



**Part 2A of Form ADV**  
***Firm Brochure***

**D.A. Davidson & Co.  
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[dadavidson.com](http://dadavidson.com)

March 9, 2023

**This Firm 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 ("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 [adviserinfo.sec.gov](http://adviserinfo.sec.gov). You can search this site by our firm's CRD number, which is 199.**

## Item 2      Material Changes

A summary of the material changes made to the D.A. Davidson & Co. ("D.A. Davidson") ADV Part 2A Firm Brochure (the "Brochure") will be published in a separate document that will be distributed to clients who received the previous version of the Brochure and continue to receive the advisory services described in this brochure.

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## Item 4 Advisory Business

D.A. Davidson & Co. ("D.A. Davidson", the "Firm", or "we"), a wholly-owned subsidiary of D.A. Davidson Companies, a financial services holding company, is a dually registered investment adviser and broker-dealer with its principal place of business located in Great Falls, Montana. This ADV 2A Firm Brochure (the "Brochure") describes the advisory services offered by D.A. Davidson through its Financial Advisors and other investment professionals in the areas of Retirement Plan Services, and Financial Planning Services. This includes important information concerning the fees, conflicts of interest, and other information clients should consider at or prior to entering into an agreement with D.A. Davidson for such services. In addition, this Brochure provides certain information about advisory services provided to The Concordant Fund, a private fund, offered only to sophisticated, qualifying investors.

All discussions of The Concordant Fund in this Brochure, including, but not limited to, its investments, the investment strategies implemented on behalf of The Concordant Fund, the fees and other costs associated with an investment in The Concordant Fund, and conflicts of interest inherent in D.A. Davidson's management of The Concordant Fund, are qualified in their entirety by reference to The Concordant Fund's confidential private placement memorandum and governing documents (referred to collectively as the "Concordant Fund Offering Documents").

The information contained in this Brochure is current as of the cover date and is subject to change at D.A. Davidson's discretion. Please retain this Brochure for your records. D.A. Davidson also acts as a portfolio manager and/or sponsors several wrap fee programs for which it receives a fee for its services described in a separate brochure, called a "Wrap Fee Program Brochure". The Wrap Fee Program Brochure provides details on, among other things, the wrap fee programs and services, program fees, and conflicts of interest for each program. You may obtain a copy of that brochure by contacting your Financial Advisor, 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. You may also obtain a copy of that brochure and other important disclosures online at [dadavidson.com/Disclosures](http://dadavidson.com/Disclosures).

Clients are also encouraged to carefully consider the differences between brokerage and investment advisory services including D.A. Davidson's 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. 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 Firm requires its financial professionals to consider a number of factors, such as the type and level of services required and the expected trading frequency, before recommending an account type to a retail client. This is intended to help ensure that the Firm's account type recommendations to clients are reasonably expected to be cost-effective choices in light of their investment services and needs. Additionally, the Firm does not impose requirements on how many accounts a financial professional must have that are brokerage accounts or advisory accounts, nor incentivize the decision through differential compensation.

### **SCOPE OF SERVICES AND APPLICABLE STANDARDS OF CARE**

***Advisers Act Fiduciary Duty.*** As a registered investment adviser, D.A. Davidson is subject to a fiduciary duty under the Investment Advisers Act of 1940 (the "Advisers Act"), which includes both a duty of care and a duty of loyalty (referred to in this Brochure as the "Advisers Act Fiduciary Duty"). This means D.A. Davidson and D.A. Davidson's registered investment advisors (each, a "Financial Advisor," and collectively, "Financial Advisors") are required to act in the client's best interest when providing advisory services, including those described in this Brochure. The duty of care requires, among other things, for D.A. Davidson and its Financial Advisors to seek best execution and to provide advice that is in the client's best interest based on the client's investment objectives, risk level, investment time horizon, financial information and other circumstances (collectively, client's "Investment Profile") or mandate. The duty of loyalty requires D.A. Davidson to provide full and fair disclosure of, and obtain client's consent to conflicts of interest. The duties also require D.A. Davidson to monitor accounts when providing certain advisory services based on the terms of the agreement between D.A. Davidson and a client.

***Special Rules for Retirement Accounts.*** When it comes to retirement and other qualified accounts, including employer-sponsored plans ("plans"), individual retirement accounts ("IRAs"), SEP IRAs, SIMPLE IRAs, Keogh plans, Coverdell educational savings accounts, and other similar accounts (collectively, "retirement accounts") we are "fiduciaries" under Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") and/or the Internal Revenue Code (the "Code"), when we provide investment advice or manage a client's account. ERISA and the

Code limit the types of products and services D.A. Davidson can offer and provide with respect to retirement accounts.

When making recommendations that clients open, rollover or transfer retirement account assets to an advisory account and change account types, the Firm relies on Prohibited Transaction Exemption ("PTE") 2020-02, which allows D.A. Davidson, its financial professionals and affiliates to earn variable compensation for such recommendations subject to certain conditions. PTE 2020-02 requires D.A. Davidson to act in client's best interest and not put their interest ahead of clients' interests when providing these recommendations ("fiduciary acknowledgement"). Under the PTE 2020-02, D.A. Davidson and its financial professionals must also:

- Meet a professional standard of care (give prudent advice);
- Not put the Firm's financial interests ahead of client's (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that the Firm and its financial professionals give advice that is in client's best interest;
- Charge no more than is reasonable for the Firm's services; and
- Give the client basic information about conflicts of interest.

This fiduciary acknowledgment does not create or modify a contractual obligation, or fiduciary status or obligations under state law. This fiduciary acknowledgement does not apply to federal, state, local, non-US or other types of workplace employee benefit plans that are subject to laws other than ERISA or Section 4975 of the Code.

The above acknowledgement applies solely with respect to the following recommendations for advisory accounts ("Covered Recommendations"), as may be applicable:

- Roll Out Recommendations. From time to time, the Firm in coordination with client's financial professional (and a centralized review team) will provide a written recommendation that client roll out assets from a plan to an IRA, from an IRA to a plan, or from a plan to a plan.
- Account Type Recommendations at the Firm. From time to time, the Firm or client's financial professional will recommend that client open a brokerage or advisory IRA, transfer money between brokerage and advisory IRAs, or transfer money from one wrap fee program or portfolio to another within an advisory IRA. Under the Firm's wrap fee programs the financial professional may recommend that client engage the services of an investment manager for their advisory IRA, which may include one of D.A. Davidson's affiliates.

The above acknowledgement does not apply to other suggestions, recommendations and services the Firm and its financial professionals provide, and are governed exclusively by the terms of clients' other agreements with, and disclosures from, the Firm, as may be applicable. D.A. Davidson refers to these as "Excluded Recommendations and Transactions." Excluded Recommendations and Transactions refer to communications that are not reasonably intended to be viewed or construed as an individualized/personalized suggestion for client to take a particular course of action with respect to their retirement accounts ("General Information and Education") or that are otherwise not to be treated as Covered Recommendations under this disclosure, including, but not limited to:

- General Information and Education about the financial markets, asset allocations, financial planning illustrations and the advantages and risks of particular investments;
- General Information and Education materials about issues and alternatives that should be considered when deciding whether to roll out or transfer retirement account assets to the Firm;
- Transfers of IRA assets held at a financial service company other than the Firm (including directly with an investment product sponsor);
- Recommendations about investments in accounts that are not retirement accounts (i.e., taxable accounts) client maintains with D.A. Davidson or accounts held at other financial institutions;
- Transactions clients enter into without a recommendation from D.A. Davidson or its financial professionals, or that are contrary to, or inconsistent with, their recommendation;
- Ongoing recommendations of securities or other transactions or discretionary investment advice through a wrap fee program (other than Account Type Recommendations), except as otherwise agreed to in writing in such wrap fee program's applicable agreements or disclosures;

- Recommendations or investment advice that the Firm provides to clients with respect to an account that they have at the Firm, which clients choose to implement in another account or at another financial services company without the Firm's written consent; and
- Recommendations that are not fiduciary "investment advice" as defined in Department of Labor regulation section 2510.3-21 (i.e., investment advice for a fee or other compensation rendered on a regular basis pursuant to a mutual understanding that such advice will serve as a primary basis for client's investment decision, and that will be individualized to the particular needs of client's retirement account)

***The Best Interest Standard and Reasonable Compensation.*** The best interest standard under both the Advisers Act Fiduciary Duty and PTE 2020-02 does not require that D.A. Davidson guarantee the performance of any investment or that client's investment objectives will be achieved. In addition, D.A. Davidson and its financial professionals may provide recommendations and take actions in connection with the accounts of other clients that may differ from the recommendations and services provided to client. There may be times when D.A. Davidson is legally prohibited from making a recommendation that may be otherwise considered to be in client's best interest, such as due to insider trading. Client understands any recommendations D.A. Davidson or its financial professionals make will reflect the information client provides to the Firm about their investment objectives, risk level, investment time horizon, financial information and other circumstances and D.A. Davidson will not be responsible for any information client omits or fails to provide, including changes thereto. D.A. Davidson and its financial professional's recommendations and advice will also reflect any limitations client imposes, including through applicable investment restrictions and guidelines. Clients are responsible for notifying D.A. Davidson and their financial professionals if their investment objectives, risk tolerance and financial circumstances change. D.A. Davidson and its Financial Advisors will not be responsible for clients' decision to invest or transfer their IRA or employer sponsored retirement plan assets in a manner that is different from, or inconsistent with, D.A. Davidson's recommendations or other advice and guidance, and clients assume the risk of such decision, nor will D.A. Davidson or its financial professionals be responsible for clients' delay in implementing a recommendation.

Reasonable compensation under retirement laws has generally been determined based on the compensation paid or received in an arm's-length transaction considering the nature and extent of all services (including products, features and benefits) provided. This standard does not require D.A. Davidson to offer its services at the lowest cost, or for the least compensation, in the marketplace, or that it offer its services to clients at the same or lower cost or compensation levels than it offers them to other clients, including similarly situated clients. Certain clients may have negotiated lower fees and compensation for their advisory services than others. By entering into an agreement with D.A. Davidson, client agree that they believe the fees and other compensation payable for the Firm's services are reasonable in light of the totality of the services provided. If client decide not to use all or some of the services made available, client agrees the Firm has no obligation or responsibility to reduce or lower its fees and compensation during the period those services are available. If client wants to change the services the Firm makes available to them, or have any concerns regarding the level of fees their retirement account pays or D.A. Davidson's compensation, clients should contact their financial professional immediately.

## **DESCRIPTION OF SERVICES**

### **Retirement Plan Services**

D.A. Davidson's Retirement Plan Services group and Financial Advisors provide services to employer sponsored retirement plans subject to the Employee Retirement Income Security Act ("ERISA"), ("ERISA covered plans" or "Plans"). Examples of Plan services offered include:

- Assistance in preparing and monitoring investment policy statements (IPS) for compliance with ERISA requirements and the plan's cash flow needs;
- Recommending plan investments, including Qualified Default Investment Alternative (QDIA), in accordance with the Plan's IPS, or investment mandate;
- Reviewing quarterly/annual fund management and performance versus benchmarks;
- Plan expense and comparative analysis to industry averages; and
- Vendor reviews and selection assistance.

Services are provided pursuant to ERISA Rules 3(21) or 3(38) and a written agreement with the Plan sponsor or trustee (the "Plan Fiduciary"). Investment recommendations made to the Plan Fiduciary are limited to open end mutual funds. The Plan Fiduciary may also impose restrictions on certain funds or limit the number of funds available to Plan participants. As an ERISA 3(21) Investment Advisor, D.A. Davidson is a co-fiduciary to the Plan and provides non-discretionary investment recommendations to the Plan Fiduciary. The Plan Fiduciary, however, retains final decision-making authority for the investments and may accept or reject D.A. Davidson's investment recommendations.

As an ERISA 3(38) investment adviser, D.A. Davidson has discretionary authority and is responsible for the selection, monitoring and replacement of investment options. In this case, D.A. Davidson is authorized to implement and effect investment advice without the Plan Fiduciary's prior authorization. When an ERISA 3(38) investment adviser is appointed, the Plan Fiduciary is relieved of its fiduciary responsibility for the investment decisions, but retains the duty to monitor the ERISA 3(38) activities to assure they are properly performing the agreed upon tasks using the agreed upon criteria.

In addition, ERISA 3(21) and 3(38) services are offered to Plan participants pursuant to separate service agreement between D.A. Davidson and Plan fiduciaries that wish to add a brokerage or investment advisory option for Plan participant directed accounts. Such services are provided to the Plan and Plan participants under a separate written agreement and are described further in D.A. Davidson's Regulation Best Interest Disclosures or the Wrap Fee Program Brochure, respectively.

### **Financial Planning Services**

D.A. Davidson provides financial planning services to clients and prospective clients through its Wealth Planning Group and Financial Advisors who are Series 65 or 66 licensed, and have received and have ongoing access to financial planning training and support from the Wealth Planning Group. Financial Advisors who are CERTIFIED FINANCIAL PLANNER™ certificants, and/or meet specified tenure, licensing, and training requirements may be permitted (at the discretion of D.A. Davidson management and the Wealth Planning Group) to charge a one-time fee for financial planning services.

Depending on a client's specific needs and goals,, financial planning services may include a wide spectrum of services to meet a client's wealth or financial planning needs through the creation of a Financial Plan. The Financial Plan will generally evaluate a client's retirement savings, and cash flow needs, as well as address certain aspects of their insurance needs. In addition, a Financial Plan may address a client's estate and wealth planning needs, such as wealth accumulation and preservation strategies, the transfer of wealth, charitable pursuits, risk management, insurance planning, and tax awareness. Estate plan analysis should not be considered tax or legal advice and clients are urged to consult their tax and legal professionals about the tax and legal consequences of any specific estate planning strategy.

Clients or prospective clients may engage D.A. Davidson, either through their Financial Advisor or the Wealth Planning Group, for a finite period of time in connection with the preparation and delivery of a Financial Plan or financial planning services. Financial planning services may be provided at no charge or for a one-time fee, at the discretion of the Financial Advisor. All Financial Planning Engagements with D.A. Davidson's Wealth Planning Group professionals or licensed Financial Advisors are episodic.

- No-cost financial planning services begin with the verbal agreement to engage in the financial planning process and terminate with the delivery of the financial plan or 90 days after the start of the financial planning relationship, whichever is earlier. A client may also request and engage in a subsequent plan review or update, which is a new planning engagement subject to the same process and timeline.
- Paid financial planning services commence with the client entering into a Financial Planning Engagement Agreement (the "Agreement"). The Agreement explains that the client is hiring D.A. Davidson, either through their Financial Advisor or the Wealth Planning Group, for a finite period of time in connection with the preparation and delivery of a Financial Plan or financial planning services. The financial planning relationship will commence with the client's signature on the Agreement and end upon the delivery of the Financial Plan to the client, or 90 days after the start of the financial planning relationship, whichever is earlier. If the financial planning relationship ends because 90 days elapse and the Financial Plan has not been delivered to the client, a new engagement letter will need to be signed by the client in order for the process to continue. A client may also enter into a new agreement for a subsequent review and delivery of a new Financial Plan.

Clients who engage D.A. Davidson for financial planning services provide certain information for D.A. Davidson to evaluate the client's financial needs, goals and other information and to provide any recommendations set forth in the Financial Plan. This generally involves a discovery interview with the client, a financial planning questionnaire, and collection of other documentation. The content of a Financial Plan will depend on the specific needs and circumstances of the client, as well as the information that is provided. The Financial Plan will then set forth recommendations intended to assist the client in reaching their financial goals, needs, and objectives as understood by D.A. Davidson during the particular point in time when it is prepared. Any recommendations made under the Agreement are general in nature and do not include any specific investments or insurance products.

Clients are not required to transact business through D.A. Davidson to implement the Financial Plan and D.A. Davidson does not assume any responsibility under the Agreement to implement or monitor the recommended.



However, at the client's request, and pursuant to a separate written agreement, D.A. Davidson will assist the client in implementing the Financial Plan through other investment advisory or brokerage account services. Please see the Wrap Fee Programs section below for further information on the wrap fee programs offered by D.A. Davidson, further described in D.A. Davidson's Wrap Fee Program Brochure and Regulation Best Interest Disclosures, respectively.

### **The Concordant Fund**

D.A. Davidson is the manager of and adviser to Concordant Partners, LLC ("The Concordant Fund" or "The Fund") a limited liability company organized in the state of Nebraska. The Concordant Fund is managed for D.A. Davidson by Bradley L. Knuth, Curtis K. Lane, and Clinton T. Rushing. The Concordant Fund's investment objective is to achieve a high total return through investments in and trading of publicly traded securities, primarily, but not exclusively, shares of common stock. The Fund description and related information disclosed in this brochure are included for informational purposes only and is not an offer to sell or a solicitation to purchase interest in or "units" of The Fund. Only sophisticated qualifying investors may invest in The Concordant Fund.

## **ASSETS UNDER MANAGEMENT**

As of September 30, 2022, D.A. Davidson has approximately \$49,300,000 in regulatory assets under management on a discretionary basis for The Concordant Fund. In addition, as of September 30, 2022, D.A. Davidson has approximately \$23,892,500,000 in regulatory assets under management for its wrap fee programs. Approximately \$21,318,600,000 of which was managed on a discretionary basis and \$2,573,900,000 of which is managed on a non-discretionary basis. Further, information concerning D.A. Davidson's wrap fee programs is included in the Firm's Wrap Fee Program Brochure and is available upon request.

## **Item 5 Fees and Compensation**

### **Retirement Plan Services**

The fees for Retirement Plan Services are negotiable, depending on the operational, investment-related and educational services selected by the Plan Fiduciary and are equal to a percentage of the Plan assets as of the end of each quarter, or a flat rate. Depending on the terms in the service agreement with the Plan Fiduciary, fees are billed on a monthly, quarterly or annual schedule, in advance or arrears. Fees are generally remitted by the Plan recordkeeper or custodian out of Plan assets, although a Plan Fiduciary may elect for D.A. Davidson to invoice the employer directly. Fees for Plan services that commence or end during the middle of a billing period, and calculated by D.A. Davidson are prorated based on the number of days the Plan is serviced during the quarter. In instances where the Plan recordkeeper is the custodian for plan assets, the recordkeeper calculates the fees and is responsible for prorating the fees in accordance with their terms of service.

All fees paid to D.A. Davidson for the scope of Retirement Plan Services described in this brochure are separate and distinct from the transaction fees and other expenses charged by broker-dealers, custodians, investment companies, record-keepers, and other third-party vendors for products and services selected by the Plan Fiduciary. In providing investment recommendations under a Retirement Plan Services agreement, D.A. Davidson and its Financial Advisors primarily recommend no-load mutual funds or other share classes, designed for ERISA covered plans. Mutual fund fees generally include sales charges, management fees, and a 12b-1 fee or other marketing expenses. Within the scope of the Retirement Plan Services described herein, D.A. Davidson does not receive any additional compensation from the mutual fund company or any other third party based on these recommendations, other than the asset-based fees described above.

As previously noted, D.A. Davidson provides other ERISA 3(21) or 3(38) services to Plan Fiduciaries and participants either through a broker-dealer or wrap fee program agreement. The fees and expenses for these services are further described in D.A. Davidson's Regulation Best Interest Disclosures and Wrap Fee Program Brochure, respectively. Please also see the Compensation Received by D.A. Davidson and Financial Advisors section below for further information concerning the conflicts related to recommending other products and services offered by D.A. Davidson.

### **Financial Planning Services**

D.A. Davidson's financial planning services and financial plans are provided at no additional cost to clients with an investment advisory or brokerage account. Otherwise, clients are charged a distinct one-time fee. If applicable, the fees for Financial Planning Services generally range from \$1,500 to \$15,000, but are negotiable and may be higher depending on the nature of the services and complexity of the client's circumstances. The fees charged for financial planning services are paid to D.A. Davidson, a portion of which are paid to the client's Financial Advisor providing the services. Financial Advisors who do not meet the licensing, tenure, or other requirements set forth

in the fee for planning policy may also share in fees related to financial planning services provided by the Wealth Planning Group or another D.A. Davidson Financial Advisors that have the necessary credentials. This may be in the form of a revenue sharing arrangement, depending on the nature of the Financial Advisor's level and type of participation in the planning process.

All fees are agreed upon in writing and a portion of any fees are generally billed in advance, with 50% of the fee payable upon entering into the Agreement and the remainder upon completion of the agreed upon services and delivery of the Financial Plan. D.A. Davidson may waive and/or refund part or all of the fees for planning services in its sole discretion. However, in the event the client cancels the services prior to the completion of the financial planning services the portion of the fee paid in advance would not be reimbursed to the client.

Financial Planning Services include, among other things, asset allocation and similar investment recommendations of a general nature, and do not include any specific investment recommendations or products. When implementing a Financial Plan, clients will incur additional charges from the transaction or management fees and other expenses charged by broker-dealers, custodians, and investment companies. If a client decides to engage D.A. Davidson as a broker-dealer or investment adviser, the client will pay D.A. Davidson any applicable charges, including commissions and/or management fees, a portion of which, will be paid to the Financial Advisor. The fees and expenses for these services are further described in D.A. Davidson's Regulation Best Interest Disclosures and Wrap Fee Program Brochure, respectively. Please also see the Compensation Received by D.A. Davidson and Financial Advisors section below for further information concerning the conflicts related to recommending other products and services offered by D.A. Davidson.

#### **The Concordant Fund**

The Concordant Fund pays D.A. Davidson a management fee and, subject to the satisfaction of certain conditions, performance-based fees. The management fee is payable quarterly and is equal to 0.175 % of The Concordant Fund's total assets as of the last business day of each quarter (in other words, an annualized rate of 0.70%). A summary of the performance-based fees, and the circumstances under which they are payable by The Concordant Fund to D.A. Davidson, is included in Item 6 -- Performance-Based Fees and Side-By-Side Management below. Generally, D.A. Davidson deducts the management fee and / or performance-based fees (the latter, if and when payable) from the assets of The Concordant Fund by instructing The Fund's custodian.

In addition to paying management fees and / or performance-based fees to D.A. Davidson, The Concordant Fund is responsible for its own operating and investment expenses, including, but not limited to, all transaction costs on the securities bought or sold by The Fund, including, without limitation, brokers' commissions, dealer mark-ups, transfer and issuance taxes and any other taxes, interest on borrowed funds with respect to margin transactions, and custodial fees; subscriptions to macro-economic subscription research services; administrative expenses, including, without limitation, accounting and recordkeeping fees, custodial fees, taxes, and fees payable to governmental agencies; and all auditing and tax return preparation charges and legal fees. The Concordant Fund will also reimburse D.A. Davidson and its personnel for certain expenses it or they may incur in connection with managing The Fund, including, without limitation, travel and related costs incurred when attending investor conferences and meeting the management of issuers, market makers, and research analysts covering companies in which The Concordant Fund has invested or may invest. D.A. Davidson's investment management staff are not directly compensated by The Concordant Fund for providing services to The Fund, but instead are paid by D.A. Davidson from the fees paid to D.A. Davidson by The Fund.

#### **Compensation Received by D.A. Davidson and Financial Advisors**

A Financial Advisor, who recommends a client open a D.A. Davidson brokerage or investment advisory account will be compensated based on the amount of commissions or advisory fees the client pays. Accordingly, the Financial Advisor has an incentive to recommend other products and services through these agreements based on the additional compensation received rather than the client's needs. In addressing this conflict of interest, D.A. Davidson and its Financial Advisors are subject to the standards of care described in Item 4 above when providing investment advisory services. D.A. Davidson and its Financial Advisors meet those standards by evaluating 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 in the best interest of the client. D.A. Davidson has also adopted and enforces policies and procedures intended to ensure the Firm and its Financial Advisors comply with their fiduciary duties. Further information regarding conflicts of interest and related topics is provided in Item 14 below under Client Referrals and Other Compensation.

#### **Purchasing Like Services and Investments Outside of an Advisory Relationship**

Comparable services to those described in this Brochure are separately available to clients through broker-dealers and investment advisers that are not affiliated with D.A. Davidson. In addition, the fees charged by D.A. Davidson

may be higher or lower than the fee charged by another firm that offers comparable advisory services. Taking such information into consideration, each client should carefully review and evaluate their investment needs, 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 engage D.A. Davidson for any investment advisory or brokerage account services.

### **Rollovers and Transfers**

D.A. Davidson and its Financial Advisors both make more money when a client increases their assets with D.A. Davidson, including through rollovers from workplace retirement plans or IRAs at other financial services companies into IRAs with the Firm ("rollovers or transfers"). When a client engages in a rollover or transfer to an advisory 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 the Financial Advisors to recommend rollovers and transfers. To mitigate this conflict, D.A. Davidson's Financial Advisors do not make recommendations to rollover or transfer, but rather provide investors who are eligible to withdraw their benefits from workplace retirement plans or IRAs at other financial services companies with educational materials to help them determine whether or not to complete an IRA rollover or transfer and confirm that such determination was made independently without the financial professional's recommendation. Where clients cannot make an independent decision to rollover, D.A. Davidson can provide a recommendation through a centralized team whose compensation is not impacted by whether or not the assets are brought to the Firm. The centralized team 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 6 Performance-Based Fees and Side-By-Side Management**

### **Performance-Based Fees**

D.A. Davidson provides investment management services to multiple clients that are charged asset-based fees. In addition to an asset-based management fee (please see also Item 5 -- Fees and Compensation above), The Concordant Fund is obligated to pay D.A. Davidson performance-based fees so long as certain conditions are satisfied. Generally, a performance-based fee represents that portion of an investment manager's total compensation for managing an account or program based on a percentage of the net capital gains or capital appreciation of the account or program being managed.

There are two types of performance-based fees payable by The Concordant Fund. First, if The Concordant Fund's performance, net of fees and expenses, meets or exceeds the performance of the S&P 500 on an annual basis (or, as applicable, for the period of January 1 to the "withdrawal date" that an investor withdraws from The Fund), then The Fund will pay D.A. Davidson a fee equal to 0.30% of the value of The Concordant Fund's assets (or, as applicable, the amount being withdrawn by the investor) as of the close of business on December 31 (or, as applicable, as of the investor's withdrawal date). Second, if The Concordant Fund's annual performance, net of fees and expenses, exceeds the annual performance of the S&P 500 for that year, then the Manager will receive a fee equal to 20% of The Concordant Fund's performance above the performance of the S&P 500 (or, as applicable, 20% of The Concordant Fund's performance for the period of January 1 until the withdrawal date for that year). For the avoidance of doubt, the performance-based fees are payable to D.A. Davidson, if at all, as of the date that an investor withdraws capital from The Concordant Fund.

The Concordant Fund's obligation to pay performance-based fees may create certain conflicts of interest for D.A. Davidson. Specifically, D.A. Davidson's entitlement to performance-based fees in managing The Concordant Fund creates an incentive to take risks in managing that fund that in certain circumstances DADCO would not otherwise take in the absence of such fee arrangements. Additionally, because performance-based fees reward for performance in accounts which are subject to such fees, D.A. Davidson has an incentive to favor trading and investing for The Concordant Fund over other client accounts that are subject only to payment of asset-based fees, including, without limitation, in relation to trading opportunities, trade allocation, and allocating new investment opportunities. Generally, D.A. Davidson addresses these conflicts by utilizing an investment allocation policy designed to treat all clients fairly and equitably over time. Please see Item 12 – Brokerage Practices below.

### **Side-by-Side Management**

D.A. Davidson simultaneously manages multiple types of investment accounts, including accounts established under the terms of the wrap fee programs described in the Wrap Fee Program Brochure and one or more accounts in the name of The Concordant Fund. In many instances, D.A. Davidson may implement the same or similar investment strategies, or execute other strategies that involve investing in and trading securities owned by multiple

accounts managed by D.A. Davidson. The simultaneous – or side-by-side -- management of these different investment relationships creates conflicts of interest for D.A. Davidson, including, without limitation, by favoring or giving preferential treatment to one type of client account or a group of accounts over other types of client accounts, including, without limitation, due to differences in fee arrangements (e.g., favoring an account paying a higher fee than an account required to pay a lower fee).

Nevertheless, when managing the assets of such investment management relationships, including in its management of The Concordant Fund, D.A. Davidson has a duty to treat all clients fairly and equitably over time. D.A. Davidson has designed and implemented procedures intended to achieve the objective of treating all clients fairly and equitably over time.

However, although D.A. Davidson has a duty to treat all clients (including The Concordant Fund) fairly and equitably over time, each client will not necessarily be managed the same at all times. Specifically, there is no requirement that D.A. Davidson use the same investment practices consistently or at the same time across or in connection with the management of all of its clients. Instead, investment decisions for each client (including, without limitation, The Concordant Fund) generally will be made independently from those of other clients, and will be made based on the individual needs and objectives of each such client. In addition, different account guidelines, applicable laws and regulations, and / or differences within particular investment strategies lead, in some cases, to the use of different investment practices for accounts with a similar investment strategy or investing in the same securities. Financial Advisors managing more than one advisory account (including, without limitation, the Financial Advisors who manage The Concordant Fund on behalf of D.A. Davidson) know the size, timing, and possible market impact of trades by client accounts. A conflict of interest exists where such Financial Advisors use this information to the advantage of certain accounts they manage and to the possible detriment of other accounts. D.A. Davidson will not necessarily purchase or sell the same securities at the same time, in the same direction, or in the same proportionate amounts for all eligible accounts (including, without limitation, any account in the name of The Concordant Fund), particularly if different accounts have different amounts of investable cash available, different existing exposures, different liquidity requirements, different strategies, or different risk tolerances. In addition, some accounts purchase long positions in certain securities while other accounts simultaneously sell short or sell to reduce exposure to those same, similar, or related securities. As a result, although D.A. Davidson manages numerous accounts with similar or identical investment objectives, or may manage accounts with different objectives or strategies that trade in the same, similar, or related securities, the portfolio decisions relating to these accounts (including, without limitation, each account in the name of The Concordant Fund), and the performance resulting from such decisions, may differ from account to account and, accordingly, from client to client. In addition, changes to, or modifications in, the investment strategies employed by D.A. Davidson (including, without limitation, any change or changes in the investment strategies of The Concordant Fund) may be implemented incrementally, rather than simultaneously, across client accounts pursuing similar or identical investment objectives. Please see also Item 12 – Brokerage Practices below.

## Item 7 Types of Clients

### **Retirement Plan Services**

D.A. Davidson's provides Retirement Plan to ERISA employer sponsored plans and covered entities including private-sector corporations, partnerships, proprietorships and non-profit corporations. ERISA covered plans generally include defined benefit plans, such as employee pension plans, and defined contribution plans, such as 401(k), 403(b), profit sharing, and employee stock ownership plans. Advisory services are also offered to individual Plan participants as clients, pursuant to separate written agreements described under Item 4 – Description of Services. There are no minimum asset or fee requirements for Retirement Plan Services.

### **Financial Planning Services**

D.A. Davidson offers Financial Planning Services to current or prospective clients, including individuals, high net worth and ultra-high net worth clients, trusts and estates, business owners, corporate executives, and charitable organizations. There is no minimum account size, dollar value of assets or other conditions required of a client to receive these services.

The Concordant Fund. Investors in The Concordant Fund generally are required to complete and submit a subscription agreement binding them to the terms of The Concordant Fund Offering Documents. In addition, The Fund admits only sophisticated U.S. investors that are either "accredited investors" or "qualified purchasers", as defined in Rule 501(a) of Regulation D under the Securities Act of 1933 (the "1933 Act") and Section 2(a)(51)(A)(i) of the Investment Company Act, respectively. The minimum initial investment by an investor in The Concordant Fund is \$250,000. D.A. Davidson may waive this minimum in its discretion. Other limitations also may apply.

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

This section describes the methods of analysis and investment strategies utilized in formulating investment advice or managing assets for the programs and services covered in this Brochure. This includes important information concerning the material risks involved in each method. Clients should understand investing in any security, including mutual funds, involves a risk of loss of both income and principal. Risk is inherent in any investment and D.A. Davidson does not guarantee any level of return on a client's investments.

The methods of analysis, investment strategies and risks specific to D.A. Davidson's wrap fee program are provided in the Wrap Fee Program Brochure. The Wrap Fee Program Brochure and specific product and transaction risks disclosures are also available under D.A. Davidson's Important Disclosures page, located online at [dadavidson.com/Disclosures](http://dadavidson.com/Disclosures), or upon request through your Financial Advisor.

### **RETIREMENT PLAN SERVICES**

#### **Methods of Analysis**

As noted under Item 4 – Description of Services, D.A. Davidson's Retirement Plan Services include, among other things, recommending and monitoring Plan investments, in accordance with the Plan's IPS or investment mandate. When formulating investment advice for the Plan, D.A. Davidson's Financial Advisors utilize third-party applications to assist with analysis, including both qualitative and quantitative analysis of pooled investment vehicles (e.g. mutual funds, collective investment trusts, and insurance company separate accounts) for inclusion in a Plan's investment options. This applies to the initial recommendations and quarterly monitoring reports to add or replace pooled investment vehicles available within the Plan. In general, a quantitative screening process includes statistical factors such as average performance versus peers and benchmarks, volatility, fees and other expenses, and a pooled investment vehicle's portfolio composition (allocation of investments). Qualitative analysis generally includes an evaluation of a pooled investment vehicle's objective and strategy, as well as the portfolio manager's investment philosophy, staffing, and investment process.

#### **Material Risks**

The following describes the material risks or limitations in the methods of analysis described above.

Accuracy of Data. Securities analysis methods 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.

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.

Pooled Investment Vehicle Analysis. A common risk of pooled investment vehicles 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 pooled investment vehicles may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a pooled investment vehicles, 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 pooled investment vehicle, which could make the holding(s) less suitable for the client's portfolio.

### **FINANCIAL PLANNING SERVICES**

#### **Methods of Analysis**

D.A. Davidson's Financial Advisors and the Wealth Planning Group conduct an analysis of a client's Investment Profile and wealth and financial planning needs through an informational gathering process, which could include discovery interviews, financial and other Investment Profile information, account statements and reports, and tax records. Third party financial planning software applications are then utilized to assist with analysis, the creation of the Financial Plan, and in recommending strategies to meet the client's wealth or financial planning goals. This



includes analysis tools that estimate the likelihood of the client reaching the financial goals if certain strategies are implemented or decisions are made. Although D.A. Davidson Financial Advisors and the Wealth Planning Group use information and tools that D.A. Davidson deems reliable, D.A. Davidson does not independently verify or guarantee the accuracy of the information or tools used.

#### Material Risks

1. Accuracy of Client Information. In preparing a Financial Plan, D.A. Davidson relies on the accuracy and completeness of the information provided by the client, without independent verification. D.A. Davidson is not responsible for any inadequacies or errors contained in the Financial Plan resulting from a client's failure to provide D.A. Davidson with accurate or complete information.
2. Financial Planning Assumptions. Numerous assumptions are made during the financial planning process, which may turn out to be incorrect. As a result, the accuracy of any projections used for analysis and in turn any recommendations is limited. Clients should carefully review the assumptions, facts and related disclosures in any reports and presentations for accuracy and understanding. Clients are also encouraged to make appropriate adjustments to the assumptions used (e.g. "what if" scenarios") as part of an interactive process to help assess the likelihood of reaching financial goals.
3. Projected Performance Information. Projected valuations are based on indices assigned for various assets classes and their historical rates of return. The projected returns and valuations are hypothetical in nature and are based on past performance of the indices. Consequently, the accuracy of any projections are limited by the assumed rates of return. The projections, therefore, are utilized for illustrative purposes only, are not indicative of future results and should not be relied on as such.
4. Monte Carlo Analysis. Financial Plans that include Monte Carlo Analysis rely on a mathematical process to implement complex statistical methods that chart the probability of certain financial outcomes at certain times in the future. Analysis tools such as a Monte Carlo simulation will yield different results depending on the variables inputted, and the assumptions underlying the calculation. As with other projected performance figures, assumed rates of return are based on the historical rates of returns and standard deviations, for the indices comprising the asset classes that represent the client's portfolio. Since past performance and market conditions may not be repeated in the future, the Monte Carlo Analysis is provided for illustrative purposes and is limited to the accuracy of the assumptions used in the analysis.

### THE CONCORDANT FUND

#### Methods of Analysis

D.A. Davidson through its team of portfolio managers, Bradley L. Knuth, Curtis K. Lane and Clinton T. Rushing ("Portfolio Managers"), manage The Concordant Fund. **As previously noted The Concordant Fund is limited to qualified investors who meet certain suitability criteria. Further information regarding The Concordant Fund investment strategy, restrictions, methods of analysis for securities selection, and risk are available to such investor's in The Concordant Fund Offering Documents.** The investment objective of The Concordant Fund is to provide investors with capital appreciation from a management style achieving both short term and long-term capital gains, but preferably long-term capital gains in individual investments consisting primarily of equity securities. The Portfolio Managers intend to maintain the majority of The Fund's portfolio assets in equity securities, primarily common stocks but may invest in other equity securities, including rights, warrants, preferred stocks and debt securities convertible into or carrying rights or warrants to purchase common stock or to participate in earnings. Investments will exclusively be securities listed on national exchanges as well as the over-the-counter market. The Portfolio Managers will also employ the use of option and margin strategies, including short sells, to hedge risk. The Portfolio Managers will also from time to time invest a portion of The Fund assets in fixed income securities. However, fixed income investing is not the primary objective of The Fund and any fixed income securities chosen will likely be based on the level of income, duration, and the opportunity for capital appreciation.

Basic to the Portfolio Manager's investment philosophy is the discipline to pay assessed value or less for a company. Utilizing a "growth at a reasonable price" strategy, known as "GARP", the Portfolio Managers seek to invest in companies with well-defined and executable business strategies. The Portfolio Managers begin with a firm understanding of the intrinsic value of the company. The Portfolio Managers seek to own growth companies, which have products, or services that have a sustainable competitive advantage. Of major importance is the quality of a company's growth, defined by return on invested capital. Once satisfied that a company meets certain earnings growth and return on invested capital criteria, the stock is evaluated based on valuation criteria. The Portfolio Managers are seeking to buy growth companies at valuation levels, which enable The Fund to capture the effects of fundamental success through superior stock performance.

## Material Risks

Investing in The Concordant Fund involves substantial risk of loss. An investment in The Concordant Fund is suitable only for sophisticated investors for whom an investment in The Fund does not represent a complete alternative investment program (let alone a complete investment program), and who fully understand and are capable of assuming the risks of investment in The Fund. The past performance of The Concordant Fund is not necessarily indicative of The Fund's future results. There can be no assurance that The Concordant Fund will achieve its objectives or avoid substantial losses.

The following is a summary of risks associated with an investment in The Concordant Fund, the investment strategy and methods of analysis. It is not comprehensive or exhaustive as to either the scope or description of these risks. Prospective investors in The Concordant Fund should carefully evaluate these risks before deciding to invest in The Fund.

1. **No Assurance of Achieving Investment Objectives.** D.A. Davidson cannot guarantee that The Fund's investment objectives will be met, nor any particular rate of return, or that the return will equal or exceed any established market standards or market indices.
2. **Concentrated Investment Strategy.** The Concordant Fund will focus primarily on investing in U.S. equities. Although the range of investment opportunities within this investment strategy may be broad, structural, economic, and regulatory changes or general market conditions could adversely affect the investment processes employed by D.A. Davidson on behalf of The Fund. There have been periods when market conditions were adverse to this investment strategy. The equity markets are speculative and highly issuer-specific. Mismanagement or misconduct by corporate officers can cause the complete loss of an equity investment, and the equity markets may be particularly susceptible to subjective investment factors and market sentiment. The Concordant Fund's concentration on equities causes The Fund to be less diversified and presumably more vulnerable to the risk of major losses than if it had a more diversified strategy incorporating a range of different markets. The Concordant Fund's strategy is based on, among other things, D.A. Davidson's ability to identify idiosyncratic factors, which will cause a stock to under- or over-perform. Analyzing idiosyncratic factors is inherently uncertain, as is predicting whether (and over what time period) such factors will be reflected in market prices. Numerous inter-related and difficult-to-quantify economic factors, as well as market sentiment, subjective and extraneous political, climate-related and other factors, influence the valuation of equities and may from time to time dominate over company-specific factors.
3. **Performance Volatility.** The concentration in equities could cause The Concordant Fund's performance to be highly volatile in comparison to that of portfolio diversified across asset classes, and could cause The Fund to suffer severe losses if the equity securities market remains disrupted for an extended period. Consequently, The Fund's investment results may vary substantially over time and sustained losses could result in the inability of The Concordant Fund to retain or deploy capital.
4. **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 or overpriced (buy or sell indicators). 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.
5. **Technical Analysis.** D.A. Davidson incorporates technical analysis factors (i.e., the analysis of historical and current market data) into its investment decisions made on behalf of The Concordant Fund. Technical analysis is subject to the risk that unexpected fundamental factors or other factors may dominate the market during certain periods. Furthermore, a frequent premise of technical analysis is that past market conditions are indicative of future market prices. The influx of different market participants, structural changes in the markets, the introduction of new financial products, and other developments could materially adversely affect the profitability of investments made based upon technical analysis.
6. **Specific Security Risks.** In addition to the above risks, each security type used in The Concordant Fund has certain characteristics and is subject to a risk of loss that clients should be prepared to bear. For more information about risks associated with stocks, bonds, mutual funds, ETFs, ETNs, options, alternatives, and UITs see each product disclosure on the D.A. Davidson Website located here: [dadavidson.com/Disclosures](http://dadavidson.com/Disclosures). For risks associated with mutual funds and ETFs in client's account also see the mutual fund's or ETF's current prospectus.
7. **Market Risk.** Market risk is the risk of investment losses due in a client's account due to a variety of reasons outside of D.A. Davidson's control, including, but not limited to, changes in the macroeconomic

environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, epidemic, pandemic, or social events, independent of the intrinsic valuation of one or more securities in the client's account.

8. **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.
9. **Portfolio Turnover; Frequent Trading.** Although The Fund does not utilize a short-term strategy, in certain market environments the turnover rate of The Concordant Fund's positions may be significant, potentially involving substantial brokerage commissions, transaction fees, and clearing costs. These expenses must be offset by investment gains in order for The Concordant Fund to be profitable.
10. **Using Debt to Acquire Investments.** Although The Fund anticipates limited use of margin, the Portfolio Managers reserve the right to pursue The Fund's investment objectives using borrowed funds, including margin. Regulation T limits borrowing up to fifty percent (50%) of the price of an equity security at the time it is purchased. If the securities purchased with margin debt subsequently decrease in value, The Fund may be subject to a margin call, forcing it to sell the security at an inappropriate time resulting in a loss. In addition to the potential for a capital loss, The Fund's yield that it would otherwise earn on its investments will be lower as a result of incurring interest charges on its margin account.
11. **Short Sales.** Short sales by The Fund that are not made "against the box" (i.e. selling securities The Fund does not already own) theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Fund may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, The Fund might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.
12. **Options.** Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an uncovered option is sold, the seller may be liable to pay substantial additional margin, and the risk of loss could be significant (unlimited in the case of call options), as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.
13. **Absence of Regulatory Oversight.** While The Fund may be considered similar to an investment company, The Fund is not registered under the Investment Company Act of 1940 ("Investment Company Act") and is relying on the exemption from registration provided by Section 3(c)(1) of the Investment Company Act for private investment funds. The provisions of the Investment Company Act provide a wide variety of restrictions that protect investors in registered investment companies. These restrictions generally do not apply to The Fund. More specifically, certain provisions of the Investment Company Act requiring, among other things, public disclosures, a majority of disinterested directors, and the custody requirement to segregate individual securities from the securities of any other person, marked to clearly identify such securities as the property of such investment company are not applicable to The Concordant Fund. D.A. Davidson is currently registered as an investment adviser under the Advisers Act. However, such registration does not imply any level of qualification or competence, and in no respect indicates any SEC approval or recommendation of D.A. Davidson as an investment adviser. The regulatory requirements of the Advisers Act relate to D.A. Davidson's activities, not specifically those of The Concordant Fund itself.
14. **Limited Liquidity.** There is not a public trading market for fund investments and The Fund is generally limited to quarterly redemption periods, and then upon thirty (30) days prior written notice with minimum redemption amounts (\$25,000). Transferability of an investment in The Fund, other than through redemption, is severely restricted. The Fund may also reduce and prorate withdrawal requests at any quarter in which total requests exceed 30% of the market value of The Fund's assets, and impose withdrawal costs.
15. **Investment by Pension and Profit-Sharing Trusts.** Investment managers of a qualified pension, profit-sharing or other retirement trust, or a fiduciaries with respect to a plan or trust, must consider whether an investment in The Fund satisfies the diversification requirements of Section 404(a)(1)(C) of ERISA. Investment managers and fiduciaries must also consider whether, in light of The Fund investment



- objectives, manager's compensation, fund expenses, liquidity and other risk factors described in The Concordant Fund Offering Documents, whether the investment is prudent for the plan or trust.
16. **Recognition of Gain or Income without Cash Distributions.** Taxpayers will be required to recognize for federal income tax purposes any net realized gains or income from fund activities. The Fund does not intend to make regular cash distributions to investors from which investors may pay any income tax consequences of such recognition. Investors will therefore need to arrange to pay the income taxes from other resources or schedule withdrawals from The Fund to pay for any taxes.
  17. **Expulsion from The Fund.** The Fund has the right to cause an investor to withdraw from The Fund at the end of any quarterly period.
  18. **No Voice in Management by Investors.** Investors have no voice in the management and operation of The Fund, and must rely upon The Fund manager's abilities and judgment.
  19. **Liability of Manager.** The Fund Agreement provides that D.A. Davidson will not be liable for honest mistakes in judgment, or for losses due to such mistakes or for the negligence of non-affiliated brokers or other agents of The Fund. D.A. Davidson will only be liable for losses due to gross negligence, breach of fiduciary duty or intentional wrongdoing. The Fund will reimburse and hold harmless D.A. Davidson for any losses and expenses incurred in the conduct of The Fund's business, except in the case of gross negligence, breach of fiduciary duty or intentional wrongdoing.
  20. **Reliance on D.A. Davidson.** The Concordant Fund has no employees. The Concordant Fund must rely on D.A. Davidson's management, and the administrative and investment-related services provided by D.A. Davidson. The performance of The Concordant Fund depends to a large degree on the efforts of the individuals employed by D.A. Davidson. D.A. Davidson faces intense competition in attracting and retaining talented professionals. The departure of key D.A. Davidson investment management personnel, among other circumstances, might result in a diminution of service levels provided to The Concordant Fund by D.A. Davidson, which in turn could materially adversely affect The Concordant Fund. Certain investment professionals responsible for the activities undertaken on behalf of The Concordant Fund have other responsibilities on behalf of D.A. Davidson, and conflicts of interest exist as a result of the allocation of personnel.
  21. **Performance Fee.** The performance fee may create an incentive for the Portfolio Managers to make investments that are riskier or more speculative than would be the case in the absence of such performance allocation.
  22. **Cybersecurity Risk.** The Fund is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events that include, but are not limited to, gaining unauthorized access to digital systems, misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites. Cyber security failures or breaches by a third party service provider and the issuers of securities in which the portfolio invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents.
  23. **Technology Risk.** Management of The Fund is dependent upon various computer and telecommunication technologies, many of which are provided by or are dependent on third parties. The successful operation of The Concordant Fund could be severely compromised by system or component failure, telecommunication failure, power loss, a software-related system crash, unauthorized system access or use (such as "hacking"), computer viruses and similar programs, fire or water damage, human errors in using or accessing relevant systems, or various other events or circumstances. It is not possible to provide comprehensive and foolproof protection against all such events, and no assurance can be given about the ability of applicable third parties to continue providing their services. Any event that interrupts such computer and/or telecommunication systems or operations could have a material adverse effect on The Fund. Such a material adverse effect may have a heightened impact on The Fund given the automated nature of the services provided.

## Item 9 Disciplinary Information

The following is a summary of certain adverse 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 of the 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 [adviserinfo.sec.gov](http://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.

#### **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.

#### **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 MCDC 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 for 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 MCDC SMITH HAYES paid a \$40,000 fine to the SEC, and discontinued underwriting of certain municipal securities in early 2016.

## **Item 10 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., a federally-registered investment adviser, and D.A. Davidson Trust Company ("Davidson Trust"), a federally chartered savings bank.

**Broker-Dealer Services.** D.A. Davidson is registered as both a broker-dealer and investment adviser. Financial Advisors engaged in providing advisory services (including through one or more wrap fee programs) are registered as investment adviser representatives in each state where such registration is required. Many D.A. Davidson Financial Advisors are also registered representatives of D.A. Davidson in its capacity as a broker-dealer. When acting as a broker-dealer, 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. These broker-dealer recommendations and any subsequent implementation are separate and distinct from the advisory services. See the D.A. Davidson Regulation Best Interest Disclosure at [dadavidson.com/Disclosures](http://dadavidson.com/Disclosures) for more information about D.A. Davidson's Brokerage Services.

**Davidson Investment Advisors ("DIA").** Financial Advisors may refer institutional clients that meet certain minimum account size requirements to DIA in its capacity as an investment adviser. Financial Advisors may also recommend DIA as an investment manager in the SAM and UMA Programs. DIA also creates certain model portfolios for D.A. Davidson's use in MFP Access wrap fee program. While DIA receives additional compensation for doing so, clients are not charged differently for these portfolios than others in the MFP program.

In addition, D.A. Davidson serves as the broker-dealer and custodian for some DIA clients.

Where client's make a non-discretionary decision for DIA to serve as the third-party investment manager in the SAM or UMA wrap fee 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 Envestnet. However, the Total Annual Fee will be equal to or less than the fee assessed when another third-party investment manager is selected to manage the portfolio. Further information regarding fees, including the fees charged in the MFP, SAM and UMA wrap fee programs, is provided in Item 4 above under Fees.

Where client's make a non-discretionary decision for DIA to serve as the third-party investment manager in the SAM or UMA wrap fee programs the fees to the D.A. Davidson family of companies are higher than if a different third-party manager was selected. Given this conflict, DIA is only permitted to be selected as a non-discretionary choice in the SAM Manager and UMA Select wrap fee programs. DIA is not available in UMA Discretion. The client must make the final decision to select DIA as the third-party investment manager.

When D.A. Davidson financial professionals refer institutional high net worth clients to DIA to manage assets in its capacity as an independent investment adviser, a portion of the fees that clients pay to DIA (typically, 20%-75%, with the average being 49%) are taken into account when determining the financial professional's compensation. Clients do not pay more for our affiliates' services as a result of the referral from client's financial professional.

**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. See D.A. Davidson's Regulation Best Interest Disclosure at [dadavidson.com/Disclosures](http://dadavidson.com/Disclosures) for information about recommending Davidson Mutual Funds as a broker-dealer.

D.A. Davidson is permitted to purchase or recommend the purchase of Davidson mutual Fund shares in Paragon, Paragon CWAM and Choice wrap fee program accounts (other than retirement accounts). 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 wrap fee 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 wrap fee 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.

Purchasing or recommending the purchase of Davidson Mutual Funds in advisory accounts presents a conflict of interest by retaining more compensation in the D.A. Davidson family of companies. D.A. Davidson only allows D.A. Davidson affiliated funds to be used in the Paragon, Paragon CWAM and Choice Program accounts that are not ERISA, IRA or other qualified account. In addition, the compensation Financial Advisors receive does not differ depending on whether D.A. Davidson affiliated funds are selected for the client's account.

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: [davidsonmutualfunds.com/](http://davidsonmutualfunds.com/). Prospective investors in the Davidson Mutual Funds should review these documents carefully before making any investment in a fund.

**Davidson Trust Company.** 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 affects 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 other 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).

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

### Code of Ethics and Personal Trading

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 in The Concordant Fund**

D.A. Davidson offers units in The Concordant Fund to certain qualifying investors, described in Item 7 above. As the Manager and adviser to The Concordant Fund, D.A. Davidson has a financial interest and therefore a conflict when soliciting investors for The Fund. Certain Portfolio Managers, executive officers, directors, or other employees of D.A. Davidson are also investors in The Fund, and therefore have a financial interest in The Fund and the underlying securities within The Fund. However, and as described above, D.A. Davidson has a fiduciary duty and controls in place to help ensure any investment recommendations are made in the clients' best interest. In addition, all of the unit values for The Concordant Fund investors are based on the same market value of The Fund itself and any increase or decrease in The Fund's market value is allocated among the investors in proportion to their respective percentage ownership of The Fund.

#### **The Concordant Fund Valuations**

D.A. Davidson is responsible for determining the fair market value of The Concordant Fund to its investors on a quarterly basis. The securities in The Fund are primarily if not exclusively listed stocks, bonds, or assets that have a regular mark-to-market mechanism and reporting requirements for setting a fair market value ("Level 1 Securities"). Market values are taken daily from the Fund's Prime Broker reporting service, with price verification obtained from other third-party vendors. Level 1 Securities are considered to have readily observable and transparent pricing, and therefore the Portfolio Managers are able to rely on fair market values and the verification process. In such cases, there are no valuation techniques or discretion applied to the valuation of The Fund's securities or portfolio. However, in the event The Fund invests in other types of securities without an ascertainable market value, such as certain less liquid instruments, D.A. Davidson will have considerable discretion in valuing less liquid investment instruments. D.A. Davidson may have to use its subjective judgment in valuing certain investment instruments. D.A. Davidson has adopted pricing methodologies for the valuation of The Concordant Fund's investment instruments (as described in The Concordant Fund's Offering Documents). D.A. Davidson generally has a conflict of interest in valuing such investment instruments because determining these values will directly affect its compensation as investment manager to The Concordant Fund. D.A. Davidson may cause The Concordant Fund to retain one or more third parties to verify D.A. Davidson's methodology for determining fair market values and to conduct independent price verification exercises.

## **Item 12 Brokerage Practices**

### **RETIREMENT PLAN SERVICES**

Depending on the terms of the service agreement with the Plan Fiduciary, D.A. Davidson and its Financial Advisors will recommend custodians, broker-dealers and record keepers for Plan assets and transactions, including D.A. Davidson. The scope of Retirement Plan Services described in this brochure does not involve the recommendation or the execution of exchange traded securities transactions. Rather any specific investment recommendations made to the Plan fiduciary are limited to pooled investment vehicles for the Plan's investment options. When recommending custodians, broker-dealers, or record keepers to Plan Fiduciaries, D.A. Davidson's Financial Advisors conduct a benchmarking study for a comparative analysis of the fees and expenses a Plan would incur for custody of Plan assets and other services. This includes account maintenance fees, transaction fees, and other charges that would be assessed to the Plan.

## **FINANCIAL PLANNING SERVICES**

As previously noted, the scope of the Financial Planning Services described in this brochure includes recommendations that are general in nature, and does not include any specific securities or broker-dealer recommendations to implement a Financial Plan. Clients have the option but are not required to transact business through D.A. Davidson to implement the Financial Plan. Please see D.A. Davidson's Regulation Best Interest Disclosures and the Wrap Fee Program Brochure, for further information regarding the broker-dealer and wrap fee programs offered by D.A. Davidson.

## **THE CONCORDANT FUND**

As the operator and manager of The Concordant Fund, D.A. Davidson has complete discretion to determine the securities or other instruments that The Concordant Fund will buy or sell and in what amounts, the broker-dealers and other financial intermediaries to be used to effect transactions for The Fund, and what commission rates The Fund will pay for such transactions. When effecting transactions on behalf of The Concordant Fund, D.A. Davidson also has a fiduciary duty to act in the best interest of clients, which includes among other things a duty to seek to obtain best execution for The Concordant Fund. 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 provides an overview of the best execution process, the factors that D.A. Davidson considers in selecting or recommending broker-dealers for client transactions, and other related information material to The Concordant Fund.

In selecting or recommending one or more broker-dealers to The Concordant Fund, D.A. Davidson may also consider whether D.A. Davidson or a related person receives client referrals from the broker-dealer. This creates a conflict of interest, in that D.A. Davidson has an incentive to select or recommend a broker-dealer to The Concordant Fund based on the interests of D.A. Davidson, or of its related person, in receiving client referrals, rather than on The Concordant Fund's interest in receiving most favorable execution of portfolio transactions. However, as noted above D.A. Davidson and the Portfolio Managers have a fiduciary duty to act in The Concordant Fund's best interest, including seeking best execution for The Fund.

### **Best Execution Reviews**

As noted above, D.A. Davidson selects the broker-dealers and other financial intermediaries used to effect transactions on behalf of The Concordant Fund. In selecting or recommending broker-dealers and other financial intermediaries to effect portfolio transactions, D.A. Davidson may cause The Concordant Fund to enter into arrangements pursuant to which The Fund pays transaction costs in an amount greater than would be incurred if another broker-dealer or other financial intermediary were used. D.A. Davidson is not required to solicit competitive bids or to seek the lowest available commission or transaction costs.

However, as a fiduciary, and as part of its efforts to seek best execution, the Portfolio Managers for The Concordant Fund evaluate the overall execution quality of orders for The Fund in aggregate to periodically assess which competing executing brokers offer the most favorable execution terms. Some of the factors considered by the Portfolio Managers 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 includes, among other things, a comparison of executions with publicly 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.

### **Soft Dollar Arrangements**

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 ("Section 28(e)") and disclose any soft dollar arrangements to clients.

In addition to brokerage services, and subject to applicable law, D.A. Davidson receives products and services from The Concordant Fund's prime broker, custodian, and executing brokers, with respect of The Fund's transactions ("soft dollars"). D.A. Davidson generally will use soft dollars that it believes are within the safe harbor created by Section 28(e). Services that D.A. Davidson receives from such broker-dealers include research, general market commentary, economic information, trading advice, industry and company commentary, technical

data, recommendations, general reports, quotations and other market data or information, and the arrangement of meetings with the management of issuers. D.A. Davidson benefits from these arrangements because it does not have to produce or pay for the research, products, or services received. The receipt of such products and services, therefore, creates a conflict of interest, in that D.A. Davidson will have an incentive to select or recommend a broker-dealer to The Concordant Fund based on D.A. Davidson's interest in receiving soft dollar benefits rather than on The Fund's interest in receiving most favorable execution.

In some instances, through its management of The Concordant Fund, D.A. Davidson receives a product or service that may be used only partially for Section 28(e) types of services or services for which The Fund is obligated to pay. In such instances, D.A. Davidson will make a good faith effort to determine the proportion of the "mixed use" product or service used for Section 28(e) types of services or services for which The Concordant Fund is obligated to pay and the proportion used for other purposes. The proportion of the product or service used for Section 28(e) types of services may be paid through commissions generated by transactions for The Concordant Fund, and the proportion used for other purposes will be paid for by D.A. Davidson from its own resources. To the extent that D.A. Davidson uses soft dollars to pay for a product or service that includes a function that is not an eligible research or brokerage service under Section 28(e) or that D.A. Davidson uses for purposes other than investment decision-making, D.A. Davidson will make an appropriate allocation of such product or service as a "mixed-use" item.

To address the conflicts of interest created by soft-dollars, D.A. Davidson adheres to procedures that it believes are reasonably designed to ensure that its practices are consistent with seeking best execution on behalf of The Concordant Fund, and to ensure that D.A. Davidson identifies which services are within or outside of the safe harbor. This includes determining which of the research, products and services received through soft dollar arrangements assist the Portfolio Managers in making investment decision on behalf of The Fund.

#### **Order Routing and Directed Brokerage**

The Portfolio Managers for The Concordant Fund determine the broker-dealers through which portfolio transactions for The Fund are executed. The Portfolio Managers will generally use a prime broker for the execution of transactions for The Fund unless it is determined that the overall execution quality is better achieved by directing a trade to another broker-dealer, including for example the research or other services provided by a specific broker-dealer. In accordance with The Concordant Fund Offering Documents provisions, portfolio transactions could also be placed through D.A. Davidson's broker-dealer, in which case no commissions will be assessed. The Fund benefits from directed brokerage transaction that result in price improvement, increased liquidity, and speed of execution of the trade. Directed brokerage, however, could result in additional transaction costs, which directly affect the value and performance of The Fund, and, therefore are subject to the best execution requirements described above. D.A. Davidson does not receive any compensation for directing order flow to particular institutions or market centers, also known as "payment for order flow."

#### **Trade Errors**

It is D.A. Davidson's intention to effect transactions in The Concordant Fund 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 Fund. In relation to its management of The Concordant Fund, D.A. Davidson will determine in good faith whether to have the costs arising from one or more trade errors borne by The Concordant Fund or by D.A. Davidson, by determining whether D.A. Davidson is responsible for the error. D.A. Davidson will have a conflict of interest in determining whether a trade error has occurred, because it will decide whether the costs of such trade error should be for the account of The Concordant Fund or D.A. Davidson.

Trade error costs can be significant — including, but not limited to, market losses resulting from the position incorrectly acquired as well as the additional brokerage costs of closing out or reversing the error. The opportunity cost (lost profits) of not having made the trade intended to be made is not considered a trade error cost.

When determining which entity should bear the costs of a trade error, D.A. Davidson will consider only its conduct as a firm, and not the conduct of any individual employee or agent of D.A. Davidson who was involved in entering orders or processing trades for The Concordant Fund. Consequently, trade error losses will generally only be for the account of D.A. Davidson, rather than for The Concordant Fund, if, in the relevant circumstances, D.A. Davidson has failed to implement adequate supervisory and control procedures, an outcome that will be highly unlikely even if the conduct of individual D.A. Davidson employees or agents was itself negligent. Prospective investors in The Concordant Fund must therefore understand and assume that trade error losses will be for the account of The Fund, and will not be borne by D.A. Davidson. Any gains recognized on trade errors will be for the benefit of The Concordant Fund; none will be retained by D.A. Davidson.



## Item 13    Review of Accounts

**Retirement Plan Services.** ERISA Employer Plan Sponsor accounts are reviewed on an annual basis. The primary focus of the review is to ensure the services were selected in the client agreement align with those currently being performed by the assigned Financial Advisor. Any discrepancies identified are discussed with the Financial Advisor and/or the Financial Advisor's supervisor.

**Financial Planning Services.** The financial planning Agreement does not include ongoing financial planning advice and, as such, D.A. Davidson does not have any ongoing obligation to monitor client's financial circumstances or to periodically evaluate whether the advice set forth in the Plan continues to be appropriate.

**The Concordant Fund.** Members of the D.A. Davidson portfolio management team with responsibility for The Concordant Fund regularly review The Fund's investment portfolio and do so either individually or in a group depending upon The Fund's needs and market conditions. These staff typically perform daily reviews of positions as they deem appropriate, or otherwise on an ad hoc basis as they feel is needed. Among other reasons, such staff may undertake reviews because of changes in market conditions, changes in security positions, relevant company news releases or changes in D.A. Davidson's strategy for The Concordant Fund. Performance in connection with investment objectives, security positions, and other investment opportunities are among the matters that D.A. Davidson's staff might consider.

Investors in The Concordant Fund receive the written reports from D.A. Davidson that are referenced in The Concordant Fund Offering Documents. Investors are also provided with audited annual financial statements of The Concordant Fund typically within 120 days of the end of The Fund's fiscal year. In addition, such investors are provided once per calendar quarter with unaudited statements of performance of The Concordant Fund, typically within 30 days of the end of each calendar quarter. The Concordant Fund provides investors with tax information relating to their investments in The Fund necessary for U.S. federal income tax purposes. D.A. Davidson may enter into agreements with certain investors in The Concordant Fund to provide such investors with additional (or more frequent) reports, including detailed information regarding portfolio positions.

## Item 14    Client Referrals and Other Compensation

**Client Referrals.** D.A. Davidson does not receive any other compensation for the services described in this Brochure, other than the fees disclosed in Item 5. In addition, D.A. Davidson's client referral arrangements are limited to arrangements with third-party Promoters and related parties for D.A. Davidson's wrap fee program. Please see the Wrap Fee Program Brochure for further information.

**Revenue Sharing Arrangements.** 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.

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.**

**Gifts from Sponsors.** D.A. Davidson Financial Advisors 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 provide an incentive for our Financial Advisors to recommend investment products whose sponsors provide these forms of compensation. To mitigate these incentives, our Firm imposes an internal review and approval process for gifts made to our Financial Advisors.

**Production/Compensation Grid.** The single most important factor affecting your D.A. Davidson Financial Advisor's cash compensation is the total amount of revenue 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.

A Financial Advisor has an 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 advisory account programs generally and advisory account programs that pay us higher revenues, and that increase his or her production-eligible revenue.

D.A. Davidson has 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.

In addition, 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%).

**Other Bonuses and Awards.** Financial Advisors are able to earn deferred performance awards of up to 5% of their annual production, which are payable in cash or stock of D.A. Davidson's parent company. Financial Advisors with over seven (7) years' tenure with the Firm can also earn additional loyalty bonuses of up to 4% of their annual production. Financial Advisors with over twenty (20) years' tenure with the Firm can also earn additional bonus of 1% of their annual production when assisting with transitioning their business to a new Financial Advisor upon retirement. These awards and bonuses are based largely on each Financial Advisor's tenure with our Firm and production as of the end of a performance measurement period (which is typically September 30, the end of D.A. Davidson's fiscal year). Typically, each Financial Advisor is eligible to receive cash bonuses and awards with respect to any single year that total up to 9% of his or her production.

Based on their production and other factors, Financial Advisors can also earn awards in the form of non-cash compensation (i.e., rewards trips), larger expense allowances (up to 1.5% of production) and additional "concierge" support services.

The conflicts created by these additional incentives are particularly acute toward the end of the applicable performance measurement period (which is typically September 30, the end of D.A. Davidson's fiscal year). To mitigate the conflict related to measuring additional incentives at our fiscal year end, the Firm conducts specific surveillance of Financial Advisor's activity levels during this period. Additionally, in order to earn certain bonuses and awards, a Financial Advisor must be in good standing with the Firm's policies and procedures.

**Team Formation.** The Firm supports a team formation process with minimum production requirements that permit a Financial Advisor to earn compensation based on both their own production and that of their teammates. This creates the same conflicts of interest identified under Production/Compensation Grids and Other Bonuses and Awards.

**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 accounts that pay us higher revenues that increase his or her production-eligible revenue. These additional forms of compensation are typically earned over the course of a few years where they are tied to performance measures of twelve (12) consecutive month periods, to help reduce the incentive our new recruits might have to achieve large sales volume over shorter periods. Additionally, clients that have an existing relationship with a financial professional who joins our Firm will be furnished with an educational document prepared by FINRA that discusses conflicts of interest resulting from moving their account to our Firm. 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 participate in the supervision and oversight of our branches, regions and Firm generally, and who are not compensated based on

production levels. However, the BOMs and RDs have ultimate supervisory and oversight responsibility over their branches or regions.

**Mutual Fund 12b-1 Fees.** Certain mutual fund share classes pay D.A. Davidson a 12b-1 Fee, which is an annual marketing and distribution fee, for client mutual fund holdings in accounts in which D.A. Davidson is the broker-dealer or investment adviser. 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 wrap fee 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 a 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 wrap fee 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 wrap fee 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 wrap fee 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.

## Item 15 Custody

The Retirement Planning Services and Financial Planning Services described in this brochure, are separate and distinct from the asset management and other investment advisory services described in D.A. Davidson's Wrap Fee Program Brochure, and are provided regardless of the custody structure for the client's security accounts. There is no requirement for assets to be held at D.A. Davidson in order to engage in these services.

The Concordant Fund's assets are custodied with Goldman Sachs & Company, LLC, an independent qualified custodian.

## Item 16 Investment Discretion

**Retirement Plan Services** are provided pursuant to ERISA Rules 3(21) or 3(38) and a written agreement with the Plan Fiduciary. As an ERISA 3(38) investment adviser, D.A. Davidson has discretionary authority and is responsible for the selection, monitoring and replacement of investment options. In this case, D.A. Davidson is authorized to implement and effect investment advice without the Plan Fiduciary's prior authorization.

**Financial Planning Services** include recommendations on general asset allocations but do not include the recommendation of specific securities or products, or execution of transactions. The scope of financial planning services does not include the execution of transactions, on a discretionary or non-discretionary basis.

**The Concordant Fund** is managed by the Portfolio Managers on a discretionary basis, which includes the ability to determine the securities to buy or sell and/or amount of the security to buy or sell pursuant to The Fund's objectives without contacting The Concordant Fund investors.

## Item 17 Voting Client Securities

D.A. Davidson votes securities on behalf of The Concordant Fund and for clients in certain wrap fee programs, consistent with applicable laws and regulations and the Firm's policies and procedures relating to the voting of proxies. Further information on the proxy voting services for wrap fee program accounts are described in D.A. Davidson's Wrap Fee Program Brochure. The following describes D.A. Davidson's proxy voting policies and procedures for The Concordant Fund, which are designed to ensure that proxies are voted in The Fund's best interest.

**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.

**Conflicts of Interest.** 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. 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 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 18 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.