Individual Equities (Stocks) Investing: 
Important Disclosures for D.A. Davidson & Co. Clients

The following is important information regarding investments in equity securities – that is, stocks - including information about the compensation that D.A. Davidson & Co. (“D.A. Davidson”) and our financial professionals (together, “we,” “us” or “our”) receive for buying and selling stocks, and the conflicts of interest those payments create.

If you have any questions about any of the topics discussed below, or stock investing generally, we encourage you to reach out to your D.A. Davidson financial professional.

Overview of Stocks

A share of stock is a security that represents a partial equity (ownership) interest in a particular company. Investors purchase and sell shares of stock on public and private exchanges, often in “real time” during days and times in which the exchanges are open for trading. Owning stock of a company entitles you to certain rights. Those rights include a proportionate share of the dividends the company issues, as well as a proportionate share of any net proceeds from the sale or liquidation of the company (after payments to company creditors, etc.) if this should occur.

“Common” stocks, which are the most familiar type of stocks to most people, also entitle their owners to vote on certain issues pertaining to the company. “Preferred” stocks, on the other hand, are usually non-voting shares, but entitle owners to receive a certain amount of dividends on a priority basis before dividends are paid on common stock.

Historically, the equity (stock) markets have generally provided higher returns than the fixed-income markets (such as bonds and CDs), but stock markets have also historically been more volatile. This means stock markets have gained or lost larger amounts of value faster than fixed-income markets.

At an individual level, stocks of various companies have different characteristics, and are selected by investors for different reasons. For example, some companies have historically paid dividends regularly, and might be selected in part to provide current income. Others might be selected primarily or entirely with the goal of achieving long-term capital appreciation.

Likewise, the risk characteristics of various stocks differ significantly. Any stock investment can cause an investor to lose money, up to the entire amount invested. However, stocks of companies that are smaller and less stable, lack proven business models and earnings history, or are located outside the United States and other well-developed markets, are considered more “speculative” (higher risk) investments than others. Generally, our financial professionals will only recommend publicly-traded stocks to clients.

Below, some of the primary risks of stock investments are summarized.

Further, unlike investing in funds that hold significant numbers of different stocks, directly owning stock of an individual company will not help significantly to diversify your overall investment portfolio. As a general matter, individual stocks are more likely than the broader equity markets to lose a significant amount of value quickly. And, it is more expensive to invest in the stock market by purchasing a large number of stocks directly than to purchase interests in a fund that holds a large number of stocks. For these reasons, direct stock investments are usually more appropriate where the investor is willing to tolerate a higher degree of risk as to the amount invested, including to complement other, more-diversified portfolio investments.
If your D.A. Davidson financial professional recommends investments in stocks of one or more individual companies for your account, he or she will discuss those investments with you, including the underlying companies, as well as the goals and primary risks of the recommended stock investments.

**Stocks – Our Compensation and Conflicts of Interest**

**Stocks in Brokerage Accounts – Secondary Market Trades.** D.A. Davidson charges commissions to your brokerage account when shares of stock are bought and sold. A percentage of those brokerage commissions are paid by D.A. Davidson to your financial professional, according to his or her “production” and our commission grid.

The maximum commission rates we generally charge on stock trades, which depend on the dollar amount of the trade, are as follows. Please note that these rates are current as of the effective date set forth on the last page of this disclosure, and D.A Davidson reserves the right to change these commission rates at any time:

<table>
<thead>
<tr>
<th>Trade Principal (Amount)</th>
<th>Commission Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First $5,000</td>
<td>2.95%</td>
</tr>
<tr>
<td>Next $5,000 ($5,000.01 - $10,000)</td>
<td>2.10%</td>
</tr>
<tr>
<td>Next $5,000 ($10,000.01 - $15,000)</td>
<td>1.80%</td>
</tr>
<tr>
<td>Next $10,000 ($15,000.01 - $25,000)</td>
<td>1.60%</td>
</tr>
<tr>
<td>Next $25,000 ($25,000.01 - $50,000)</td>
<td>1.20%</td>
</tr>
<tr>
<td>Next $50,000 ($50,000.01 - $100,000)</td>
<td>0.85%</td>
</tr>
<tr>
<td>All additional amounts (above $100,000)</td>
<td>0.70%</td>
</tr>
</tbody>
</table>

For a single stock trade, the minimum commission we will generally charge under the above rate schedule is $75. However, there is an exception: If for some reason it were necessary to process a sale transaction from your account which is so small that the $75 commission would be more than the amount of the trade, we would reduce our commission as necessary to ensure that this would not occur.

Also, where the total commission amount on a trade would be less than $75, your financial professional receives only a reduced percentage (as compared to our commission grid), or no share of the commission at all.

These payments (brokerage commissions) create conflicts of interest for us. In particular:

- **Volume of Stock Trades.** Because we charge brokerage commissions for each trade, we have a financial incentive to recommend that you buy and sell stocks frequently. Likewise, the amount of the commission we will receive for a particular stock purchase or sale will increase the larger the trade is. Generally, this means that we have a financial incentive to recommend larger trades over smaller trades. On the other hand, even though our total commission amount increases with the size of each trade, the incremental commission rate (in other words, the percentage rate charged for a portion of the trade) decreases. So, we have a financial incentive to recommend higher numbers of smaller trades over fewer numbers of larger trades.

- **Differential Compensation (Stocks vs. Other Investments).** The compensation we receive for buying and selling individual stocks will be more or less than we would receive for selling different investments, such as mutual funds or other products. This creates an incentive for us to recommend investments that pay us more compensation over those that pay us less compensation, or no compensation.

To help manage these conflicts, D.A. Davidson has policies and procedures in place that prohibit our financial professionals from recommending a volume of trading (as to frequency, amount or both) that is excessive under the circumstances, as well as systems to help identify situations where this could be occurring. Recommending excessive trading volume in order to increase brokerage commissions is an abusive practice sometimes referred to as “churning.”
Likewise, D.A. Davidson generally charges the same commission rates for all stocks that are available on our trading platform. This is intended to mitigate any incentive we might have to recommend particular stocks over others. However, please refer to the discussion of “Principal and Primary Market Trades” below.

We also charge the same commission rates for purchases and sales of stocks as for other investments that trade on the secondary market, including exchange-traded funds (“ETFs”), exchange-traded notes (“ETNs”), traded REITs and closed-end funds. This is intended to mitigate any incentive we might have to recommend stocks over certain other investments that trade in the same manner, or vice versa.

In short, there are conflicts between our interests and those of our brokerage clients relating to stock investments (and the other investments we make available to our brokerage clients). The policies summarized above are intended to help mitigate those conflicts.

**Stocks in Brokerage Accounts - Principal and Primary Market Trades.** While less common, in some cases D.A. Davidson may sell shares of stock (from our own inventory) to client accounts, or purchase them from client accounts. These are called “principal” trades or transactions. We receive more compensation for “principal” trades than others. For principal trades of stocks, we are compensated through mark-ups from the prevailing market price where we sell, and mark-downs from the prevailing market price where we buy. Mark-ups and mark-downs are generally equivalent to brokerage commissions (they are subtracted from the transaction proceeds), but are higher than the general brokerage commission rates described above.

Likewise, where D.A. Davidson underwrites and distributes (sells) “new issue” securities on the primary market - for example through an initial public offering or “IPO” - we also receive underwriting fees, syndicate fees, selling concessions or other similar fees. In these cases, the compensation we receive will again be higher than the general brokerage commission rates described above.

For IPOs and other offerings of stock underwritten by D.A. Davidson, the compensation D.A. Davidson would receive is usually “paid” to us as an underwriting discount, which is similar to a mark-up, and expressed as a percentage of the purchase price you pay, would typically be between 3.0% and 7.0%. However, only a portion of this compensation (typically 60%) is taken into account when determining your financial professional’s compensation for selling you the stock shares.

These payments create an incentive for us to recommend principal and primary market trades, and those securities that we trade on a principal or primary market basis, over other investments. In the event that your D.A. Davidson financial professional recommends a principal or primary market trade for your account, he or she will discuss this with you, and provide you with specific information about the compensation we would receive.

Please note that the majority of stock trades we recommend to clients are not principal trades or primary market trades. Rather, they are “secondary” market trades, meaning purchases and sales of stocks that are not “new issues” between our brokerage clients and third parties. In these cases, the general brokerage commission rates described on the previous page apply.

**If you have questions about the compensation D.A. Davidson or your D.A. Davidson financial professional receives from the purchase and sale of stocks, please contact your D.A. Davidson financial professional.**

**Individual Stocks in Advisory Accounts.** Neither D.A. Davidson nor our financial professionals receive any commissions, as described above, on stocks purchased or sold through our wrap fee programs or other investment advisory accounts (accounts in which the client pays an asset-based fee, as opposed to commissions and other amounts that apply to each transaction). The value of stocks in an advisory account, like the value of other securities held in the account, is included in determining the asset-based fee.

**Proxy Voting.** D.A. Davidson and our financial professionals do not vote proxies on stock held in clients’ brokerage accounts, but we will provide recommendations to brokerage clients from time to time about proxy voting. For stock held in discretionary investment advisory accounts, you grant us the right to vote your proxies unless you reserve the right to do so yourself.
Where we vote proxies on stock held in your account (or give you recommendations about how to vote), if we also hold stock or other investments in the company, we have a financial interest in the issue(s) being voted upon. In those cases, we have an incentive to vote proxies, or recommend proxy votes, that are consistent with our interests, even if they are not in a client’s best interest. To mitigate this conflict of interest, D.A. Davidson maintains and enforces a written policy that requires proxy voting for stocks held in client accounts to be consistent with the client’s best interest. A copy of this policy is available at dadavidson.com/Disclosures, or by request to your D.A. Davidson financial professional.

Again, you are entitled to retain the right to vote proxies on stocks held in your discretionary advisory accounts, rather than having us vote for you. And, we will not vote proxies on stocks in brokerage accounts or non-discretionary advisory accounts. Please review your agreement(s) with us and discuss with your D.A. Davidson financial professional if you have any questions about this issue.

**Stocks – Primary Risks**

Stocks, like virtually all investments, carry certain risks. The risks associated with a particular stock will depend on a number of factors, many of which relate to the underlying company. Because there are many differences from company to company, the potential categories of primary risks are extremely broad. **Therefore, this discussion is not comprehensive, and we strongly encourage you to discuss the risks associated with stock investments with your D.A. Davidson financial professional.**

However, below are some examples of the most material risks that apply to stock investments in (i) all companies and (ii) certain companies (for example, depending on the company’s location, market and size):

**Risks of Stock Investments Generally (All Companies):**

- **Business Risk** is the risk that investments in a particular company will lose substantial value or default due to the company’s insolvency or bankruptcy, or fluctuations in the applicable business sector generally.
- **Equity Risk** is the risk associated with investing in equity securities (stocks) issued by companies, which tend to be more volatile than investments in fixed-income securities.
- **Market Risk** is the risk that the value of investments may decline, at times sharply and unpredictably, because of economic changes or other events that affect individual companies or large portions of the market.
- **Sector Risk** is the risk that investments in a particular sector or industry will lose substantial value or default due to a downturn in that sector/industry, even if the investments are in well-managed companies.

**Risks of Stock Investments in Smaller Companies:**

- **Small Cap Stock Risk** is the risk that stocks of smaller companies can be subject to more abrupt or erratic market movements than stocks of larger, more established companies. Small companies often have limited product lines or financial resources, or may be dependent upon a small or inexperienced management group, and their securities might trade less frequently and in lower volume than the securities of larger companies, which could lead to proportionately higher transaction costs. Generally, the smaller the company size, the greater the risk.

**Risks of Stock Investments In Non-U.S. and Less Developed Market Companies:**

- **Emerging Markets Risk** is the risk that markets of emerging market countries are less developed and less liquid, subject to greater price volatility and generally subject to increased economic, political, regulatory and other uncertainties than more developed markets.
- **Foreign Investment Risk** is the risk that investing in foreign (non-U.S.) securities may cause more rapid and extreme changes in value than investments in securities of U.S. companies, due to less liquid markets, and/or adverse economic, political, diplomatic, financial, and regulatory factors.
Foreign governments also may impose limits on investment and repatriation and impose taxes. Any of these events can trigger investment losses.

- **Geographic Investment Risk** is the risk that investments concentrated in a certain country or other geographical region will be adversely affected by events occurring in that region, including natural disasters, adverse governmental action, acts of God, war, insurrection or political upheaval, or instability as to markets or other economic and political structures.

**Risks of Investments in Less Frequently Traded Stocks**

- **Liquidity Risk** is the risk that certain investments will not be sufficiently marketable to be sold (liquidated) within a short time frame without incurring a loss in value.

If you have any further questions, please do not hesitate to ask your D.A. Davidson financial professional. More information about investing in stocks, which we encourage you to read, is also available from the U.S. Securities and Exchange Commission (SEC) at investor.gov.

June 30, 2020