in specific securities or industry sectors at no additional cost. The client also has the ability to request impact and tax overlay services for an additional cost. To be effective, these restrictions (and any similar client-specific requirements) must be communicated to D.A. Davidson in writing and approved in advance by the Platform Manager, which reserves the right to approve or deny, the client's request in its sole discretion.

Clients must approve initial investment selections and subsequent changes for UMA Select accounts. Where a portion of the client's UMA portfolio is allocated to one or more Sub-Managers, the Platform Manager will seek to manage the client's account in a manner consistent with the recommendations provided by the Sub-Manager and Model Provider. However, the Platform Manager, in its discretion, may deviate from such recommendations, including, for example, instances where the recommendation would deviate from client requested restrictions such as the tax overlay and social screens. D.A. Davidson does not have influence or control over any Sub-Manager's investment decisions or security selection. Moreover, D.A. Davidson does not assume responsibility for the performance of the selected Sub-Manager. D.A. Davidson, in its role as Program sponsor, identifies and selects the Sub-Managers, mutual funds, ETFs, and ETNs available in the UMA Program. Sub-Managers are selected after being subject to an initial and periodic review conducted by D.A. Davidson. This review is described below in Item 6 – Portfolio Manager Selection and Evaluation. If a client decides to participate in the UMA Program, the client will receive a copy of the Platform Manager's and Sub-Manager's brochure.

D.A. Davidson serves as custodian for client assets. Unless the Platform Manager otherwise directs transactions to another custodian, D.A. Davidson also serves as broker, effecting transactions initiated by the Sub-Manager for the purchase or sale of securities in the client's account. D.A. Davidson provides administrative services for the client, monthly custodial account statements, and periodic reports. Further

information regarding these services is available in the Additional Program Information section below.

An optional tax overlay management service is also available in the UMA Program for an additional fee. In addition, an optional impact overlay service based on socially responsible investing criteria is available at an additional cost.

In providing tax overlay management services, the Platform Manager will consider the tax consequences of certain transactions in the client's account, in the context of the recommendations received from the relevant Sub-Manager or generated by the Platform Manager, and the tax-specific information provided by the client. Nonetheless, the Platform Manager's consideration of the tax consequences to the client may not be dispositive or controlling with respect to the investment management decisions which are made in and on behalf of the client's account. Accordingly, the Platform Manager may, in the context of other information relating to the client and the account, effect transactions in the client's account even though the transactions could generate tax liabilities, including short-term taxable income, for the client. The performance of tax-managed accounts is likely to vary from that of non-tax-managed accounts.

PARAGON

The Paragon Program offers clients discretionary investment management of their account by D.A. Davidson and a Financial Advisor who has been approved to participate in the Paragon Program (each, a "Paragon Manager"). A Paragon Manager will work with the client to develop an investment strategy based upon information in the client's Investment Profile and other information provided to the Paragon Manager. After mutually agreeing on an investment objective, the Paragon Manager will continuously manage the client's account consistent with that objective. The Paragon Manager has discretion to make all investment decisions for the client's account, including to buy, sell, or hold securities.

Some Paragon Managers develop and implement model portfolios to pursue a distinct investment strategy, while others develop and implement a strategy customized to the client's particular circumstances. Paragon Managers may also utilize varying types of securities and investment strategies to achieve clients' investment objectives. The Paragon Manager may also provide information, including investment recommendations, for assets and types of securities held in other related or unrelated, advisory or non-advisory accounts. Some securities and security types Paragon Managers recommend may not be eligible for purchase in the client's Paragon Account, depending on the specific circumstances. In each case, the client should speak with the Paragon Manager regarding how the particular Paragon Manager will manage the client's account. For more information on the evaluation process relating to eligible securities in the Paragon Program, please see Item 6 - Portfolio Manager Selection and Evaluation below. Other services currently offered in connection with the Paragon Program include delivery of quarterly custodial account statements and periodic reporting. Further information regarding these services is available in the Additional Program Information section below.

Paragon Select

Some Financial Advisors may be approved for the Paragon Select Program. This Program is similar in all material respects to the Paragon Program described above, but restricts the securities which may be purchased and held in client accounts to those issued by companies covered by D.A. Davidson's research department, and those covered companies may be modified from time to time.

CWAM Portfolios

Crowell Weedon Asset Management ("CWAM") portfolios are discretionary portfolios in the Paragon Program, previously offered by Crowell Weedon & Co. ("Crowell Weedon") prior to its acquisition by D.A. Davidson Companies in August 2013. After the closing of that acquisition, the businesses conducted by Crowell Weedon were combined and are now operated as a part of D.A. Davidson.

There are three CWAM strategies (collectively, the "CWAM Portfolios"): CWAM- Montecito; CWAM- Foundations; and CWAM- Eagle. Each of these offers several models based on the client's time horizon, risk tolerance, income needs, and tax profile. The CWAM Portfolios are managed by D.A. Davidson Financial

Advisors and are made available to clients of those Financial Advisors and other D.A. Davidson Financial Advisors who wish to employ such strategies with their clients. **In addition to the management fee charged by the Financial Advisor, the Portfolio Managers managing the CWAM Portfolios receive up to 50 basis points – a 0.50% annualized fee. However, the total fee assessed to the client’s account would not exceed the maximum fee permitted in the fee schedule below.**

CHOICE

Choice is a non-discretionary advisory Program in which clients receive advice from a Financial Advisor regarding the management of assets in their account. Neither D.A. Davidson nor a Financial Advisor has investment discretion and may not buy or sell securities in connection with a client account without their consent.

The client enters into an agreement with D.A. Davidson for the provision of non-discretionary advisory, custody, brokerage, and administrative services. Based on information in the client’s Investment Profile, a Financial Advisor advises the client on the selection of an appropriate investment strategy, which includes security selection and general asset allocation, and which may also include advice on financial planning and other wealth management topics. The client has sole discretion to make investment decisions in relation to the account, including, for example, the decision whether to accept or reject an investment strategy, or whether to purchase or sell particular securities, recommended by the Financial Advisor.

Other services currently offered in connection with the Choice Program include monthly custodial account statements and periodic reporting. Further information regarding these services is available in the Additional Program Information Section below.

ADDITIONAL PROGRAM INFORMATION

Custody and Trade Execution. Generally, D.A. Davidson serves as custodian for client assets in the Programs. However, in some cases D.A. Davidson, in its sole discretion, may accept certain client assets into the Programs when they are custodied at another financial institution acceptable to D.A. Davidson (each, an “Outside Custody Arrangement”). In most Outside Custody Arrangements, the client will pay a separate custody fee to the custodian of those assets in addition to a Program fee paid to D.A. Davidson for investment advisory services.

For accounts custodied at D.A. Davidson, the Firm will also provide execution services for the client’s securities transactions. In this case D.A. Davidson will arrange for delivery and payment in connection with those services rendered, and the client authorizes D.A. Davidson to act on the client’s behalf in all other matters necessary or incidental to the handling of the client’s account. Please see Brokerage Practices section under Item 9 for additional information on D.A. Davidson’s order routing and trading execution practices.

In addition, under certain conditions described in Items 6 for the Paragon and Choice programs, a Financial Advisor may recommend a client invest a portion of the client’s assets in variable annuities or other investments, such as Alternative Funds. In this case the broker-dealer selected by the insurance carrier or issuer of the product will maintain custody of the underlying funds for variable annuity sub accounts, or underlying assets for Alternative Funds, respectively.

Client-Directed Investment Restrictions. A client may request D.A. Davidson impose reasonable investment restrictions on the management of their account, including by directing D.A. Davidson to not purchase or liquidate certain securities in the account. Each request for an account restriction by a client must be approved by D.A. Davidson in advance, in its sole discretion. This option, however, is not intended to permit a client to direct the purchase of certain securities or types of securities in their account. If the request for restrictions is deemed reasonable and is approved, D.A. Davidson or the client’s Portfolio Manager will select replacement securities as appropriate. 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. No restrictions may be placed on the purchase or sale of pooled investment vehicles (e.g., mutual funds, ETFs, etc.).

Important Information about Managed Products. In the Paragon and Choice Programs a Financial Advisor may purchase or recommend an account purchase Davidson Mutual Funds, for which DIA serves as the investment adviser. DIA and D.A. Davidson are Related Persons. D.A. Davidson addresses these conflicts of interest by disclosing the conflict in this Brochure, by declining any management fee income from the Davidson Mutual Funds if held in an account participating in any of the Programs. In addition, Davidson Mutual Funds are not available as an investment option for Program accounts, which are subject to ERISA regulations. Further information regarding these conflicts and D.A. Davidson and its Affiliates is included in Item 9 - Additional Information, and the Other Financial Industry Affiliates and Activities sub-section, below.

Client-Directed Tax-Related Requests. Transactions executed for and on behalf of a client's account may have positive or negative tax consequences for a client. In exercising investment discretion in relation to accounts and otherwise providing investment management services to clients through the Programs, D.A. Davidson may consider specific tax-related information communicated by clients. However, D.A. Davidson does not provide legal or tax advice, and cannot be responsible for the tax consequences affecting a client as a result of investment decisions made on behalf of the client's account by either D.A. Davidson or any other person (including the Platform Manager, or Portfolio Manager), including, for example, after the client has communicated tax-specific information to their Financial Advisor. D.A. Davidson recommends, prior to opening any account which is eligible to participate in one of the Programs, clients should consult with their tax advisor to identify and consider the tax consequences of the strategy to be pursued through their accounts.

FEES

The specific fee a client will pay is set forth in their Written Confirmation of Instruction. In most instances, the client will pay an ongoing annual fee established as a percentage of the market value of assets in the account as of a particular measurement date ("asset-based fee"). The Programs are subject to a flat fee that does not vary based upon the composition of the account (i.e., based on whether the account holds or mostly holds, equity securities or fixed income securities).

In establishing the fee applicable to a client's account, the Financial Advisor will take into consideration the value of the assets, and the types of assets, being deposited in the account participating in the relevant Program, other assets the client or client's household may have invested in other Programs offered by D.A. Davidson, and the nature of the client relationship. In general, the greater the value of assets a client has invested through one or more Programs, the lower the applicable account fee will be, although, depending on particular client circumstances, not all clients with the same amount of assets will be charged the same fee in the same Program.

The Paragon Program and the CWAM Portfolios previously offered a tiered fee arrangement, in which the asset-based fee varied at different asset levels (each, a "breakpoint"). Under this prior offering, the client's fee declined based on certain increases in the amount of assets invested in these Programs. D.A. Davidson no longer offers this tiered fee arrangement for new accounts in the Paragon Program or the CWAM Portfolios. However, legacy accounts participating in these Programs will continue to be subject to their previously agreed fee arrangements.

The fee schedules for all Programs is set forth below. The fees identified in this schedule are generally based on the total value of accounts in a household participating in one or more Programs. As noted, the maximum annual fee paid to D.A. Davidson is generally 1.85%. However, from time to time in consideration of the services to be provided to a client, the Director of Managed Assets may approve a fee rate that is either higher or lower than those included in the schedule below. Any modifications to the fee schedule will be communicated to the client.

Please note for the SAM, MAC, UMA, and RMS Programs the client pays an additional management fee, ranging from 0.02% to 0.60% on an annualized basis. This includes the additional fees paid to the Portfolio Managers utilized in those programs, the Platform Provider, and an administrative fee retained by D.A. Davidson, which ranges from a 0% to .15% annualized fee. In some instances, an affiliate of D.A. Davidson may act as a Sub-Manager under the SAM or UMA programs, for asset management services. For further information and considerations please see the *Additional Fee Information, Payments to Portfolio Managers and Platform Providers*, and *Portfolio Management by Affiliates and Related Persons*-sections below.

Advisory Household Value	Maximum Fee%*
\$10,000 - \$249,999	1.85%
\$250,000 - \$499,999	1.60%
\$500,000 - \$999,999	1.55%
\$1,000,000 - \$1,999,999	1.45%
\$2,000,000 - \$4,999,999	1.35%
\$5,000,000 - \$9,999,999	1.15%
\$10,000,000 +	Negotiable

***As noted above, an additional fee will apply to the SAM, MAC, UMA, and RMS Portfolios.**

ADDITIONAL FEE INFORMATION

How Fees are Charged. Program fees are generally charged quarterly, in advance, payable on the first day of each calendar quarter. The quarterly fee is based on the gross market value of account assets (including cash and cash-equivalents), the portion of the applicable annual fee rate based on the actual number of days in the quarter, and a 365 day year (366 days in the case of a leap year). The initial billing period begins when an Advisory Agreement is signed by the client and accepted and executed by D.A. Davidson. If management begins after the start of a quarterly billing period, the initial or partial quarter Program fee will be prorated based on the number of days remaining in the current calendar quarter. Typically, fees are automatically debited from the client's account, and billed in accordance with the terms set forth in the client's Advisory Agreement. Fees may be paid with other billing arrangements if agreed upon separately. In addition, under some legacy programs or other arrangements specific to a client, the client may be charged in arrears and/or monthly.

Services Covered by the Program Fees. The Program fees pay for D.A. Davidson's advisory services to clients, brokerage, and custodial fees, and the administrative expenses of the Programs. As noted above, the total Program fee charged for the SAM, UMA, and MAC Programs, and the CWAM Portfolios includes the annual fee paid to D.A. Davidson plus the additional fees payable to the Platform Manager, and the Portfolio Manager(s) utilized in those Programs.

Services Not Covered by the Program Fees. The Program fees do not include certain charges, including retirement account fees, trust fees, exchange fees, transfer fees, or other service fees. For accounts with a margin debit, D.A. Davidson charges a fee on the gross value of securities in the account and the client also pays the margin interest on the debit balance in the account. In accounts where custody of assets is with a firm other than D.A. Davidson, the client will pay other custody, transaction, and administrative fees, in accordance with the terms of their account agreements. Please refer to Item 9 below for more information on transactions in Program accounts that are executed away ("step out" trading) from D.A. Davidson.

Limited Negotiability of Advisory Fees. Although D.A. Davidson has established fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client basis. Specific facts, circumstances, and needs are considered in determining the fee schedule applicable to a particular client. These include, among other factors, the complexity of the client's investment needs, the value of the assets to be placed under

management, anticipated future additional assets, related accounts, portfolio style, account composition, and the client's reporting requirements. The specific annual fee is identified in the Written Confirmation of Instruction between the adviser and each client.

Payments to Portfolio Managers and the Platform Manager. As previously noted in the Fees section above, D.A. Davidson pays a portion of the total fee received from the client to the Portfolio Manager, Model Provider, or Platform Manager, as the case may be, for services provided to the client through the relevant Program(s). Although the amounts paid to third-parties (e.g., the Platform Manager) participating in the Programs may be changed from time to time without notice to clients, such changes will not impact the amount of the fees paid by clients without prior notification to the client. The range of fees paid to these third-parties vary based on factors such as the Program selected by the client, the investment strategy or style of the relevant manager, and the size of the client's account. The third-party fees generally range from .02% to .77% annually. A portion of these fees, ranging from 0% to .15% on an annualized basis, is retained by D.A. Davidson or a related party, for money management or administrative services, but is not directed to the Financial Advisor.

D.A. Davidson and its Financial Advisors have an incentive to recommend a Program or Portfolio 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. In addition, the compensation Financial Advisors receive does not differ depending on whether D.A. Davidson or an Affiliate acts as a manager in relation to the client's account. Further information regarding these conflicts of interest, and how D.A. Davidson addresses them, is included below under Item 9 in the Code of Ethics.

Householding Accounts for Purposes of Program Fees. D.A. Davidson offers a householding option that could reduce the above-referenced fees for clients with other advisory accounts held at D.A. Davidson. In general, under this option the market value of each advisory account the client has at D.A. Davidson may be eligible to be aggregated, for fee calculation purposes, with each and every other client-related advisory account at D.A. Davidson. The resulting increase in household market value may make the account, and the related advisory accounts, eligible for a reduced rate based on the fee schedules above. This option is not automatically applied, and D.A. Davidson is not responsible for identifying all accounts that may be eligible for householding. Clients are encouraged to discuss this option with their Financial Advisor to identify accounts eligible for householding.

Plan fiduciaries and clients should note accounts participating in a Program that were established under an ERISA-qualified plan may not be grouped under a householding arrangement with accounts not subject to ERISA. Clients are also encouraged to consult their tax advisor regarding the tax consequences of grouping accounts not subject to ERISA with other retirement accounts (such as IRAs and Keogh plan accounts), and with non-retirement accounts for purposes of identifying a potential householding fee reduction.

Termination of the Advisory Relationship. In the event D.A. Davidson or a client terminates the client's Advisory Agreement or participation in a Program, any prepaid, unearned fees will be refunded. The number of days remaining in the billing period after the effective date of the termination will be considered in determining the amount of any fee reimbursement due to a client.

Additional General Fee Information. D.A. Davidson may modify a client's existing fees and or add additional fees or charges by providing the client with thirty (30) days prior written notice of the modification. The fee schedule set forth above is the current fee schedule for the Programs. Each Program previously had different fee schedules in effect over time, which may have reflected fees that are higher or lower than those currently stated. As new fee schedules are put into effect, only new clients are affected; accordingly, some clients may pay different fees than those stated above.

Purchasing Like Services Outside of an Advisory Relationship. Each service provided to a client in connection with a particular Program may be separately available to a client outside of that Program (or any other

Program). 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 value of the client's account, the types of securities held in the client's account, the client's investment strategy, and the level of service sought by the client, the aggregate cost of the Program selected by the client may be higher than if the client had selected the services separately. In addition, fees charged by the relevant Program may be higher or lower than the fee charged by another firm which offers a comparable advisory program.

A client could also invest in a mutual fund or annuity directly, or through an unaffiliated broker-dealer without D.A. Davidson's services. In that case, the client would not receive the ongoing investment advisory services offered by D.A. Davidson through its Programs, which are intended, among other things, to assist the client in determining which mutual funds or other securities are most appropriate in considering the client's financial condition and objectives. Moreover, the mutual fund purchased directly by the client may also impose an initial or deferred sales charge. Taking such information into consideration, each client should carefully review and evaluate its investment objectives and risk tolerance, the investment advisory and brokerage services provided by D.A. Davidson and other firms, and the costs and expenses charged by such firms, before determining whether to participate in a Program.

Other Fees and Expenses. In addition to the Program fees described above, a client may incur other fees and expenses related to the management and servicing of their account. These other fees and expenses include those related to odd-lot differentials, SEC exchange fees, electronic fund and wire transfer fees, margin interest, transfer taxes, redemption fees imposed by a mutual fund company in relation to trading deemed to be excessive, certain fees in connection with the establishment, administration, or termination of retirement or profit sharing plans or trust accounting, or other costs or fees imposed under applicable laws or regulations. For example, IRAs participating in a Program will incur an annual IRA maintenance fee. In addition, in connection with the purchase of certain types of securities (such as securities traded over-the-counter and fixed income securities), the client will bear the cost of any mark-ups, mark-downs and spreads charged by market-makers and dealers. Also, if a transaction in a client account is executed away from D.A. Davidson (a "step out" trade), other charges may also be incurred. Further information relating to transactions executed away from D.A. Davidson is included in Item 9 below.

All fees paid to D.A. Davidson for investment advisory services provided through the Programs are separate and distinct from the fees and expenses charged in relation to assets invested in bank deposit accounts, money market funds, mutual funds, ETFs, private funds, annuities, and private investment partnerships and other pooled investments. These fees and expenses are described in each fund's (or other vehicle's) prospectus or offering document and will be borne directly or indirectly by their shareholders. These fees will also generally include a management fee, other fund expenses, and potentially a 12b-1 Fee or other marketing and distribution charges. By investing in these types of securities, a client is essentially paying multiple layers of fees and expenses on the assets invested. However, as a matter of D.A. Davidson's policy, any new purchases of mutual funds in an advisory account must be in an investment advisory-eligible share class that does not impose a 12b-1 Fee, where such a share class is available. In the event D.A. Davidson receives a 12b-1 Fee in relation to an existing mutual fund position in an advisory account, the Firm will pass on and rebate the fee to the client. Further information relating to fees and expenses is included in Item 9 under Brokerage Practices and Other Compensation.

In the case of annuity or insurance products, clients will pay two levels of fees: an advisory fee paid directly to D. A. Davidson and the Financial Advisor and a fee(s) paid indirectly to the annuity or insurance carrier. These additional fees would include: mortality and expense, administrative fees, and underlying fund expenses. Other fees for optional benefits and riders, and penalties for early withdrawals may also be assessed. As noted above Clients may purchase annuity products and other securities outside of the advisory programs offered by D.A. Davidson and avoid the second layer of advisory fees.

Compensation Received by D.A. Davidson and Financial Advisors. The D.A. Davidson employee, in most cases a Financial Advisor, who recommends a client participate in an advisory Program will be compensated for that recommendation. The amount of the compensation will be based on the amount of the client's annual wrap fee. Depending on the investments and frequency of trading in an account, 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 services to be provided outside of the advisory relationship with D.A. Davidson. Accordingly, the D.A. Davidson employee may have an incentive to recommend a Program over non-advisory products or services offered by D.A. Davidson or another firm.

In addressing the conflict of interest summarized above (as well as other conflicts of interest described in this Brochure), D.A. Davidson and its Financial Advisors are fiduciaries and are required to act solely in the best interest of clients when providing investment advisory services. Among other things, D.A. Davidson and its Financial Advisors evaluate each client's Investment Profile, including in relation to the client's investment objectives, risk tolerance, and other factors, in determining whether the portfolio recommended is suitable for the client. D.A. Davidson has also adopted and enforces policies and procedures intended to ensure the Firm and its Financial Advisors comply with our fiduciary duties. Further information regarding conflicts of interest and related topics is available in Item 7 – Client Information Provided to Financial Advisors and Portfolio Managers below, and in the Code of Ethics section in Item 9 below.

Rollovers. D.A. Davidson and its Financial Advisors both make more money when a client increases their assets with D.A. Davidson, including rollovers from workplace retirement plans into IRAs. When a client engages in a rollover to an IRA, D.A. Davidson will receive compensation in connection with the investments held in the IRA, and D.A. Davidson will pay a portion of that compensation to the Financial Advisor. These payments create an incentive for D.A. Davidson and your Financial Advisor to recommend rollovers. D.A. Davidson provide investors who are eligible to withdraw their benefits from workplace retirement plans with educational materials to help them determine whether or not an IRA rollover would be advisable. Where D.A. Davidson Financial Advisors make recommendations as to IRA rollovers, they typically must first collect certain information about the fees, investments and services in the retirement plan, and compare the plan and IRA based on a number of factors to determine whether an IRA rollover would be in the retail client's best interests.

Item 5 Account Requirements and Types of Clients

MINIMUM ACCOUNT REQUIREMENTS

Participation in the Programs is subject to certain minimum account requirements. Minimum account sizes vary by Program. For example, D.A. Davidson sets a \$25,000 minimum for account assets in the MFP and RMS Programs, although the Firm has established a \$10,000 minimum for the MFP Access models and a \$100,000 minimum for the MFP Elite models. Generally, in the SAM and MAC Programs a client must have a minimum of \$100,000 of assets under management. Third-party Portfolio Managers may have higher or lower minimum account size requirements. The account minimum for the UMA Program is \$250,000. The account minimum for the Choice and Paragon Programs are \$50,000, except for accounts that hold only mutual funds or ETFs, in which the minimum is \$25,000. Account size minimums may be negotiable under certain circumstances. At its discretion, D.A. Davidson may group certain related client accounts for the purposes of achieving the minimum account size.

TYPES OF CLIENTS

D.A. Davidson offers the Programs to the following types of clients: individuals; high net worth individuals; pension and profit sharing plans; trusts; estates; corporations or other businesses; charitable organizations; state or local municipal government entities; partnerships; limited liability entities; and foundations and endowments.

Item 6 Portfolio Manager Selection and Evaluation

The persons providing portfolio management services and the selection and evaluation of Portfolio Managers for participation in the Programs, and the evaluation processes, vary by Program. In general, the department which sponsors D.A. Davidson's advisory Programs (the "Managed Assets Department") employs a Director of Managed Assets Research who oversees the Programs, other than the Paragon and Choice Programs, including with respect to the implementation of recommendations approved by the Investment Committee (the "Committee"). The Managed Assets Department meets periodically with the Committee, which is comprised of senior investment professionals at D.A. Davidson Companies with different areas of investment expertise, and has formal investment oversight of the Programs, including asset allocation decisions in the MFP program. The Primary responsibility of the Director of Managed Assets Research within the Committee is to review the performance of Programs, other than the Choice and Paragon Programs, relative to their assigned benchmarks and peer groups, and provide diverse perspective on current market and economic conditions as well as the capital markets in relation to strategic asset allocation targets. The Director of Managed Assets Research also presents to the Committee, on a quarterly basis, performance and other information regarding the Programs. In addition, the Director of Managed Assets Research recommends potential investment changes to the Committee, including the addition or removal of Portfolio Managers and mutual fund and asset allocation changes, across relevant Programs. The Committee meetings typically include broad discussions on the capital markets, current and projected macroeconomic and other conditions, and a review of the Director of Managed Assets Research's recommendations concerning changes in funds and allocations. The Committee will generally vote to approve or reject a recommendation based on the collective views of the group and outcomes of the group's discussion. While the intent of the Committee is to provide broad investment oversight of the Programs, the Committee is not responsible for reviewing all recommendations made by the Director of Managed Assets Research, nor is the Director of Managed Assets Research responsible for seeking Committee approval of all changes made to one or more Programs.

Financial Advisors typically provide investment advice and recommendations in relation to client accounts participating in one or more Programs. Other related portfolio management services may be provided by employees in the Managed Assets Department. D.A. Davidson requires its employees meet applicable standards set forth by self-regulatory organizations relating to licensing, registration, and continuing education, including successful completion of either the Series 65 or Series 66 and Series 7 exams, as well as internal education and Program requirements.

PRODUCT EVALUATION AND APPROVAL

The Director of Managed Assets, Director of Managed Assets Research, and Investment Product Committee are responsible for the review and approval of investment products offered within the Paragon and Choice Programs. In the case of insurance and annuities, the Director of Insurance and Annuities with other professionals are responsible for selecting and evaluating insurance and annuity products in these Programs. D.A. Davidson utilizes a variety of methods to evaluate mutual funds, variable annuities, and other investment products for potential inclusion in the Paragon and Choice Programs. The process will vary depending on the type of product but would generally include, among other things, a product suitability and risk analysis, and an evaluation of the management team, assets under management, disclosure documents and regulatory filings, capacity and services provided by the issuer, portfolio manager qualifications and track record, and the underlying investment objective or strategy for the product in question.

In regard to alternative investments (i.e. public or private managed futures, privately placed hedge funds, private equity, etc.), D.A. Davidson's Managed Assets Department has established an initial and ongoing due diligence process. The process is designed to help ensure any alternative investments approved for investment allocations or strategies made available to clients have been properly vetted, and are suitable and consistent with the client's investment profile. This includes but is not limited to an initial review of third-party reports, offering documents and marketing materials, in-person meetings and interviews with the fund or fund

sponsor's key management personnel, an evaluation of the investment philosophy, process and performance, the general business practice and financials, regulatory compliance and disclosure documents, risk management and strategic planning. The ongoing due diligence process includes among other things annual due diligence meetings with the fund or fund sponsor, quarterly information updates and interviews as necessary, and a review of performance and regulatory reporting. The Investment Product Committee reviews the due diligence conducted on any proposed alternative investment product and has the authority to approve the product with additional conditions as it may deem appropriate.

METHODS OF ANALYSIS AND STRATEGIES BY PROGRAM

MANAGED FUNDS PORTFOLIOS (MFP)

The Director of Managed Assets Research serves as a Portfolio Manager in the MFP Program, and, in relation to certain MFP models, is responsible for asset allocation decisions, investment selection decisions, and continued due diligence and evaluation of the models. In addition, the MFP Program offers discretionary investment management based on models provided by Model Providers. The Model Providers develop asset allocation models and make investment decisions which are then implemented by D.A. Davidson.

Methods of Analysis. The Portfolio Manager utilizes both qualitative and quantitative measures to evaluate mutual funds, ETFs, and ETNs for inclusion in the MFP models. The initial process to screen securities for inclusion in the Program includes the following: 1) a general quantitative screen of the applicable universe of U.S.-registered mutual funds and ETFs in relation to factors such as operational qualities (costs, the robustness of information systems, and trading capabilities), portfolio composition, volatility/performance, and tax efficiency; 2) research on the specific issuer (relating to performance over time, versus benchmark and versus peers); and 3) a review of the relevant investment manager's philosophy, staffing, and investment process. From the list of issuers identified through this screening process, the Portfolio Manager compiles a list of potential investments (which is subject to change from time to time). Criteria for replacement of an investment in the MFP models generally include fundamental changes in the operations of the investment manager; turnover in key investment manager personnel; changes in senior management or among owners of the investment manager; significant drift from the investment manager's stated objectives or style; prolonged underperformance by the investment manager in relation to its peers; or any other change that could warrant removal or replacement of the investment manager, including replacement as a result of D.A. Davidson identifying relatively more attractive investment opportunities.

Investment Strategies. The investment models available in the MFP Program include the following:

a. Access Portfolio. Access Portfolios invest in mutual funds and/or ETFs, selected consistent with the client's asset allocation and investment objectives. Access Portfolios are offered to investors who have a relatively small initial investment. D.A. Davidson offers 20 Access Portfolios, six of which are offered under two model iterations, MFP Access and MFP Access Vanguard: All Equity, Capital Appreciation, Balanced, Balanced 50/50, Conservative Balanced, and Income. MFP Access Russell Investments offers five Portfolios: Equity Growth, Growth, Balanced, Moderate, and Conservative. MFP Access Davidson Investment Advisors Tactical Portfolio offers the final three portfolios: Capital Appreciation 75/25, Balanced 50/50, and Income 25/75. For further information regarding the conflicts of interest associated with DIA's role as an Access Portfolio Model Provider please see the Portfolio Management by Affiliates and Related Persons-section under Item 6.

b. Classic Portfolio. Classic Portfolios invest in mutual funds selected consistent with the client's asset allocation and investment objectives. D.A. Davidson offers the following six Classic Portfolio selections: All Equity, Capital Appreciation, Balanced, Balanced 50/50, Conservative Balanced, and Income.

c. Focus Portfolio. D.A. Davidson offers seven Focus Portfolios, each containing mutual funds, and/or ETFs/ETNs invested in specific asset classes intended to provide the client with exposure to one or more sectors of the market. The use of multiple mutual funds with varying investment styles is intended to reduce

the risks inherent in any single mutual fund investment. Additional client account diversification may be achieved by incorporating one or more sub-styles (e.g., value and growth styles) in a mix selected consistent with the client's asset allocation and investment objectives. The following is an overview of the Focus Portfolios:

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

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

iii. International Portfolio. Selected mutual funds, and/or ETFs/ETNs invested in securities issued outside of the United States. The portfolio contains a diversified blend of value and growth funds with large cap, mid cap and small cap emphases, rebalanced periodically in response to market conditions.

iv. Fixed Income Portfolio. Selected mutual funds, and/or ETFs/ETNs invested in fixed income-oriented securities. The portfolio contains a diversified blend of fixed income funds that normally includes exposure to both domestic and non-U.S. government and corporate bonds of various maturities, rebalanced periodically in response to market conditions.

v. Multi-Strategy Absolute Return Portfolio. Selected mutual funds, and/or ETFs/ETNs invested in alternative investment-oriented securities. The portfolio contains a diversified blend of funds that normally includes broad alternative investment exposure, rebalanced periodically in response to market conditions. The intent of this portfolio is to diversify a traditional stock and bond portfolio.

vi. Diversified High Income Portfolio. Selected mutual funds, and/or ETFs/ETNs invested in securities seeking a high level of income with capital growth as a secondary objective. The portfolio contains a diversified blend of equity, fixed income, and real asset funds, rebalanced periodically in response to market conditions.

vii. Core High Income. Selected mutual funds, and/or ETFs/ETNs invested in securities seeking to provide a high level of income. The portfolio contains investments in fixed income securities and other asset classes, potentially reducing the reliance on a single strategy or approach to deliver a consistent income stream.

d. Index-Based Portfolio. The Index-Based Portfolios are managed portfolios that predominantly employ passive mutual funds, and/or ETFs/ETNs selected consistent with the client's asset allocation and investment objectives. D.A. Davidson offers six strategies under this arrangement: All Equity, Capital Appreciation, Balanced, Balanced 50/50, Conservative Balanced, and Income.

e. Socially Aware Portfolio. The Socially Aware Portfolios integrate social concerns and values with investment decisions made consistent the client's asset allocation and objectives. The portfolios emphasize mutual funds and ETFs that either specifically target socially responsible objectives, or that incorporate an investment process which inherently reduces their exposure to companies exhibiting socially undesirable environmental, governance, or other policies. D.A. Davidson offers six Socially Aware strategies: All Equity, Capital Appreciation, Balanced, Balanced 50/50, Conservative Balanced, and Income.

f. Elite Portfolio. Elite Portfolios utilize mutual funds and ETFs selected consistent with the client's desired asset allocation and investment objectives. Elite Portfolios are offered to investors who desire a higher degree of asset class exposure and additional diversification, as compared to other MFP portfolios. D.A. Davidson offers 29 Elite Portfolios, six under each of the four model iterations (Regular Elite, Elite Tax-Aware, Elite Index-Based and Elite Manager Core) and five under the Elite Multi-Strategy, in which D.A. Davidson recommends a

desired asset allocation for the client, and a corresponding portfolio of mutual funds and ETFs selected consistent with the client's needs and objectives.

The Elite Portfolio selections consist of the following: Elite All Equity, Elite Capital Appreciation, Elite Balanced, Elite Balanced 50/50, Elite Conservative Balanced, and Elite Income. These Portfolio selections rely on a greater allocation to actively managed mutual funds and a lesser allocation to passive investment vehicles such as ETFs, than the Elite Tax-Aware Portfolio selections described below. Further, these portfolios do not emphasize a higher weighting to a particular fund family, as do the Elite Manager Core Portfolios described below.

The Elite Tax-Aware Portfolio selections consist of the following: Elite Tax-Aware All Equity, Elite Tax-Aware Capital Appreciation, Elite Tax-Aware Balanced, Elite Tax-Aware Balanced 50/50, Elite Tax-Aware Conservative Balanced, and Elite Tax-Aware Income. Accounts subject to ERISA and IRAs are not eligible for the Elite Tax-Aware portfolio. While the Elite Tax-Aware portfolios will be managed with sensitivity to taxes, the primary objective of these portfolios is to produce positive risk-adjusted returns. The Elite Tax-Aware portfolios cannot entirely avoid the realization of capital gains. Capital gains could be realized when investments are sold, when portfolios are rebalanced, when mutual funds and ETFs held in the Elite Tax-Aware portfolios distribute short and/or long-term capital gains, and when clients request distributions or withdrawals.

The Elite Index-Based Portfolio selections consist of the following: Elite Index-Based All Equity, Elite Index-Based Capital Appreciation, Elite Index-Based Balanced, Elite Index-Based Balanced 50/50, Elite Index-Based Conservative Balanced, and Elite Index-Based Income. The intent of the Elite Index-Based is to provide clients with a relatively higher degree of asset class diversification while predominantly employing passive mutual funds and ETFs.

The Elite Manager Core Portfolio selections consist of the following: Elite Manager Core All Equity, Elite Manager Core Capital Appreciation, Elite Manager Core Balanced, Elite Manager Core Balanced 50/50, Elite Manager Core Conservative Balanced, and Elite Manager Core Income. The intent of the Elite Manager Core Portfolios is to provide a relatively higher-weighted portfolio in a specific fund family. The primary objective of the Elite Manager Core Portfolios is to achieve positive risk-adjusted returns, and the secondary objective is to allow the account to focus on a featured core manager.

The Elite Multi-Strategy Portfolio selections consist of the following: Elite Multi-Strategy All Equity, Elite Multi-Strategy Capital Appreciation, Elite Multi-Strategy Balanced, Elite Multi-Strategy Balanced 50/50, and Elite Multi-Strategy Conservative Balanced. The intent of these Portfolios is to provide clients with broad alternative investment exposure within the MFP Elite framework. Emphasis is placed on efficiently diversifying a traditional stock/bond portfolio while 1) providing low correlation to broad equity and fixed income markets, 2) delivering moderate returns over time with lower volatility, and 3) providing downside protection relative to equity markets. Clients should note the Elite Multi-Strategy portfolios include an allocation to alternative investments.

RUSSELL INVESTMENTS MODEL STRATEGIES (RMS)

Methods of Analysis. In the RMS Program, asset allocation and investment selection decisions are determined by Russell Investments and implemented by the Platform Manager. The RMS models exclusively contain Russell Investments mutual funds, other than Russell Investments hybrid models. Russell Investments employs a "multi-manager, multi-style" approach to investing whereby the assets of Russell Investments funds are allocated to different fund managers who employ distinct investment strategies for the funds. Russell Investments has the right to engage or terminate a fund manager at any time. These fund managers may or may not be affiliated with Russell Investment Management Ltd., an affiliate of Russell Investment Group. For more information on the underlying funds in RMS models, clients should review the relevant Russell Investments Fund prospectuses.

Manager research is the core of Russell Investments' investment process. Russell Investments' manager research involves analysis of both qualitative (organizational structure, firm ownership, investment management staffing and expertise, investment processes) and quantitative (fund profile, security selection, and performance) factors. Based on its analysis, including information obtained through multiple meetings with relevant investment manager staff, Russell Investments establishes an overall opinion of the investment manager and its offering(s). In addition to these generic factors, Russell Investments has identified a number of proprietary attributes they believe are unique to given styles of investment management, and thus are taken into consideration when evaluating a manager. Russell Investments' professional staff are assigned to groups that research managers within a particular asset class, and are charged with making relative assessments of managers in their respective styles.

Russell Investments selects managers in various asset classes to complement one another based on investment style and process. Industry experience, track record, and consistency of investment process are also key elements in the selection process. Russell Investments' investment, compliance and risk management personnel perform regular and ongoing due diligence of managers. This oversight may be done telephonically, virtually, through questionnaires or on-site visits.

The Director of Managed Assets Research, other Managed Assets Department professionals, and the Investment Committee are responsible for periodically reviewing and generally overseeing the RMS portfolios offered by D.A. Davidson.

D.A. Davidson recommends clients review the description of Russell Investments' investment strategies and services provided in their firm's Form ADV, Part 2A, and Form CRS.

Investment Strategies. The investment models available in the RMS Program include the following:

a. Core Model Strategies. The Core Model Strategies invest in actively managed mutual funds selected consistent with the client's asset allocation and investment objectives. D.A. Davidson offers five Core Model Strategies selections: Equity Growth, Growth, Balanced, Moderate, and Conservative. The Core Portfolio selections include an allocation to alternative investments.

b. Tax-Managed Model Strategies. Tax-Managed Model Strategies generally reflect the allocations of the Core Model Strategies, but are managed with sensitivity to taxes. The primary objective of the Tax-Managed portfolios is to produce positive risk-adjusted returns; a secondary objective is tax efficiency. The Tax-Managed portfolios cannot entirely avoid the realization of capital gains. Capital gains could be realized when investments are sold, when portfolios are rebalanced, when mutual funds and ETFs held in the Tax-Managed portfolios distribute short- and/or long-term capital gains, and when clients request distributions or withdrawals. The Tax-Managed portfolio selections consist of the following: Equity Growth, Growth, Balanced, Moderate, and Conservative. Accounts subject to ERISA and IRAs do not qualify for a Tax-Managed portfolio.

c. Hybrid Model Strategies. The Hybrid Model Strategies provide multi-asset global portfolios, diversified across equity, fixed income and alternative investments, depending on the client's investment objectives and risk tolerance. Hybrid Model Strategies take a multi-manager approach, combining actively managed mutual funds, multifactor mutual funds, and passive mutual funds and ETFs. D.A. Davidson offers five Hybrid Model Strategies: Equity Growth, Growth, Balanced, Moderate, and Conservative.

SEPARATE ACCOUNT MANAGEMENT (SAM)

The Director of Managed Assets Research and other Managed Assets Department professionals are responsible for selecting and evaluating Portfolio Managers in the SAM Program.

Methods of Analysis. D.A. Davidson utilizes several quantitative and qualitative criteria to assess investment managers for potential inclusion in the Program. The quantitative screening process involves defining the investment manager's asset class and management style, and evaluating the manager relative to several

returns-based criteria. The qualitative review applies proprietary criteria to certain factors deemed significant to assessing investment managers, including the manager's consistency of style relative to composite performance, the tax efficiency/sensitivity of the manager in advising a fund, the quality of the investment management professionals employed by that firm, the manager's investment processes, and other operational and legal factors.

The Managed Assets Department Research team conducts periodic reviews of the managers in the Program, and will often engage outside data providers and utilize software tools to assist in initial and ongoing evaluation of these firms. Managed Assets Department staff may place a Portfolio Manager on "Watch List" status if material adverse changes occur in the manager's business, including a change in the firm's ownership, the departure of key investment personnel, extreme performance that may be indicative of style drift or a breakdown in investment processes, and a period of underperformance relative to a benchmark and/or category peers. Generally, a Portfolio Manager who is on Watch List status for more than three consecutive quarters will be 1) moved back to recommended status if the Managed Assets Department Director of Managed Assets Research deems it prudent to do so, or 2) terminated from the SAM Program. DIA is an approved Sub-Manager in the SAM Program. Further information regarding the conflicts of interest associated with DIA's Sub-Manager role is included in the Portfolio Management by Affiliates and Related Persons section below.

Investment Strategies. Portfolio Managers in the SAM Program implement different investment objectives, styles, and strategies, and also purchase and sell different types of securities to achieve those objectives. In addition, a Portfolio Manager's strategy may change in response to market conditions. D.A. Davidson recommends clients review the description of the Portfolio Manager's investment strategy and services included in the manager's Form ADV, Part 2A, and Form CRS.

MANAGED ACCOUNT CONSULTING (MAC)

In the MAC Program, clients are solely responsible for the appointment and continued retention of Portfolio Managers they select to manage their accounts. D.A. Davidson provides a limited initial and ongoing review of Portfolio Managers that participate in the Program, and D.A. Davidson expressly does not assume responsibility for the performance of the Portfolio Manager selected by the client. Before accepting an account, D.A. Davidson will typically run the manager through a basic quantitative screen, the outcome of which will be a key determination if D.A. Davidson will allow the manager participation in the Program. The client's Financial Advisor may provide advice about the Portfolio Manager under consideration or selected by the client, but D.A. Davidson has no obligation to do so.

Investment Strategies. The Portfolio Managers in the MAC Program have different investment objectives, styles, and strategies, and also purchase and sell different types of securities to achieve those objectives. In addition, a Portfolio Manager's strategy may change in response to market conditions. D.A. Davidson recommends clients review the description of the Portfolio Manager's investment strategy and services included in the Portfolio Manager's Form ADV, Part 2 and Form CRS before selecting the particular manager.

UNIFIED MANAGED ACCOUNT (UMA)

The Director of Managed Assets Research and other Managed Assets Department professionals are responsible for selecting and evaluating Portfolio Managers that participate, and mutual funds, ETFs, and ETNs available, in the UMA Program.

Methods of Analysis. D.A. Davidson utilizes several quantitative and qualitative criteria to assess investment managers for potential inclusion in the Program. The quantitative screening process involves defining the manager's asset class and management style, and evaluating the manager relative to several returns-based criteria. The Managed Assets Department also applies proprietary qualitative criteria to assess factors such as the investment manager's consistency of style over time, the manager's tax efficiency/sensitivity in advising a

fund, the quality of the manager's investment staff, the manager's investment process, and other operational and legal factors.

Managed Assets Department professionals are also responsible for periodically reviewing and generally overseeing the Portfolio Managers in the UMA Program, and will often engage outside data providers and utilize software tools to assist in initial and ongoing evaluation of these firms.

Managed Assets Department staff may place a Portfolio Manager on a "Watch List" if material adverse changes, typically with short-term consequences, occur in the investment manager's business, including a change in the investment manager's ownership, the departure of key investment personnel, extreme performance that may be indicative of style drift or a breakdown in investment processes, and periods of underperformance relative to benchmark and/or category peers. Generally, a manager who is on Watch List status for more than three consecutive quarters will be 1) moved back to recommended status if the Director of Managed Asset Research deems it prudent to do so or 2) terminated.

D.A. Davidson maintains a list of available investment options in the UMA Program. D.A. Davidson conducts periodic reviews on the Sub-Managers while mutual funds, ETFs and ETNs are selected from D.A. Davidson's Supervised Mutual Fund and ETF Recommended List, which may be modified from time to time. DIA is an approved Sub-Manager for UMA Select accounts, and as an option for taxable (non-retirement) UMA Discretion accounts. Further information regarding the conflicts of interest associated with DIA's Sub-Manager role is included in the Portfolio Management by Affiliates and Related Persons section below.

Investment Strategies. The investments available in the UMA Program have varying investment objectives, styles, and strategies, and they may purchase and sell different types of securities to achieve those objectives. In addition, a Sub-Manager's investment strategy may change in response to market conditions. D.A. Davidson recommends clients review the description of the Sub-Manager's investment strategy and services included in the relevant Sub-Manager's Form ADV, Part 2A and Form CRS, available through your Financial Advisor upon request.

PARAGON

In order to participate in the Paragon Program as a Paragon Manager, Financial Advisors must meet several eligibility requirements, including minimum tenure with D.A. Davidson, certain educational attainments, and achieving certain annual continuing education criteria. Managed Assets Department personnel are authorized to approve a Financial Advisor's request to be a Paragon Manager. The Managed Assets Department is also authorized, on a case-by-case basis, to waive the requirements for a Financial Advisor to participate in the Program as a Paragon Manager.

Methods of Analysis. Paragon Managers employ diverse investment strategies, techniques, and methods of analysis, each of which may change depending, among other things, on changes in market conditions. Some Paragon Managers have model portfolios and distinct strategies, while others use a more customized approach to implementation of their investment strategy based on a client's unique needs. Paragon Managers may also pursue diverse objectives for client accounts, such as aggressive growth of capital, moderate growth of capital, or preservation of capital; may focus on certain issuers based on their market capitalization (such as large caps or small caps); favor a particular investment style (such as growth, value or core); or may recommend purchasing and selling certain types of securities (such as stocks, bonds or mutual funds). See the security and transaction parameters below for further information. Some Paragon Managers may specialize in one or more of the areas referred to above, and may therefore implement an investment strategy in a more concentrated fashion, while other Paragon Managers may actively focus on diversifying the client's account assets.

In the Paragon Program, the client's specific investment objectives, and how those objectives are implemented, are determined between the client and Paragon Manager directly. D.A. Davidson recommends that clients speak with their Paragon Manager regarding the latter's investment strategies, techniques, and methods of analysis reasonably anticipated to be deployed in the management of the account. Securities to be

purchased in an account participating in the Paragon Select Program must be covered by D.A. Davidson's research lists, which lists are subject to change from time to time.

Certain Financial Advisors have been approved to offer investment management services developed at CWAM through the Paragon Program, depending on the client's asset allocation and investment objectives.

Security and Transaction Parameters. Accounts participating in the Paragon Program are subject to the non-exhaustive list of restrictions referenced below, which list may be modified from time to time by D.A. Davidson in its discretion:

- Short sales are prohibited.
- Margin is not allowed in a Paragon account.
 - The assets within the Paragon account may be used as collateral for a margin balance held within a separate brokerage account. The use of margin must be client-driven.
- Volatility, Leveraged and inverse ETFs are prohibited (limited exceptions may be considered).
- Option transactions limited to covered calls and protective puts are allowed in proportion to the relevant underlying equity position.
- Individual Fixed Income securities:
 - Investment grade securities should be utilized.
- Advisory Annuities are allowed on an exception basis with the approval of the Director of Insurance and Annuities and the Director of Managed Assets. All other Annuities are prohibited.
- Mutual funds (open and closed-end funds) purchased in an advisory or equivalent share class.
 - Any share class of Davidson Funds (Davidson Investment Advisors) in ERISA or IRA accounts is prohibited.
- Unit Investment Trusts (UITs) are restricted to advisory share classes only.
- Alternative investments, including alternative funds, managed future funds, and interval funds are restricted to a percentage of the client's total investable assets, based on the client's risk tolerance. Investor qualification requirements also must be met in the case of a private placement offerings.
 - Alternative funds are limited to advisory share class strategies purchased via our approved alternative investment platform (FA approval and client qualification policies and procedures apply) and SEC 1940 Act Mutual Funds and ETFs/ETNs classified as alternative investments.
- Principal trades are allowed only when they are in the client's best interest based on the financial information and investment objectives provided by the client.
 - **Under no circumstances are principal trades and new issues allowed in ERISA or IRA accounts.**
- Agency cross transactions are generally prohibited. Please see further information under Item 9 – Additional Information, and Participation or Interest in Client Transactions.
- Factorable securities (e.g., CMOs and GNMMAs) are prohibited as well as other structured products.

In some cases, accounts transitioned from legacy investment management programs may continue to hold securities positions that would otherwise be ineligible under the Paragon or Choice Programs.

CHOICE

A Financial Advisor must meet certain minimum requirements, defined by D.A. Davidson, to participate in the Choice Program. These requirements include minimum tenure with D.A. Davidson, and achieving certain annual continuing education criteria. The Managed Assets Department is authorized to review and act on a Financial Advisor's request to participate in the Program. The Managed Assets Department is also authorized, on a case-by-case basis, to waive the requirements for a Financial Advisor to participate in the Choice Program.

Methods of Analysis. In the Choice Program, the Financial Advisor 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. Financial Advisors participating in the Choice Program may utilize diverse investment strategies, techniques, and methods of analysis, which may change depending, among other things, on changes in market conditions. Because the Choice Program is non-discretionary, the client is ultimately responsible for the actual implementation of the investment strategy they adopt. Financial Advisors will generally use a customized approach to recommendations depending upon the information in the client's Investment Profile and investment circumstances. In making recommendations to Choice Program clients, Financial Advisors may recommend from among different investment objectives, such as aggressive growth of capital, moderate growth of capital, and preservation of capital; may focus on issuers with certain market capitalizations (such as large caps or small caps); may focus on certain investment styles (such as growth, value or core); or may favor purchasing and selling certain types of securities such as stocks, bonds or mutual funds). See the Security and Transaction Parameters below for further information. Some Financial Advisors may specialize in one or more of the areas referred to above, and may therefore recommend clients invest their assets in a more concentrated fashion, while other Financial Advisors may recommend the client focus on diversifying account assets.

As mentioned above, the Managed Assets Department is authorized, on a case-by-case basis, to waive the requirements for a Financial Advisor to participate in the Choice Program.

Before engaging a Financial Advisor in the Choice Program, D.A. Davidson recommends the client speak with their Financial Advisor regarding their investment strategies, techniques, and methods of analysis the Financial Advisor may use to formulate recommendations to the client, while actively considering the client has sole investment discretion in relation to the account, and will make the final decision whether to accept or reject the Financial Advisor's recommendation to pursue a particular investment strategy or purchase or sell specific securities.

Security and Transaction Parameters Choice Program. Permitted Investments and non-Permitted Investments for the Choice Program are generally the same as the Paragon Program, except the following type of investments are generally not permitted for Choice Accounts: Securities trading below \$5 per share traded on Over-The-Counter Markets.

CALCULATION AND REVIEW OF PERFORMANCE

Portfolio Manager Performance for Client Presentation Purposes. Performance information shown in investment proposals and other presentations for MFP, SAM, and UMA Program portfolios are calculated using a time-weighted-return methodology. Time-weighted performance is often used as an industry standard to compare Portfolio managers as it measures the compounded rate of growth, while removing the distorting effects caused by the inflow or outflow of funds in a portfolio. Market indices or other benchmarks may accompany performance presentations, but if included will be shown only for comparison purposes.

MFP Program portfolio performance is calculated by the Platform Manager using a composite of accounts, which is an aggregation of client accounts managed by the Portfolio Manager within the same portfolio and performance period being presented. For the SAM and applicable UMA Program portfolios the Platform Manager obtains the time-weighted-performance information based on the composite of accounts for each portfolio from third-party data providers. In the case of UMA Program portfolios with mutual funds or ETF allocations the performance is calculated by the Platform Manager using individual holding data obtained from a third-party data provider.

D.A. Davidson's Managed Assets Research Department reviews the performance and attribution analysis for the Programs described above on a quarterly basis and believes the performance calculations and sources of this information to be reliable. Some but not all SAM Program managers report Global Investment Performance Standards ("GIPS") compliant composite performance, which are voluntary standards used by Portfolio Managers, established by the CFA Institute, and governed by the GIPS Executive Committee to help ensure fair and accurate reporting. **However, D.A. Davidson does not verify or guarantee the accuracy or**

completeness of the performance information, the data provided by any external source, or compliance with any particular presentation standards, prior to its use with clients or prospective clients. If D.A. Davidson discovers or is informed there is an error in the presentation of performance data, then the Firm will republish the presentation after correcting the relevant material.

PORTFOLIO MANAGEMENT BY AFFILIATES AND RELATED PERSONS

Portfolio Management services provided by DIA, a Related Person, certain Affiliates, and the models provided by D.A. Davidson's Wealth Management Research Group, within the MFP Access, SAM and UMA Programs present a conflict of interest because, under these circumstances, the entire client fee is retained by D.A. Davidson Companies and its Affiliates. This means that, through these arrangements, D.A. Davidson and its Affiliates or Related Persons may receive higher total compensation than if the client selected a third-party or otherwise non-affiliated investment manager. However, D.A. Davidson mitigates this conflict through disclosure of the conflict in this Brochure, and because, providing investment advisory services to clients, D.A. Davidson and its Financial Advisors have a fiduciary duty to act solely in the best interest of clients. In addition, in the MFP, SAM and UMA Programs, affiliated and related Portfolio Managers are subject to the same selection and ongoing review process as unaffiliated managers.

Further information about D.A. Davidson's Related Persons, the conflicts of interest noted above, and how D.A. Davidson addresses these conflicts of interest, is included in the Other Financial Industry Activities and Affiliations and Code of Ethics sections under Item 9 - Additional Information below.

ADVISORY BUSINESS

As described in Item 4 - Services, Fees and Compensation above, D.A. Davidson provides portfolio management services through the Programs. D.A. Davidson receives all or a portion of the fee charged to clients for providing these services. In offering advisory services, D.A. Davidson considers every client situation individually, based on information provided by clients, including information included in the client's Investment Profile. Not every Program is suitable for a client. Clients may impose reasonable investment restrictions on the management of their accounts. Further information regarding client-directed investment restrictions is included in Item 4- Additional Information – Client-Directed Investment Restrictions above.

PERFORMANCE-BASED FEES

D.A. Davidson does not charge performance-based fees (i.e., fees based on a share of capital gains or capital appreciation of the client's account assets) in any of the Programs. D.A. Davidson receives a performance fee paid by the Concordant Fund, a private fund offered only to accredited investors. Further information regarding the Concordant Fund is included in D.A. Davidson's ADV, Part 2A.

RISK OF LOSS

Clients should understand investing in any securities involves a risk of loss of both income and principal. Securities analysis methods, including those utilized by D.A. Davidson, assume the companies whose securities trade in the markets, 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 attempt to remain alert to indications that data may be incorrect, there is always a risk that D.A. Davidson's analysis is compromised by inaccurate or misleading information.

The following is a non-exhaustive summary of specific risks associated with each type of investment analysis implemented by D.A. Davidson through the Programs:

Fundamental Analysis. Fundamental analysis 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 issuer itself) to determine if the company is underpriced (indicating it may be a good time to buy the security) or overpriced (indicating it may be time to sell the security). Fundamental

analysis does not attempt to anticipate market movements. This analysis 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 assessing the intrinsic value of the security.

Technical Analysis. Technical analysis involves the use of statistical data, and trends in that data, to identify trading opportunities. Technical analysis does not consider the underlying financial condition of a company, or the intrinsic value of its securities. This type of analysis presents a risk in that a poorly-managed or financially unsound company may underperform regardless of larger movements in the market.

Cyclical Analysis. This form of technical analysis involves studying cycles in the economy and financial markets. In this type of technical analysis, the movements of a particular stock are measured relative to the overall market in an attempt to predict the price movement of the security. The risk most commonly associated with this analysis is that the overall measurement is incorrect.

Quantitative Analysis. Quantitative analysis uses complex mathematical models and statistics to analyze past events to make investment decisions about security performance (or larger market movements) in the future. Common risks encountered in using quantitative analysis are that the models used are based on assumptions that prove to be incorrect, and that the underlying sets of historical data utilized by the manager are incomplete.

Qualitative Analysis. Qualitative analysis involves the analysis of unquantifiable information, such as management decisions, to evaluate investment opportunities in the company's securities. A risk in using qualitative analysis is that our subjective analysis of the information is proven to be incorrect.

Asset Allocation. A risk of an incorrect asset allocation decision is that the client does not participate in a sharp increase in a particular security, industry, or market sector. Another risk is that the ratio of equities, fixed income, and cash holdings will change over time due to security-value and market movements and, if not corrected (i.e., through rebalancing), will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. A common risk of mutual fund and/or ETF analysis is that, as with other securities investments, past performance does not guarantee future results. A manager who has been successful in identifying profitable opportunities among mutual funds may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a mutual fund or ETF, managers of different funds held by the client may purchase the same security, creating concentrated exposure for the client to that security and increasing the risk to the client if that security were to fall in value. There is also a risk of a manager deviating from the stated investment mandate or strategy of the mutual fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

The following is a non-exhaustive summary of general risks involved in investing through any of the Programs:

Interest Rate Risk. Fluctuations in interest rates cause the prices of securities to fluctuate. For example, bond market values have an inverse relationship to changes in interest rates. Generally, the longer a bond's maturity, the greater the interest rate risk and the higher its yield. Similarly, equities may also suffer from rising interest rates.

Market Risk. Market risk is the risk of investment losses due in a client's account due to political, social, and other factors that affect the overall economy and markets in which the client is invested, independent of the intrinsic valuation of one or more securities in the client's account.

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 therefore the risk of inflation exceeding the return of an investment in the client's account.

Currency Risk. Among other risks, investments in non-U.S. securities are subject to fluctuations in the value of the dollar relative to the currency of the country in which the issuer is based. This is also referred to as exchange rate risk. Currency risk could lead to a loss for a client, for example, when the proceeds from the sale

of the non-U.S. security, which may be in a devaluing foreign currency, are converted to a relatively stronger U.S. dollar.

Reinvestment Risk. This is the risk that future proceeds from investments have to be reinvested at a potentially lower rate of return (e.g., due to reductions in interest rates). This risk primarily relates to client account investments in fixed income securities.

Business Risk. These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on cost-effectively finding oil, extracting it, 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 regardless of the prevailing macroeconomic environment.

Liquidity Risk. Liquidity is the ability to readily convert a security into cash. Generally, securities in a client's account are more liquid if many individuals are interested in buying or selling them. For example, Treasury Bills are highly liquid, while real estate properties are relatively illiquid. Liquidity risk is therefore the risk that a client will not be able to promptly sell a security due to a limited market for that instrument.

Financial Risk. Excessive borrowing to finance a business' operations may create a degree of stress on the firm to the point of jeopardizing its profitability, and potentially triggering a default on one or more outstanding loans. Depending on the circumstances, such a development could lead to a declining value in the company's securities, or even its bankruptcy.

Insurance Carrier Risk (specific to eligible programs for advisory annuity and insurance products). This is the risk associated with an insurance carrier's financial strength in meeting current, ongoing and senior financial obligations which are obligations to policy/contract holders. An insurance carrier's balance sheet strength, operating performance and financial profile are major factors that quantify an insurance carrier's financial strength.

VOTING CLIENT SECURITIES

D.A. Davidson votes securities on behalf of its clients in the Paragon Program, MFP non-model accounts, and instances where the client has delegated the duty to D.A. Davidson in writing, consistent with applicable laws and regulations and the Firm's policies and procedures relating to the voting of proxies. These controls are intended to ensure that proxies are voted in the client's best interest. In all Programs, clients may retain the right to vote proxies for their own accounts, or direct D.A. Davidson to vote a proxy in a particular manner, so long as the client timely notifies their Financial Advisor in writing (including by email).

D.A. Davidson does not vote securities on behalf of clients in the Choice, SAM, RMS, UMA, or MFP model Programs, or for any underlying securities within mutual fund positions held in Program accounts. These Programs are managed on the Envestnet platform by the Portfolio Managers or Model Providers, depending on the program in question. In general, Envestnet delegates proxy voting to the Sub-Manager with respect to accounts participating in the SAM and UMA Programs. In those Programs, the Sub-Manager is responsible for voting, or abstaining from voting, in connection with any proxy solicitation relating to a security in the client's account. Envestnet is also responsible for voting proxies relating to securities in client accounts participating in the MFP model, RMS, SAM model, and UMA model Programs. Envestnet has implemented policies and procedures and other controls intended to ensure that proxies relating to securities held in a relevant Program account are voted in the client's best interest. Further information on Envestnet's proxy voting policy and procedures may be found in Envestnet's Form ADV, Part 2A, which is available upon request or by searching for Envestnet Asset Management online at <https://www.adviserinfo.sec.gov>.

Clients in the MAC Program may retain the responsibility to vote proxies relating to securities in their accounts, depending on the terms of the agreement between the client and the Portfolio Manager. Where agreed with the Portfolio Manager in relation to a MAC Program account, the client is responsible for voting proxies and

otherwise addressing all matters submitted for consideration by security holders, and D.A. Davidson is under no obligation to take any action or render any advice regarding such matters.

D.A. Davidson votes proxies relating to securities held in accounts subject to ERISA, unless the plan documents specifically reserve proxy voting authority to the plan sponsor.

Proxy Advisor Firm and Voting Methodology. D.A. 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 Firm ("Proxy Advisor"). The Proxy Advisor recommendations are pre-populated into the Proxy Service Vendor's electronic voting platform, subject to the preapproval requirements identified below. Proxies that are not escalated for preapproval are automatically executed pursuant to the Proxy Advisor's pre-populated voting recommendations. Proxies are generally voted in accordance with the Proxy Advisor recommendations, but D.A. Davidson reserves the right to exercise its own judgment on a case-by-case basis, to serve its client's best interests once it has determined that such a vote would not involve an identified firm related conflict of interest. In these situations, D.A. 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, including stock-based compensation and restricted stock award programs. Corporate governance issues, however, are diverse and continually evolving and these general policies may not be relevant in some circumstances.

Proxy Voting Committee. D.A. Davidson's Investment Adviser Proxy Voting Committee (the "Proxy Committee") includes senior personnel from D.A. Davidson and one or more of its Related Persons. The Proxy Committee meets periodically to monitor D.A. Davidson's overall adherence to and the effectiveness of the Firm's proxy voting policies and procedures. The Proxy Committee also reviews the internal controls and independence of the third-party vendors on no less than an annual basis. In addition, the Proxy Committee preapproves any contested or controversial proxies, requests to deviate from the Proxy Advisor's voting recommendations, and proxies that are not covered by D.A. Davidson's proxy voting policies and procedures.

Class Action Notices. D.A. Davidson will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in a client's Program account(s), including in connection with the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct D.A. Davidson to transmit a copy of any class action notices to the client or to a third-party. Upon such direction, D.A. Davidson will use commercially reasonable efforts to forward such notices to the person identified by the client in a timely manner.

Conflicts of Interest. D.A. Davidson and its supervised persons have various conflicts in relation to voting client proxies, which may include personal investments, outside activities, personal relationships, and management of investment accounts for or on behalf of publically traded companies. D.A. Davidson, as a dually registered brokerage Firm, also provides underwriting services for public companies, makes a market in select securities and uses the services of select public companies for core systems. D.A. Davidson believes, however, that its retention of the Proxy Service Vendor, use of the Proxy Advisor Firm recommendations, its adherence to its proxy voting policies and procedures and oversight by the Proxy Voting Committee help to ensure proxies are voted in the best interest of D.A. Davidson clients.

Further information on how your proxies were voted and a copy of D.A. Davidson's proxy voting policies and procedures may be requested, free of charge, by contacting your Financial Advisor or writing to: D.A. Davidson & Co. Attention: Compliance Department, 8 Third Street North, Great Falls, MT 59401.

Item 7 Client Information Provided to Financial Advisors and Portfolio Managers

Financial Advisors are responsible for developing an initial financial profile of the prospective client. Prior to opening an account, the Financial Advisor obtains from the client appropriate information (i.e., investment objectives, risk tolerance, time horizon, liquidity needs and any reasonable restrictions the client wishes to

impose upon the management of the account). This information is captured on D.A. Davidson's Investment Profile. Initial investment strategy is jointly determined based on an assessment of the information provided by the client.

It is ultimately the client's responsibility to advise D.A. Davidson of any changes to the information previously provided that might impact the ongoing suitability of any prior determined investment strategy or objectives. Neither D.A. Davidson nor any Portfolio Manager, nor other third-party service-provider (including the Platform Manager) is responsible for independently verifying information or data provided by a client, nor is D.A. Davidson, any Portfolio Manager, nor other any third-party service-provider responsible for any adverse consequence arising out of or in any way connected with the client's failure to promptly communicate the updated or new information to any of these persons.

The client understands, acknowledges, and agrees that the integrity and quality of the investment management services provided through the Programs by D.A. Davidson or a Portfolio Manager (or Sub-Manager, depending on the Program) depend on the accuracy of the information provided by the client, including information that is included in the client's Investment Profile.

A Financial Advisor will directly contact each of his or her Program clients at least annually to verify that there has been no change in the client's financial circumstances or investment objectives, or other information that could result in one or more changes to the client's Investment Profile, and to determine whether the client wishes to impose or change any reasonable restrictions on the management of the account. D.A. Davidson will promptly act on any such reasonable restrictions, or communicate any reported changes in those reasonable restrictions, to the appropriate investment manager, depending on the Program.

Item 8 Client Contact with Portfolio Managers

D.A. Davidson does not restrict a client's authority to contact or consult with a Portfolio Manager in relation to the client's account. D.A. Davidson also encourages clients to discuss their Program accounts with their Financial Advisor. Typically, the Financial Advisor serves as the communication conduit between the client and the Portfolio Manager or Sub-Manager in relation to matters concerning Program accounts.

Item 9 Additional Information

DISCIPLINARY INFORMATION

The following is a summary of disciplinary events relating to D.A. Davidson, its management, and Affiliates that the Firm believes may be material to a prospective client's decision of whether to retain the Firm to provide investment advisory services. Certain disclosures below relate to disciplinary events that occurred with predecessor firms which were acquired by D.A. Davidson Companies, the Parent of D.A. Davidson.

Further information regarding these settlements and other disciplinary matters relating to D.A. Davidson and its Affiliates is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site using D.A. Davidson's CRD number, which is 199.

Disciplinary Information Relating to D.A. Davidson's Advisory Business

The SEC issued an Order dated March 11, 2019 (SEC Administrative Proceeding File No. 3-19094) (the "SCSD Order"), relating to the resolution of a matter under the Division of Enforcement's Share Class Selection Disclosure Initiative (the "SCSD Initiative"). The violations referred to in the SCSD Order were self-reported by D.A. Davidson. Pursuant to the SCSD Order, the SEC deemed it appropriate and in the public interest that public administrative and cease-and-desist proceedings be instituted against D.A. Davidson alleging that the Firm willfully violated Sections 206(2) and 207 of the Advisers Act in connection with its mutual fund share class selection practices and the fees it received pursuant to Rule 12b-1 under the Company Act. In connection with

the SCSD Order, D.A. Davidson consented to: (a) cease and desist from committing or causing any violations and any future violation of sections 206(2) and 207 of the Advisers Act; (b) be censured; (c) pay disgorgement and prejudgment interest in the amount of \$654,276.41; and (d) comply with certain undertakings. As noted in the SCSD Order, in determining the settlement offer the SEC considered that D.A. Davidson self-reported its conduct to the SEC pursuant to the SCSD Initiative.

Disciplinary Information Relating to D.A. Davidson's Broker-Dealer Business

In October 2018, D.A. Davidson, without admitting or denying the allegations, consented to findings and sanctions by FINRA that it failed to apply available mutual fund share class sales charge waivers to eligible retirement and charitable organization Brokerage Accounts, and to implement proper supervisory system and training procedures (NASD Rule 3010 and FINRA Rule 3110 violations). The matter was previously self-reported to FINRA by D.A. Davidson in May 2016. As part of the settlement, D.A. Davidson paid \$447,000 in restitution, including interest, to approximately 303 customer accounts. D.A. Davidson was not fined as a result of its self-reporting of the matter and its cooperation with FINRA. D.A. Davidson also updated its training, policies and procedures, and other controls intended to ensure that an appropriate mutual fund share class is selected for clients, and that mutual fund sales charge waivers are applied in commission-based account transactions. This matter did not involve any wrap fee advisory clients of D.A. Davidson.

In February 2016 a regulatory action disclosure relating to the SEC's Order dated February 2, 2016 (SEC Admin Releases 33-10019; 34-77021) (the "MCDC Order") was issued. The SEC MCDC Order was issued under the Division of Enforcement's Municipalities Continuing Disclosure Cooperation Initiative, and the violations referred to therein were self-reported by D.A. Davidson. This included allegations of anti-fraud provision, due diligence, and continuing disclosure failures for the underwriting of certain municipal securities offerings, and the offering of municipal securities on the basis of materially misleading disclosure documents (SEC Rules 15c2-12 violations). During the relevant period the SEC found the official statements for six securities offerings, between the period of 2012 – 2014, failed to disclose that the municipal issuers had either failed to file annual audited financial statements, or to file notices of late filings. Pursuant to the MCDC Order, the SEC deemed it appropriate and in the public interest that public administrative and cease-and-desist proceedings be instituted against D.A. Davidson arising for willfully violating Section 17(a)(2) of the Securities Act (an antifraud provision of the federal securities laws) related to the underwriting of certain municipal securities offerings. In connection with the MCDC order, D.A. Davidson paid a \$500,000 fine to the SEC. In addition, D.A. Davidson engaged an independent consultant to review and update the Firm's policies, procedures, and other controls to help ensure compliance with the Firm's regulatory requirements.

In November 2015, D.A. Davidson, without admitting or denying the allegations, consented to the findings by FINRA that it violated best execution and standards of commercial honor and principles of trade requirements under FINRA Rules 5310 and 2010, respectively. More specifically, during the review period of October 2013 through December 2013, FINRA found that in seven customer transactions D.A. Davidson failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under the prevailing market conditions. D.A. Davidson was censured and fined \$22,500 and ordered to pay restitution to the clients impacted by the event. Although D.A. Davidson believed this was an isolated issue, additional controls were implemented to help prevent further violations, including technological controls to identify pricing variances on executed trades and processes to address such matters.

In May 2015, D.A. Davidson, without admitting or denying the allegations, consented to the findings of the Nasdaq Stock Market, LLC. ("NASDAQ") that it violated SEC Rule 101 of Regulation M by purchasing shares on a principal basis (i.e. a proprietary account) in 84 transactions, in its capacity as market maker while being a public offering distribution participant. In general Regulation M is designed to prevent or mitigate market manipulation, and restricts the activities of distribution participants that could artificially influence a market for an offering. In addition NASDAQ alleged D.A. Davidson's supervisory system was not reasonably designed to

achieve compliance with the aforementioned securities laws, in violation of NASDAQ Rules 3010 and 2110. D.A. Davidson was censured and fined \$17,500. Internal controls were also updated to help prevent any repeated violation, including enhancement to an internal watch list for securities in which D.A. Davidson is participating in the public offering.

In July 2012, D.A. Davidson, without admitting or denying the allegations, consented to the findings of FINRA that it violated fair pricing and best execution requirements set forth under NASD Rules 2440, IM-2440-1, IM-2440-2 and 2110 and FINRA Rule 2010 (for conduct on or after December 15, 2008). More specifically, during the period of October through December 2008, FINRA found 14 customer transactions where D.A. Davidson failed to ascertain a fair price, taking into consideration all relevant circumstances at the time of the transactions, including current market conditions. During the period of July through September 2009, FINRA found the Firm failed to use reasonable diligence to ascertain the best inter-dealer market in 12 customer transactions and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. D.A. Davidson was censured and fined \$30,000.

In February 2012, D.A. Davidson, without admitting or denying the allegations, consented to the findings of the NASDAQ Stock Market that the Firm violated the SEC Limit Order Display Rule (Rule 604) in that it failed to display immediately 35 customer limit orders in NASDAQ securities in its public quotation, when such order was at a price that would have improved the Firm's bid or offer. The purpose of the Limit Order Display Rule is to help promote competition, provide liquidity and increase transparency in the equity and option markets to investors. D.A. Davidson was censured and fined \$7,500.

Disciplinary Information Relating to Crowell Weedon Broker-Dealer Business

As noted above, prior to its acquisition by D.A. Davidson Companies, Crowell Weedon operated as an independent dually registered investment adviser and broker-dealer. The following is a summary of certain adverse disciplinary events relating to Crowell Weedon and previously disclosed by that firm, which may be material to a prospective client's decision of whether to retain D.A. Davidson to provide investment advisory services.

In August 2014, D.A. Davidson, without admitting or denying the allegations, consented to the findings that Crowell Weedon violated FINRA rules relating to the supervision of registration filings for its registered representatives (FINRA Form U4, Form U5 or NYSE 351(d) filings). More specifically, on 80 occasions from December 2007 through July 2012, Crowell Weedon filed late, inaccurate, or failed to file registration form amendments. The amendments generally related to reporting customer complaints, income tax judgments/liens, and outside business activities for Crowell Weedon's registered representatives. FINRA found the forgoing conduct to constitute separate and distinct violations of NASD Rule 3010(a) and 3010(b) and NASD Rule 2110 for conduct occurring before December 15, 2008, and FINRA Rule 2010 thereafter. As Crowell Weedon had since merged with D.A. Davidson, and as part of the agreement, the Firm consented to a censure and fine of \$120,000.

In July 2012, Crowell Weedon, without admitting or denying the allegations, consented to a censure and \$40,000 fine arising from FINRA's allegations that Crowell Weedon failed to require three individuals, in acting supervisory capacities with respect to Crowell Weedon's securities business, to obtain the required Series 24 license, also known as a "General Securities Principal" license. As a condition of the settlement, Crowell Weedon fulfilled its obligation to: (a) ensure that all of the Crowell Weedon's employees were properly registered; (b) ensure that the individuals did not act in a supervisory capacity until they obtained a Series 24 license; and (c) revise the Crowell Weedon's written supervisory procedures, among other things, to clearly designate the individuals responsible for supervision.

Disciplinary Information Relating to SMITH HAYES Broker-Dealer Business

Prior to its acquisition by Davidson Companies SMITH HAYES also participated the SEC MSCDC Initiative. An MCDC Order was issued by the SEC's Division of Enforcement in June 2015 for violations referred to therein

that were self-reported by SMITH HAYES. This included allegations of anti-fraud provision, due diligence, and continuing disclosure failures for the underwriting of certain municipal securities offerings, and the offering of municipal securities on the basis of materially misleading disclosure documents (SEC Rule 15c2-12 violations). SEC found the official statements in 2011 and 2013 securities offerings failed to disclose that the municipal issuer had not filed any annual financial reports that it had previously undertaken to make since 2009, and failed to file required notices of late filings. Pursuant to the MCDL Order, the SEC deemed it appropriate and in the public interest that public administrative and cease-and-desist proceedings be instituted against SMITH HAYES arising from willfully violating Section 17(a)(2) of the Securities Act (an antifraud provision of the federal securities laws) in regard to the underwriting of certain municipal securities offerings. In connection with the MCDL SMITH HAYES paid a \$40,000 fine to the SEC, and discontinued underwriting of certain municipal securities in early 2016.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

D.A. Davidson, a dually registered investment adviser and broker-dealer, is a wholly-owned subsidiary of D.A. Davidson Companies, a financial services holding company. D.A. Davidson Companies' other subsidiaries, known as "Related Persons," are Davidson Investment Advisors, Inc. and Davidson Fixed Income Management, Inc., both of which are federally-registered investment advisers, and D.A. Davidson Trust Company ("Davidson Trust"), a federally chartered savings bank.

Broker-Dealer Services. D.A. Davidson employees engaged in providing advisory services (including through one or more Programs) are registered as investment adviser representatives in each state where such registration is required. Many D.A. Davidson employees engaged in providing such advisory services are also registered representatives of D.A. Davidson in its capacity as a broker-dealer. In such capacities, D.A. Davidson and its Financial Advisors provide brokerage and related services to clients, including in relation to the purchase and sale of individual stocks, bonds, mutual funds, private investment funds, life insurance policies and annuities, and other products. In providing these services, D.A. Davidson and its Financial Advisors receive compensation based upon the sale of such securities and other investment products, including asset-based sales charges and service fees on the sale of mutual funds. The receipt of compensation from the sale of securities and other investment products presents a conflict of interest because D.A. Davidson and its Financial Advisors will have an incentive to recommend the investment products based upon the potential compensation to be received, rather than on whether the client will benefit from the purchase and continued holding of the product. However, this conflict is mitigated through disclosure of the conflict in this Brochure, and by the fact that, when selling investment advisory services, D.A. Davidson and its Financial Advisors are fiduciaries and are required to act solely in the best interest of clients. In addition, D.A. Davidson has implemented policies, procedures, and controls that are intended to ensure that Financial Advisors comply with this fiduciary duty. Further information regarding D.A. Davidson's compensation arrangements, potential and actual conflicts of interest, and how D.A. Davidson addresses such conflicts of interest is included in Item 4 – Additional Fee Information above, and in the Code of Ethics and Personal Trading Section below.

Insurance Products and Services. If a client purchases insurance products, including variable and fixed annuities in a non-advisory account through their Financial Advisor, in his or her capacity as a life insurance agent, will receive separate and customary commission compensation from the insurance sale transaction. The receipt of compensation from the sale of insurance products presents a conflict of interest because D.A. Davidson and its Financial Advisors will have an incentive to recommend the insurance product based upon the potential compensation to be received, rather than on whether the client will benefit from the purchase and continued holding of the insurance product. This conflict is mitigated through disclosure of the conflict in this Brochure, and through D.A. Davidson's policy that prevents the value of insurance assets from being included in the quarterly computation of the Financial Advisor's compensation from advisory account fees. However, this policy does not apply to the sale of variable insurance products in a Program where D.A. Davidson and the Financial Advisor receive an asset-based fee related to the ongoing management of the securities underlying the policy, rather than receiving a commission or selling concession from the sale of the variable annuity. Such

transactions are permitted in an account participating in a Program only after the compensation terms of the arrangement (including the asset-based fee and other expenses charged by the insurance carrier) have been disclosed to the client, and the client has consented to the arrangement.

Referral Fees. Financial Advisors are paid to refer clients who open accounts that participate in one or more of the Programs. These referral fees are divided among D.A. Davidson, the referring Financial Advisor, Portfolio Manager, and/or Paragon Manager (as applicable), depending on the Program. From time to time, D.A. Davidson and its Financial Advisors may also refer clients to one or more Affiliates, recommend that clients invest with an Affiliate that is an investment adviser, and recommend other investment products and services offered by D.A. Davidson or one or more Affiliates. Such referrals to or recommendations of Affiliates or investment advisory services and products provided by an Affiliate present a conflict of interest because the Financial Advisor receives a referral fee, and the entire client fee is retained by entities under common control by D.A. Davidson Companies. However, as fiduciaries, D.A. Davidson and its Financial Advisors will select or recommend investment advisory services or related investment products only when they determine that it is in the client's best interest to do so. The criteria used to select or recommend such investment advisory services or products are the same as those used for investment advisory services and products offered by firms not affiliated with D.A. Davidson.

Davidson Investment Advisors ("DIA"). Financial Advisors may refer clients to DIA in its capacity as an investment adviser, or hire DIA as a Sub-Manager in the SAM and UMA Programs. DIA also acts as a Model Provider for the MFP Access Davidson Investment Advisors Tactical Portfolio. In addition, D.A. Davidson serves as the broker-dealer and custodian for some DIA clients. In instances where D.A. Davidson and its Financial Advisors refer clients to DIA, the total management fee assessed to the client could be higher than the total fee a client would have paid had they engaged DIA directly to provide investment management services due to the referral fee to the Financial Advisor. Where DIA serves as the Sub-Manager in the SAM or UMA Programs, the total management fee assessed to the client could be higher than the total fee a client would have paid had they engaged DIA directly to provide investment management services, when considering the fees to be paid to D.A. Davidson and to the Platform Manager. However, the total Program fee will be equal to or less than the fee assessed when another Sub-Manager is selected to manage the portfolio. Finally, clients are not assessed any fees in addition to the standard fee schedule for investment assets managed under the MFP Access Davidson Investment Advisors Tactical Portfolio. Further information regarding fees, including the fees charged in the MFP, SAM and UMA Programs, is included in Item 4 above.

Davidson Mutual Funds. DIA is the investment adviser to Davidson Mutual Funds, an investment company registered under the Investment Company Act. U.S. Bancorp Fund Services, LLC acts as Davidson Mutual Funds' administrator and provides fund accounting and transfer agency services. D.A. Davidson offers the funds to its brokerage and certain advisory clients as described below. When acting as a broker-dealer, the compensation D.A. Davidson and its Financial Advisors receive from selling shares of the funds is set forth in the funds' prospectus and is similar to compensation received from sales of mutual funds managed by non-affiliated investment advisers. Such referrals or recommendations of the Davidson Mutual Funds present a conflict of interest because the entire client fee is retained by D.A. Davidson Companies and/or its Affiliates. This conflict of interest is mitigated through disclosure of the conflict in this Brochure, and through policies and procedures designed to help ensure investment recommendations are made in the client's best interest.

D.A. Davidson is permitted to purchase or recommend the purchase of Davidson Mutual Fund shares in Paragon and Choice Program accounts (other than in IRAs and accounts subject to ERISA). The client will not be charged a fee or load for initial or subsequent purchases of Davidson Mutual Funds shares, and any purchase will be made at Net Asset Value. When Davidson Mutual Funds shares are held in an account participating in a Program, the client will pay a fee based on the fair market value of the assets in the account, including the fair market value of Davidson Mutual Funds shares held in the account. Any new purchases of mutual funds in an account participating in a Program must be in Class I shares subject to no 12b-1 Fee. D.A. Davidson provides no financial or other incentive for the Firm or any Financial Advisor to favor Davidson

Mutual Funds over another mutual fund managed by an investment adviser not affiliated with D.A. Davidson.

DIA receives fees for advising the Davidson Mutual Funds. Those fees are based on the amount of assets held in the Davidson Mutual Funds, which increases with any new purchases of fund shares. The fees charged by DIA for managing the Davidson Mutual Funds are disclosed in the relevant fund's prospectus. As a mutual fund shareholder, investors indirectly pay a portion of the ongoing expenses of the relevant fund. These expenses include the management fee charged by DIA, and all other ongoing fees and expenses incurred in the administration of the Davidson Mutual Funds.

Further information regarding the Davidson Mutual Funds, including a copy of the Prospectus and Statement of Additional Information for the funds, is available on-line at: <http://davidsonmutualfunds.com/>. Prospective investors in the Davidson Mutual Funds should review these documents carefully before making any investment in a fund.

Aquila Funds. Davidson Fixed Income Management, Inc. ("DFIM") (doing business as Kirkpatrick Pettis Capital Management, Inc.) serves as the sub-adviser to two Aquila Funds tax exempt mutual funds – the Tax Free Trust of Oregon and the Tax Exempt Fund of Colorado (the "Aquila Funds"). DFIM receives compensation for providing sub-advisory services and this compensation is based on the amounts of assets held in the funds which increases with any new purchases of shares. The fee arrangement for DFIM's sub-advisory services is disclosed in the Aquila Funds prospectuses. As an Aquila Funds shareholder, a client would pay indirectly a portion of the ongoing expenses of the Aquila Funds and included in these expenses would be the payment to DFIM for its sub-advisory services. D.A. Davidson, considered together with our affiliate DFIM, will receive more total compensation if a client selects the Aquila Funds over a fund managed by a third party. To help address this conflict, D.A. Davidson Financial Advisors are generally paid the same amount for selling the Aquila Funds as for any other mutual fund(s), holding all other variables (for example, investment amount, share class, etc.) equal.

Davidson Trust. Financial Advisors may also refer clients to Davidson Trust to provide professional trust administration services, including recordkeeping, income distribution, bill paying, and general account administration. D.A. Davidson and its Financial Advisors have an incentive to make these referrals because the total Davidson Trust fee is shared equally between Davidson Trust and D.A. Davidson when the referral takes place. The portion received by D.A. Davidson is credited toward the Financial Advisor's production and impacts their compensation. This fee sharing arrangement will not result in any increased charges to the client. Neither D.A. Davidson nor any Financial Advisor will provide trust support services for Davidson Trust as a result of the referral.

In addition, Davidson Trust may elect to hire DIA or a D.A. Davidson-related Paragon Manager as the investment adviser for certain client accounts over which Davidson Trust has investment discretion. Davidson Trust shares a portion of its investment management fee with the selected investment adviser for providing investment advisory services. This fee sharing arrangement creates a conflict of interest for D.A. Davidson, its Financial Advisors, and Davidson Trust because the total account administration and investment management fee is divided among Davidson Trust, the referring Financial Advisor, the investment adviser (i.e., D.A. Davidson or DIA), and D.A. Davidson Companies. However, when D.A. Davidson or DIA serve as the investment adviser for a Davidson Trust account, the total account fee for administrative and investment advisory services will be equal to or less than the total fees if the services were provided separately.

Davidson Trust may also administer accounts over which it does not have investment discretion. In such instances, the client may independently choose to hire a D.A. Davidson-related Paragon Manager to provide investment advisory services to the account. In these arrangements, the total fee to the client will include separate charges by Davidson Trust for account administration and by D.A. Davidson for investment advisory services.

San Pasqual Fiduciary Trust Company (“San Pasqual Trust”). San Pasqual Fiduciary Trust Company (“San Pasqual Trust”) is a privately held, California state-chartered financial institution and trust company. Certain D.A. Davidson officers, in their personal capacity, own a minority interest in San Pasqual Trust (the “Davidson Owners”). San Pasqual Trust provides trust administration services and but does not manage trust assets. Instead, the company oversees investment managers managing such assets for and on behalf of their clients. San Pasqual Trust also acts as trustee for certain accounts for which D.A. Davidson provides brokerage or investment advisory services. Financial Advisors may refer clients to San Pasqual Trust for trust services, and San Pasqual Trust may allow the Financial Advisor to continue to manage the client’s assets held with D.A. Davidson, but San Pasqual Trust is under no obligation to do so. As a trustee, San Pasqual Trust is also authorized to hire a Financial Advisor to manage a trust’s investment assets. Although D.A. Davidson and San Pasqual Trust do not have any fee sharing or referral arrangements, the Davidson Owners and D.A. Davidson could benefit indirectly from referrals by each organization to the other, through the fees retained by the Firm to whom the client is referred. Otherwise there are no financial incentives for a Financial Advisor to refer a client to San Pasqual Trust, or for San Pasqual Trust to refer a client to D.A. Davidson or a Financial Advisor. In providing investment management services, D.A. Davidson is a fiduciary and is required to act in the best interest of its clients. San Pasqual Trust is also a fiduciary, and similarly has a duty to act in its clients’ best interest. San Pasqual Trust has controls in place to provide impartial service, including in relation to the selection and ongoing oversight of investment managers. Accounts for which San Pasqual Trust acts as trustee are custodied at Reliance Trust Company, an FIS Company, which is not affiliated with D.A. Davidson or Davidson Companies.

Outside Business Activities. Some D.A. Davidson Financial Advisors have been approved to conduct business activities that compete for their time, outside the scope of their duties with D.A. Davidson. If a client’s Financial Advisor engages in any outside business activities, these activities can create an incentive for the Financial Advisor to spend more time on the outside business activity rather than on his or her relationships with advisory and other retail clients. All employees are required to obtain prior approval from their supervisor prior to engaging in such activities to help ensure the activity does not conflict with the duties with D.A. Davidson. In addition, any investment related activities or activities that provide a substantial source of the supervised person’s income or involve a substantial amount of the Financial Advisor’s time must be disclosed on their Supplemental Brochure (ADV Part 2B).

CODE OF ETHICS AND PERSONAL TRADING

Code of Ethics. D.A. Davidson has adopted a Code of Ethics which sets forth the standards of business conduct required of its employees, including compliance with applicable federal securities laws. The Code of Ethics applies to all D.A. Davidson employees providing, or supporting the provision of, investment advisory services to clients, and, among other things, communicates the Firm’s fiduciary obligations when dealing with clients, imposes and explains rules related to trading by employees in their personal securities accounts, and prohibits insider trading and other unethical business conduct.

The Code of Ethics is based upon the principle that D.A. Davidson owes fiduciary duties of loyalty and care to D.A. Davidson’s advisory clients. These duties require the Firm, and its employees, to: provide investment advice in the client’s best interest; seek to obtain best execution of securities transactions in client accounts; and have a reasonable, independent basis for investment recommendations. D.A. Davidson employees must also conduct their affairs, including when purchasing and selling securities in their personal securities accounts, in such a manner as to avoid: (i) placing their own personal interests ahead of client interests; (ii) taking inappropriate advantage of their position with the Firm; and (iii) creating any potential or actual conflicts of interest, or otherwise abusing their position of trust and responsibility. The Code of Ethics also prohibits Financial Advisors from placing personal transactions ahead of client transactions in the same security on the same day as he or she placing a trade in a client’s account. An exception to this policy is permitted when the access person’s account is managed in the same manner as other client accounts and does not result in a more favorable price to the access person.

Clients may request a copy of the Code of Ethics by calling D.A. Davidson's Compliance Department at 406-727-4200 or 800-332-5915.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

There are various ways that D.A. Davidson can be viewed as participating or having an interest in transactions to which a client is a party. These situations and any conflicts of interest that arise from such activities, including in relation to the manner in which D.A. Davidson or an Affiliate executes securities transactions for a Program account or other account, are discussed in this section and throughout the Brochure.

Principal Trading. Subject to the requirements of applicable laws and regulations, D.A. Davidson may act as principal by purchasing securities for itself from, or selling securities it owns to, an account participating in a Program, but only on a case-by-case basis with advance written authorization from the client, and when it is in the best interest of the client to do so.

In addition to the advisory fee paid by a client, D.A. Davidson may realize profits from principal transactions with a client based on the difference between the price D.A. Davidson paid for the security and the price at which D.A. Davidson sold the security to the client, which may include a markup or markdown from the prevailing market price, an underwriting fee, selling concession, or other incentive to execute the transaction. In trading as principal with a client, D.A. Davidson will have a conflict of interest because it will seek to maximize the benefit for its own account, while also seeking to obtain the best outcome for the client's account. The profit potential referred to above creates an incentive for D.A. Davidson to recommend a transaction in which D.A. Davidson acts as principal. Nonetheless, D.A. Davidson has a fiduciary duty to act in the best interest of clients and to seek to obtain best execution for its advisory clients. Furthermore, D.A. Davidson has adopted internal procedures intended to ensure that D.A. Davidson will not act in a principal capacity for any transaction in an advisory client's account (including an account participating in a Program), unless the terms of the transaction have been disclosed to the client, including the material information regarding D.A. Davidson's or the client's Financial Advisor's financial interest in the transaction, and the client has approved the transaction in writing or the transaction is otherwise allowed by applicable law. Under no circumstances are principal trades and new issues allowed in ERISA or IRA accounts.

Agency Cross Transactions. An "agency cross" transaction is a transaction in which D.A. Davidson acts as broker for the parties on both sides of the transaction. For its brokerage services, D.A. Davidson may receive compensation from both sides of the transaction. In acting for both sides of the transaction, the Firm will have a conflict of interest because, while it will generally seek to maximize the benefit from the transaction for both sides, D.A. Davidson will be compensated regardless of whether this objective is achieved. In the case of an advisory account the client would also be paying an asset management fee based on the value of the assets in their account.

D.A. Davidson generally prohibits agency cross transactions for advisory clients, including for accounts participating in a Program. In rare instances, an exception may be made when D.A. Davidson determines that each respective transaction is consistent with the client's best interest, and may reduce transaction and market impact costs, such as when accounts are adjusting their respective durations, when one account is in a liquidation mode while another is in an accumulation mode, or for tax management purposes. In such instances, D.A. Davidson, acting as investment manager, may recommend the sale of securities from an advisory client's account while at or about the same time recommending the purchase of the same securities for the account of another advisory client under certain conditions, including but not limited to the condition that D.A. Davidson would not receive any compensation from either side of the transaction and therefore not considered to be "acting as a broker" as defined in SEC Rule 206(3)-2 under the Advisers Act. To further address this conflict where the Firm permits a cross transaction, D.A. Davidson will seek to obtain the best execution of the transaction for each advisory client and will effect agency cross transactions only in accordance with the requirements of Rule 206(3)-2 under the Advisers Act, which also requires the client's informed consent prior to the completion of such transaction. No agency cross transactions may be effected

for or on behalf of accounts subject to ERISA, or in IRAs.

Fractional Shares Liquidations. Fractional interests in securities (“Fractional Shares”), representing a portion of a whole share for eligible securities, may arrive in a client’s account as a result of several types of events: including, for example, dividend reinvestment programs (i.e. reinvested dividends in lieu of a cash payment), stock splits, or the division of a position in the underlying company (e.g. due to divorce). In certain circumstances, due to limitations with market and transfer infrastructure that does not support the sale or movement of Fractional Shares in exchange trade securities, a client’s account may hold a Fractional Share in an equity or ETF position without any whole shares for the company in question. This may occur as the result of three scenarios described below. In each of the scenarios, D.A. Davidson will place orders to liquidate the fractional share on principal transaction basis in order to monetize fractional shares on behalf of the customer where appropriate (see Principal Trading above for further information). In addition, D.A. Davidson has implemented procedures pursuant to conditions that must be met when liquidating Fractional Shares on behalf of a client on a principal basis. This includes, among other things, procedures to process the Fractional Share liquidation at no additional cost to the client, and to report the transaction in the client’s trade confirm or monthly account statement. D.A. Davidson has implemented controls that would prevent the Firm from separately determining the timing of the principal transaction by automatically liquidating the fractional share once it accumulates into a whole share position for the underlying company from other transactions. Further information on the Fractional Share liquidation procedures is also available upon request by contacting your Financial Advisor.

1. Sell All Scenario. In the event an order is placed to sell all the shares of a position with Fractional Shares the Fractional Shares will be sold from the client’s account into D.A. Davidson’s principal account at the same price and as of the same trade date as the whole shares on the following business day.
2. Orphan Share Scenario. In the event fractional shares arrive in an account after the whole shares are sold or transferred out of the account due to an impending dividend reinvestment payment, the fractional shares will be sold from the client’s account into D.A. Davidson’s principal account at the share’s closing price as of the dividend payment date, on the following business day.
3. Account Transfer Scenario. In the event a position with fractional shares is transferred out of a client’s account a Fractional Share position will remain due to the limitations in the transfer infrastructure. In this case the Fractional Shares will be sold from the client’s account into D.A. Davidson’s principal account as of the review date’s previous business day’s closing price.

BROKERAGE PRACTICES

In its capacity as an investment adviser, D.A. Davidson has a fiduciary duty to act in the best interest of clients and seek to obtain best execution for its advisory clients. This goes beyond simply minimizing individual transaction costs and includes an evaluation of the overall quality of trade execution, in aggregate, to maximize the total value achieved for clients. The following describes the order execution process, the factors that D.A. Davidson considers in selecting or recommending broker-dealers for client transactions, including orders placed by Sub-Managers in connection to applicable Program accounts, and other related matters.

Order Routing and Execution. Although D.A. Davidson makes a market in certain equity securities in its capacity as a broker-dealer, to help eliminate any conflicts the Firm does not execute any orders for the purchase and sale of equities in Program accounts. Except as otherwise described below, orders placed for equities in Program accounts are generally routed through D.A. Davidson’s trading platform to other broker-dealers for execution. The trading platform allows D.A. Davidson to route individual orders instantaneously on a security level basis to the broker-dealers selected in the Firms’ best execution process. However, the execution of any order may be affected by the liquidity of the security, market volatility and any price limits that may be imposed. Some but not all Sub-Managers route orders to other broker-dealers, outside of D.A. Davidson’s trading platform, which could result in additional charges to a client’s account. Please see Transactions Executed Away section below for further information.

Best Execution Reviews. D.A. Davidson evaluates the overall execution quality of client orders in aggregate to periodically assess which competing executing brokers offer the most favorable execution terms. Some of the factors considered by D.A. Davidson in determining where to direct an order are the execution speeds and costs, the opportunity to get a better price than what is currently quoted, execution capabilities, financial responsibility, the range and quality of services, and responsiveness to the adviser. In the case of fixed income securities, evaluations of venues could include among other things, a comparison of executions with publically reported trade data under the prevailing market conditions, and based on the type of issue and transactions, access to quotations, accuracy of trade settlements, reporting, and communications.

As part of its initial and ongoing due diligence process, D.A. Davidson also requires Sub-Managers that route orders outside of the Firm's trading platform to certify their policy and procedures are reasonably designed to achieve compliance with the fiduciary duties and best execution requirements described above.

Soft Dollar Benefits. Soft-dollar arrangements are the practice of paying brokerage firms for products and services such as research through directed trading and commission revenue. When engaging in soft dollar arrangements, investment advisers have a fiduciary obligation to make a good faith determination that any commissions paid by clients due to the directed trading are reasonable in relation to the value of the products and services received on behalf of the client. In addition, the investment adviser must ensure the soft dollar arrangements meet certain criteria under Section 28(e) of the Securities Exchange Act of 1934 and disclose any soft dollar arrangements to clients. **D.A. Davidson does not have any formal or informal soft dollar arrangements.** However, some Sub-Managers that route orders away from D.A. Davidson's trading platform have soft dollar arrangements with the broker-dealers orders are routed to. Please refer to the Transactions Executed Away section below for further information on orders routed away from D.A. Davidson. Clients are also encouraged to carefully review the soft dollar and other related disclosures in the Sub-Manager's Form ADV Part 2A, when applicable to the management of their Program account.

Payment for Order Flow. Generally, the term "Payment for Order Flow" refers to payments that brokerage firms receive for routing clients' buy and sell orders to other firms or market centers for execution. D.A. Davidson does not accept cash payments in return for directing client order flow to particular institutions or market centers. However, as a Firm we sometimes accept discounts, rebates, reductions of fees or credits, which are generally based on the overall volume of trading activity that results from sending orders to particular market centers or exchanges.

Directed Brokerage. Some clients, when entering into an advisory relationship, may already have a relationship with a broker-dealer. In this circumstance, the client may instruct D.A. Davidson to execute all transactions through that broker-dealer. If the client directs D.A. Davidson to use a particular broker-dealer, the client understands, acknowledges, and agrees that D.A. Davidson will likely have no authority to negotiate commissions or to obtain volume discounts, and may be unable to achieve the most favorable execution terms for transactions made on behalf of the client's Program account. This practice may therefore increase the cost of such transactions in comparison to orders executed by broker-dealers selected by D.A. Davidson in the order routing process described above.

Order Aggregation. D.A. Davidson may, but is not required to, aggregate orders for the sale or purchase of the same security, placed on the same day for different client accounts managed under the same Program. This could include proprietary accounts managed under the same Program, such as the Firm's own accounts, accounts of Affiliates, D.A. Davidson employees (e.g. a Financial Advisor's personal account) and/or other persons related to D.A. Davidson. However, D.A. Davidson has controls in place to help ensure client trade allocations are fair and equitable and to prevent a proprietary account from receiving a more favorable allocation than a client's account. Where order aggregation is employed, each account participating in an aggregated transaction will be charged or credited with the average price and, when applicable, its pro rata allocation of shares. For partial fills of orders in the Paragon Program, Paragon Managers may allocate shares to client accounts randomly or on a pro rata basis but in all cases client accounts receive priority to ensure a

fair and equitable allocation and to prevent a proprietary or employee account from receiving a more advantageous allocation. As noted above, there can be no assurance a Financial Advisor will purchase or sell the same securities for all such accounts participating in the same Program at the same time, or that the Financial Advisor will aggregate the client's orders with those of other clients. As a result, the client may receive different prices and executions for the same securities as compared to other clients making the same investment in that security. In the Choice Program, a non-discretionary Program, the client's Financial Advisor must enter orders promptly upon the client's instruction. Consequently, orders for Choice Program accounts are not eligible for order aggregation.

Transactions Executed Away. Trading away or "step out" trading occurs when a Sub-Manager directs orders for and on behalf of a client's Program account away from D.A. Davidson's trading platform. Sub-Managers are required to seek to obtain best execution when placing trades for and on behalf of a client's Program account. To fulfill their best execution obligations, some Sub-Managers will, from time to time, direct order flow away from D.A. Davidson. Clients may benefit from "step out" trading, which could result in price improvement, increased liquidity, and speed of execution of the trade. Sub-Manager could also direct orders away from D.A. Davidson's trading platform due to soft dollar arrangements (see "Soft Dollar Arrangements" above). **There are additional transaction costs associated with "step out" trading that are in addition to, and not included in, the asset-based fees charged for the Programs, or the fees charged by the Portfolio Manager.** The costs associated with "step out" trading are embedded within the execution price of the trade and, therefore, directly affect the value and performance of an investment portfolio. The impact of any additional transaction fees would also be compounded by the frequency of such transactions in a client's account. When a step out trade occurs in a client's account the client's trade confirmation will disclose the trade was executed away from D.A. Davidson and the additional transaction costs. D.A. Davidson does not receive any compensation for trades executed on a "step out" basis, and the fees paid for the management of client assets in a Program account do not change as a result of these types of transactions.

Trade Errors. It is D.A. Davidson's intention to effect transactions in Program accounts correctly, promptly, and in the best interests of clients. In the event an error occurs in the Firm's handling of these transactions, D.A. Davidson seeks to identify and correct the error as promptly as possible without disadvantaging the client. In general, in instances where D.A. Davidson is responsible for effecting the transaction incorrectly, the Firm may reimburse the client for any losses directly resulting from the trade error, credit to the client any profits directly resulting from the error that is corrected after the settlement of the transaction, or retain for D.A. Davidson any profits directly resulting from such trade errors that are corrected prior to the settlement of the transaction.

No Representations Regarding Sub-Managers. D.A. Davidson makes no representation regarding the future trading practices of any Sub-Manager in relation to its participation in any of the Programs. D.A. Davidson recommends that, before selecting any Program that relies wholly or partly on the investment advisory expertise and trade execution services of a Sub-Manager, the client carefully review that manager's Form ADV, Part 2A brochure, which includes additional information regarding that manager's brokerage practices.

REVIEW OF ACCOUNTS

Client Account Review. Accounts of clients participating in a Program are monitored on an ongoing basis by the client's Financial Advisor and are subject to review by the relevant Branch Office Manager (or his or her designee) (the "Branch Office Manager"). If a client receives quarterly performance reports, the client's Financial Advisor generally reviews the performance of the client's account at least quarterly; otherwise, the client's Financial Advisor generally reviews the performance of the client's account at least annually. Additionally, the Branch Office Manager reviews trading activity and account positions in Paragon and Choice accounts relative to the client's account investment profile and program guidelines.

At least annually, Financial Advisors are to meet with their client (either in person or over the phone) to review and update, as necessary, the client's Investment Profile. However, the client should immediately notify the Financial Advisor regarding any material change in the client's personal and/or financial circumstances to determine whether any review of and/or revision to the Investment Profile is warranted.

Performance and Account Reports. D.A. Davidson generally provides reports to clients on the performance of their Program accounts on a quarterly basis, although performance reporting may not be available for account assets, or available with the same frequency, if they are not custodied at D.A. Davidson. Client performance reports usually include a portfolio valuation and typically show the asset allocation of the client's portfolio, changes in a client's portfolio, and account performance compared to a benchmark market index or indices (such as the S&P 500® Index, or the Barclays Aggregate Bond Index). Market indices or other benchmark returns are shown only for comparison purposes, and may not be directly relevant to the client's assessment of the performance of their Program account. Performance returns reflect transactions costs (including from "step out" trading in the account), the appreciation or depreciation of assets held in the account, and the reinvestment of capital gains, dividends, interest, and other income received in the account.

If D.A. Davidson provides custody services to a client participating in a Program, the client will receive a monthly D.A. Davidson brokerage account statement when activity occurs in the account during that month. At a minimum, a quarterly statement for the account is provided if there has not been any intervening monthly activity. If Program account assets are not custodied at D.A. Davidson, then the client will receive a periodic account statement directly from the qualified account custodian. D.A. Davidson is not responsible for the production of such third-party account statements, and makes no representations regarding the accuracy or completeness of such statements. The third-party-sourced statement is the official record of the Program account and the assets contained in it, and should be reviewed carefully. The client should immediately notify their Financial Advisor if the client finds any discrepancies between the D.A. Davidson performance report and their custodian's account statement.

When preparing a client's account statements and performance reports, D.A. Davidson relies on third-parties, such as security price-quotation service-providers and custodians, when determining the value of Program account assets. As noted elsewhere in this Brochure, D.A. Davidson believes the sources of this information to be reliable. However, D.A. Davidson does not review valuation information provided by third-party quotation service-providers or custodians, nor does the Firm verify or guarantee the accuracy or completeness of such information, or that the preparation or presentation of such information complies with any particular legal or regulatory requirements. Moreover, the security prices obtained by D.A. Davidson from a particular third-party quotation service-provider may differ from prices that could be obtained from other sources. If a client custodies Program account assets at a firm other than D.A. Davidson, 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 to the client by D.A. Davidson due to different valuation sources utilized by D.A. Davidson and the custodian. In the event of a discrepancy between an official account statement and other reports or statements for the holdings and transactions in a client's Program account, the client's official account statement shall prevail.

CLIENT REFERRALS

Client Referrals. D.A. Davidson pays referral fees to independent third-parties and firms (each, a "Solicitor," and collectively, "Solicitors") for introducing clients to D.A. Davidson. Whenever D.A. Davidson pays a referral fee, the Firm requires that the Solicitor provide the prospective client with a copy of this Brochure and a separate disclosure statement at the time of solicitation that includes the following information: the Solicitor's name and relationship with D.A. Davidson; the fact that the Solicitor is being paid a referral fee; the amount of the referral fee; and whether the Program fee paid to D.A. Davidson by the client will be increased above the firm's previously agreed fees in order to compensate the Solicitor. In practice, the Program fees paid to D.A. Davidson by clients referred by solicitors are not increased as a result of any referral.

Davidson Trust also refers clients to D.A. Davidson. However, Davidson Trust is not compensated for such client referrals. Further information regarding the conflicts of interest associated with referrals and other business terms among D.A. Davidson and its Affiliates, and how D.A. Davidson addresses those conflicts, is included in the Other Financial Industry Activities and Affiliations section above.

OTHER COMPENSATION

Cash Management Program. When D.A. Davidson acts as custodian for assets in an account participating in a Program, the Firm utilizes a Cash Management Program, commonly referred to as a “sweep” program, to automatically sweep uninvested cash balances into an interest bearing account (or in limited circumstances to a money market mutual fund) at the end of each business day. Sweeps in a client’s account may occur due to, among other things, the sale of securities, dividend payments, interest credited from bonds, and cash balances. Unless you affirmatively elect not to participate in Davidson’s Cash Management Program, or are otherwise ineligible to participate in the Bank Insured Deposit Program (“BIDP”), D.A. Davidson’s default cash sweep investment option for advisory accounts is the BIDP. ERISA and 403(b) accounts managed on a discretionary basis may not participate in the BIDP and therefore are swept to a money market mutual fund.

Cash balances in the BIDP are automatically custodied by one or more banks not related to D.A. Davidson (collectively “Program Banks”) and are generally eligible for FDIC insurance up to \$4 million per account, in accordance with the terms and conditions of the BIDP and FDIC regulations (the aggregate coverage amount may go up or down from time to time). Cash deposits in any one bank participating in the BIDP are managed so they do not exceed applicable FDIC insurance limits at any single bank (currently \$250,000 or \$500,000 for joint accounts of two or more). You, however, are responsible for monitoring the total amount of deposits (including CDs) you may hold with a bank outside of the BIDP to ensure applicable FDIC insurance limits are not exceeded.

D.A. Davidson performs management, accounting, recordkeeping, and other services associated with the offering of the BIDP to clients in a Program. Client accounts in a Program that are not IRAs participate in the “Traditional” BIDP: Under the Traditional BIDP, D.A. Davidson is compensated for providing those services based on a percentage of the average daily deposit balance in the client’s BIDP account(s) at the Program Banks. Under the Traditional BIDP, D.A. Davidson keeps most of the interest revenue we receive from the Program Banks as our fees. As explained below, the amount of interest from Program Banks that is credited to client accounts depends on the account’s Interest Rate Tier, which in turn depends on the client’s Household Balance. In the Traditional BIDP, the compensation to us significantly exceeds the amount of interest that we credit to client accounts, particularly at the lower Interest Rate Tiers. Upon a client’s request, the D.A. Davidson Financial Advisor will provide you with specific detail about your account’s Interest Rate Tier, the amount of interest revenue from the Program Banks that we keep (or that is paid to our third-party service provider for the BIDP), and the amount of interest revenue that is credited to your account. Be sure to ask your D.A. Davidson Financial Advisor for this information if you wish to receive it.

If your account is an IRA and is in the Advisory BIDP, we receive a monthly level fee determined partially on a “per account” basis, and partially based on certain interest rates. For Program IRA accounts participating in the BIDP, our fees, and those paid to our third-party vendor, reduce the interest rates that are credited to client accounts.

You should also understand that we charge asset-based Program fees on the entire account balance within a Program (including any swept cash), and on the cash in the BIDP, the portion of interest revenue we keep from the Program Banks is an additional fee we receive on top of the Program fees. Likewise, D.A. Davidson receives more fees from the Traditional BIDP and for IRA accounts participating in the BIDP than from other cash sweep programs, such as the money market mutual funds we offer for cash management purposes.

For these reasons, D.A. Davidson has an incentive to utilize BIDP as the default sweep option, and to encourage clients to use the BIDP, as it increases total revenue to our Firm, and usually increases our Firm’s revenue

significantly more than other sweep programs. Likewise, D.A. Davidson has an incentive to maintain more cash in Program accounts, since doing so causes us to receive additional fees on top of the Program fees. However, Financial Advisors do not receive any portion of this compensation related to our cash sweep program and the cash sweep program option must be selected by the client on a fully disclosed basis. In addition, D.A. Davidson has controls in place to monitor cash positions in Program accounts for suitability with the investment policy, objective or strategy implemented. For the Traditional BIDP, the fee paid to D.A. Davidson may be up to 100% of the amount the Program Bank is willing to pay with respect to funds in the Accounts. The fee varies from Program Bank to Program Bank.

D.A. Davidson receives a level monthly fee for each IRA participating in a Program that utilizes the BIDP (the "IRA Advisory Sweep Fee"). The monthly IRA Advisory Sweep Fee is determined based upon a charge of \$1.00 per account plus \$0.08 times the Federal Funds target interest rate expressed in basis points, subject to a maximum of \$15.00 per account. D.A. Davidson's fees in connection with the BIDP will be paid from the total amounts paid by the Program Banks.

Each Program Bank pays interest based on a percentage rate of the daily deposit balances for eligible accounts at that bank. This rate may differ between Program Banks and is generally based on either the Federal Funds effective rate or the London Interbank Offer Rate ("LIBOR"), plus or minus a "spread". Generally, the yield on Traditional BIDP accounts is equal in aggregate to the gross interest paid by the Program Banks minus a third-party service provider fee and minus the D.A. Davidson fee will be established based on a tier of account balance values ("Interest Rate Tier"). You may link your account to other accounts held by yourself or members of your household as described below. The aggregate balance of all "linked" accounts is referred to as your "Household Balance." Your Household Balance determines the level of interest paid based on the Interest Rate Tier. In general, clients with greater Household Balances will receive a higher interest rate than clients with lower Household Balances. D.A. Davidson is not responsible for identifying accounts that are eligible to be linked for purposes of determining your Household Balance. It is your obligation to notify D.A. Davidson of accounts that should be linked. You may contact D.A. Davidson for more information or to give Davidson instructions with respect to linking eligible accounts. Be sure to ask your D.A. Davidson Financial Advisor to do this.

For ERISA, 403(b) advisory accounts and other accounts designated by D.A. Davidson from time-to-time, you will be placed in a money market fund available for the Cash Management Program offered by D.A. Davidson (the "Money Market Fund"). As with BIDP, un-invested cash balances ERISA and 403b plan accounts are automatically swept into your Money Market Fund. The Other Mutual Fund Compensation section below also provides further information on compensation paid to D.A. Davidson by the sponsor(s) and distributor(s) of the money market mutual funds offered by D.A. Davidson.

The applicable terms and conditions of the BIDP are included in the "Cash Management Program" section of the Advisory Agreement. Other important information concerning the Cash Management Program, BIDP and the Money Market Fund are also available on the D.A. Davidson website at <https://dadavidson.com> under the "Savings & Spending Solutions" page, located under the What We Do-tab, Wealth Management, and Products and Services, or upon request. Prospective changes in regulations applicable to money market funds may impact how some money market funds are managed and disclose information, as well as the costs and expenses of those funds. Further information regarding each money market fund is available in the relevant fund's prospectus.

Other short-term, cash-equivalent investments are available to you for purchase through D.A. Davidson. These other investments, however, which can provide for higher rates of return, are not part of the Cash Management Program, and will not offer an automatic cash sweep feature. Any cash awaiting investment or reinvestment not participating in the Cash Management Program will not earn interest. For more information, please contact your D.A. Davidson Financial Advisor. Clients can terminate their participation in the Cash Management Program at any time by contacting their D.A. Davidson Financial Advisor.

Revenue Sharing Arrangements. In addition to sales charges and similar payments, some issuers and sponsors of investments we recommend share with D.A. Davidson a portion of their revenue. These payments, sometimes called “revenue sharing” payments, are usually based on the total amount of sales we make of their investments or the total amount of client assets invested with them. This creates an incentive for our Firm to include on our platform, and encourage the purchase of, investments whose issuers and sponsors share revenue with us, and share more revenue with us than others. D.A. Davidson does not share these payments with our Financial Advisors, to reduce any financial incentive they might have to recommend revenue-sharing investments over others. **A list of the investment product issuers and sponsors who provide D.A. Davidson with revenue sharing payments is furnished in Exhibit A of D.A. Davidson’s Regulation Best Interest Disclosures document, and available upon request.**

Recordkeeping/Shareholder Servicing Fees. For some investment products, such as mutual funds, college savings plans and variable annuities, D.A. Davidson receives ongoing fees for recordkeeping and other shareholder or administrative services. For example, D.A. Davidson receive fees in connection with mutual fund investments for sub-accounting and sub-transfer agent services in respect of our clients. The Firm receives these fees for tracking fund ownership among our client accounts, distributing prospectuses, processing transactions on an omnibus basis and similar services. These fees create an incentive for D.A. Davidson to make available on our platform, and encourage the purchase of, investments who pay the Firm for such services, and pay the Firm more than others.

As a percentage of client assets held in investment products for which D.A. Davidson receives these types of fees, the total such fees the Firm would receive in most years is approximately 0.05-0.07%. Because D.A. Davidson generally provide these types of services on an omnibus (across-the-board) basis, the fee rates the Firm receive typically do not vary materially within categories of products (for example, from one mutual fund to another mutual fund). D.A. Davidson does not share these recordkeeping or other shareholder service fees with our Financial Advisors.

Education and Marketing Support. Some investment product sponsors contribute to or reimburse D.A. Davidson for the cost of educational events and marketing events for our retail clients and Financial Advisors. Others pay for travel, meals, entertainment and attendance at educational conferences, training events and due diligence trips for our Financial Advisors. These events provide our Financial Advisors with additional opportunities to be educated about services and investments that can be offered to existing and potential clients. Some of these events, which are hosted by D.A. Davidson for our Financial Advisors, are offered in multiple tiers – this means that product sponsors pay different amounts and as a result receive different levels of benefits. For example, these different benefits might include having their speaker at a main session versus a breakout session, a more prominent display in the materials used in connection with the event, etc.

In addition to the above, D.A. Davidson Financial Advisors and other employees sometimes receive compensation from investment product sponsors that is not in connection with any particular client. This compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting or entertainment event, or reimbursement in connection with educational meetings, client events, or marketing or advertising initiatives, including services for identifying prospective clients.

These payments described above provide an incentive for D.A. Davidson and our Financial Advisors to recommend investment products whose sponsors provide these additional support payments to us, and those who make higher support payments, than others. D.A. Davidson imposes an internal review and approval process to ensure that these payments are not unreasonably high (or otherwise inappropriate) under the circumstances, and we do not permit these payments to be made directly to our Financial Advisors. **A list of the investment product sponsors who provide our Firm with payments and reimbursements in support of our education and marketing efforts is furnished in Exhibit A to the Regulation Best Interest Disclosures, and is available upon request.**

Production/Compensation Grid. The single most important factor affecting your D.A. Davidson Financial Advisor's cash compensation is the total amount of revenues he or she generates for the Firm, which is sometimes referred to as his or her "production." Specifically, the primary cash compensation we pay to each of our Financial Advisors (which is determined and paid on a monthly basis) is a percentage share of his or her production, which is generally between 25% and 51%. For each of the Firm's Financial Advisors, the exact percentage he or she receives for a given month is determined primarily according to his or her production over the previous six (6) month period, and tenure with our Firm, as set forth in our compensation grid. D.A. Davidson's compensation grid has thresholds or bands that enable your Financial Advisor to increase his or her compensation through an incremental increase in sales.

Commissions and most other transaction-based charges for brokerage services, sales commissions, ongoing payments such as trails and 12b-1 fees, as well as investment advisory fees, generally count toward our Financial Advisors' production. Of course, and as explained previously, the compensation that both the Firm and its Financial Advisors receive is based on these revenues, so we both have a financial incentive to increase those commissions and other payments. However, your Financial Advisor has an additional incentive to maximize his or her ongoing production, because the higher it is over the previous six (6) month period, the greater percentage share he or she will receive for that current month. Stated simply, increasing his or her production generally entitles your Financial Advisor to receive a larger share of a larger dollar figure. Therefore, your Financial Advisor has a strong financial incentive to recommend frequent and larger trades, investment products and accounts that pay us higher revenues, and additional investments, services and accounts that increase his or her production-eligible revenue.

D.A. Davidson has also adopted and enforces policies and procedures intended to help ensure the Firm and its Financial Advisors comply with our fiduciary duties. In addition, under our compensation grid, the percentage of his or her production that your Financial Advisor will receive as cash compensation is determined on a month-by-month basis over a 6-month lookback period, and the grid includes a number of incremental rate steps. These features are intended to help manage the incremental compensation increases that our Financial Advisors can achieve for discrete sales, or for sales over a short period.

Also, certain revenues we receive as a Firm do not count toward your Financial Advisors' production, such as margin interest and other fees described under Item 4, Other Fees and Expenses, payments from third-party banks that participate in our cash management program, recordkeeping, sub-accounting and other administrative service fees from mutual funds, and certain revenue sharing payments.

Certain other revenues our Firm receives are credited to our Financial Advisors' production on a reduced basis, such as equity underwriting compensation (60%), fees paid by clients to DTC that result from the Financial Advisor's referrals (50%) and fees paid by clients to DIA that result from the Financial Advisor's referrals (20-70%).

New Recruit Incentives. When some of our Financial Advisors are new recruits to our Firm, we grant them forgivable loans – in other words, loans that can be repaid through bonus payments that these Financial Advisors can earn by remaining employed with our Firm over a period of years (typically nine (9) years). In many cases, for the first year in which a new Financial Advisor is employed with our Firm, we offer him or her a fixed compensation grid, which may be higher than the grid for which he or she otherwise may have qualified. We also offer some new Financial Advisors one of the three following incentives: (i) an increased compensation grid on future advisory fees and commissions if he or she meets certain production goals; (ii) additional forgivable loans if he or she reaches certain production goals; or (iii) additional forgivable loans if he or she brings certain amounts of assets to our Firm.

These incentives encourage Financial Advisors to recommend that clients move additional assets to our Firm (for example, through IRA rollovers) and, for (i) and (ii) above, to recommend higher levels of trading and the purchase of additional and larger investments. These additional forms of compensation are typically earned over longer periods of time, to help reduce the incentive our new recruits might have to achieve large sales volume over short periods or at any given point-in-time. Performance measuring periods are usually twelve (12) consecutive months. Also, while new recruits are usually eligible for expense allowances (as described above under “Other Bonuses and Awards”), they typically are not eligible for deferred performance awards while they qualify for a fixed compensation grid, and are not eligible for loyalty bonuses because they have not yet earned seven (7) years’ tenure.

Certain Manager/Regional Director Incentives. D.A. Davidson’s managers, directors and supervisors oversee the sales and marketing activities of our Firm. The compensation of certain managers and regional directors – namely, our Branch Office Managers (“BOMs”) and Regional Directors (“RDs”) – is tied in part to the production levels of branches or regions over which they have managerial or supervisory responsibility. The tying of BOMs’ and RDs’ compensation to the production of the branches or regions they supervise incentivizes them to spend more time on increasing production levels than on their supervisory responsibilities. Only BOMs and RDs are compensated in this fashion. Our Firm has other management and supervisory personnel who have responsibility for the supervision and oversight of our branches, regions and Firm generally, and who are not compensated based on production levels.

Mutual Fund 12b-1 Fees. As noted above in the Additional Fee Information section of this Brochure, certain mutual fund share classes pay D.A. Davidson a 12b-1 Fee, which is an annual marketing and distribution fee. The payment of this fee creates a conflict of interest for the Firm, because it could cause Financial Advisors to recommend that accounts participating in a Program purchase and hold share classes of mutual funds that pay the 12b-1 Fees rather than share classes of mutual funds that do not pay 12b-1 Fees. Client should be aware that 12b-1 Fees also negatively impact the investment performance of the relevant mutual fund share class, due to the effects of these compounded expenses to the fund over time. However, D.A. Davidson addresses the consequences of this conflict of interest through disclosure of it in this Brochure, and also requires that any new purchases of mutual funds in Program accounts be in a share class that does not pay a 12b-1 Fee whenever such a share class is available to the client. D.A. Davidson will also pass on and rebate to the client participating in a Program any 12b-1 Fee received by the Firm in connection with mutual fund shares held in that client’s account. Additionally, D.A. Davidson uses commercially reasonable efforts to convert any existing Program account mutual fund holdings in a 12b-1 Fee-paying share class to shares of a class that does not pay a 12b-1 Fee, when consistent with the client’s investment objectives, asset allocation, and other circumstances.

FINANCIAL INFORMATION

D.A. Davidson is required to disclose any financial condition that is reasonably likely to impair the Firm’s ability to meet its contractual obligations. D.A. Davidson has no such financial circumstance to report.

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