Mutual Funds:
Important Disclosures for D.A. Davidson & Co. Clients

The following is important information regarding mutual funds, including information about the relationships that D.A. Davidson & Co. ("D.A. Davidson") and our financial professionals (together, "we," "us" or "our") have with the mutual funds we make available to D.A. Davidson clients and the compensation we receive for selling those funds, as well as the conflicts of interest those relationships and payments create.

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

Overview of Mutual Funds

A mutual fund is a company that pools money from many investors and invests the money in securities such as stocks, bonds, and short-term debt. The combined holdings of the mutual fund are known as its portfolio. Investors buy shares in mutual funds. Each share represents an investor's part ownership in the fund and the investment returns it generates. Mutual funds are registered under the U.S. Investment Company Act of 1940 and are subject to SEC regulation.

Mutual funds are one of the nation's most commonly used investment vehicles. By pooling assets from multiple investors into one portfolio, mutual funds can provide such benefits as diversification, professional management, low minimum initial investments and liquidity. Accordingly, mutual funds can be an appropriate investment for many investors and part of an effective approach to achieving your financial goals. At the same time, all mutual funds carry risk, including potential loss of your investment principal. In selecting a mutual fund that best suits your needs, some key factors to consider include a fund's investment strategy, risk profile, investment performance, and relationship to your overall asset allocation strategy and investment time horizon.

A fund's fees and expenses have an impact on its investment returns and are important factors as well. All mutual funds have direct costs associated with their sales and operation that will have an impact on your investment returns. These costs may include transaction fees, such as front-end or contingent deferred sales charges (often referred to as "loads"), paid directly by fund investors, and operating expenses, such as management fees, distribution or "12b-1 Fees," and other operating costs, paid by the funds (and thus indirectly by fund investors). Sales charges and operating expenses vary among mutual funds, fund families, and (in most cases) share classes.

Many mutual funds offer multiple share classes with different sales charge and expense characteristics. Your D.A. Davidson financial professional can help you determine the most appropriate share class by evaluating, among other things, your investment time horizon and the amount you purchase or intend to purchase.

For more information about any mutual fund, please request a prospectus from your D.A. Davidson financial professional and read it carefully. If your D.A. Davidson financial professional recommends a mutual fund for your account, you will automatically be furnished with a prospectus, which contains detailed and specific information about the fund's fees and costs, strategies, primary risks and other factors.

Mutual Funds – Our Compensation and Conflicts of Interest

Mutual Funds in Brokerage Accounts. The compensation we receive when you invest in mutual funds through your brokerage account depends on the specific circumstances. The most important factors are the specific fund, share class and amount of investment you choose. The various forms of compensation we receive (from different funds and share classes) are summarized below.

- **Front-end sales charges.** A front-end sales charge may be deducted from a mutual fund investment at the time of purchase. This sales charge is calculated as a percentage of the total investment purchase. For example, if $10,000 is invested in a mutual fund that has a 5.75% front-end sales charge, $9,425 will be invested in the fund. The difference between the $10,000 initial investment and the $9,425 actually invested is $575, which is the front-end sales charge. Mutual funds with this pricing option are often referred to as Class A shares. Most of the front-end sales charges deducted from a mutual fund investment are paid as a commission to the broker who made the sale, such as D.A. Davidson. A percentage of the sales charges received are paid by D.A. Davidson to your financial professional, according to his or her "production" and our commission grid.

- **Back-end sales charges.** A back-end sales charge is sometimes referred to as a contingent deferred sales charge (“CDSC”). This charge, which decreases over time, is deducted from a mutual fund investment if the fund shares are sold prior to a specified period as stated in the mutual fund prospectus. The CDSC is calculated as a percentage of the total sales proceeds. For example, if an investor sells $10,000 of shares in a fund owned for 18 months and that fund has a 5.00% CDSC during the second year, the investor will receive a check for $9,500. The $500 difference between the $10,000 worth of shares sold and the $9,500 check paid to the investor is the CDSC. Back-end sales charges are most often associated with Class B and Class C shares. The level of the applicable CDSC will decline over time until it is eventually eliminated. A CDSC may also apply in some special circumstances as outlined in the mutual fund prospectus. Often these circumstances are associated with purchases at net asset value (“NAV”) or as a penalty imposed on shorter term trading. NAV is the market value of the mutual fund shares. A percentage of the CDSCs received are paid by D.A. Davidson to your financial professional, according to his or her “production” and our commission grid.

- **Asset-Based Distribution/Service Fees (12b-1 Fees).** Generally, these fees are deducted from a mutual fund’s assets to cover a fund’s marketing and distribution expenses. 12b-1 Fees reduce the overall returns of the particular mutual fund and are disclosed in a fund’s prospectus. These 12b-1 Fees are shared between D.A. Davidson and the fund’s distributor as set forth in the prospectus, and a percentage of the 12b-1 Fees received by D.A. Davidson are paid to your financial professional, according to his or her “production” and our commission grid.

  For Class A shares, the typical annual 12b-1 Fee is equal to 0.25% of the fund’s total assets annually. Generally all of this annual 12b-1 Fee applicable to mutual fund shares held by D.A. Davidson clients is paid to D.A. Davidson during the period in which shares are held by our clients. For Class B shares, the typical annual 12b-1 Fee is equal to 1.0% of the fund’s total assets, with 0.25% of the Fee paid to D.A. Davidson and the remaining 0.75% paid to the fund distributor. For Class C shares, the typical annual 12b-1 Fee is equal 0.75% to 1.0% of the fund’s total assets annually, with most or the entire fee paid to D.A. Davidson and a percentage of that fee is paid by D.A. Davidson to your financial professional, according to his or her “production” and our commission grid.

Regardless of the share class an investor owns, the investor owns an interest in the same portfolio. Several of the most common share classes are briefly summarized below, though other share classes and nomenclatures exist.

Class A shares – common characteristics

- Front-end sales charge is deducted from the amount invested at time of purchase; thus, less than 100% of purchase is invested
- Lower operating expenses than Class B and C shares
- Typically do not have a CDSC; however, CDSC may apply in certain circumstances
- Breakpoint discounts available on larger purchases (see “Breakpoint Discounts” below)

Class B shares – common characteristics

- No front-end sales charge; thus, 100% of purchase amount is invested
- Typically have CDSC which decrease over time and are eventually eliminated
- Higher operating expenses than Class A shares for specified period of time
- Conversion to Class A shares typically occurs between six and eight years from date of purchase
- Usually not appropriate for larger purchase amounts (purchases over $50,000 should be reviewed carefully with a Financial Advisor to determine whether Class A shares may be more appropriate due to sales load breakpoints)
- Generally no longer available from most mutual funds

Class C shares – common characteristics

- Typically no front-end sales charge exists; thus, 100% of purchase is invested
- CDSC of 1% typically applies to redemptions made within 12 to 18 months after the shares were purchased
- Higher operating expenses than Class A shares are typical for duration of investment

Please note that, currently, we do not typically sell Class B mutual fund shares to clients, but we have included a summary of Class B mutual funds because some of our clients have pre-existing Class B mutual fund investments. Also, please refer to the discussion of “Class C Share Conversion Program” below.

Class R shares – common characteristics

- Typically offered to eligible accounts through a brokerage account in their 401(k) and other retirement or deferred compensation plans

- No front-end sales charge or CDSC
- Higher 12b-1 Fee expenses than Class A shares, but lower than Class C shares

FINRA maintains a Mutual Fund Expense Analyzer tool on its website at finra.org that may help you in making a decision on the right share class for you.

- **Sub-Accounting Related Services.** D.A. Davidson receives compensation from mutual funds when providing sub-accounting and other administrative services with respect to each mutual fund position. This compensation, also called sub-transfer agent ("sub-TA") fees may also be paid to D.A. Davidson by third parties hired by Davidson to provide these services. These services include processing purchases, redemptions and exchanges, dividend reinvestment, tax reporting and other recordkeeping services.

Again, a percentage of the front-end sales changes, CDSCs and 12b-1 Fees that D.A. Davidson receives are paid by D.A. Davidson to your financial professional (with respect to the mutual funds held by his or her clients), according to his or her "production" and our commission grid. We do not share any portion of the sub- accounting or sub-TA fees we receive with our financial professionals.

Sales Charge Discounts. Finally, for Class A shares, the amount of any front-end sales charges you actually pay can vary based on certain discounts you might qualify for. To briefly summarize:

- **Breakpoint Discounts.** Class A shares of mutual funds give qualifying investors the right to receive a front-end sales charge discount. The discount is offered when "breakpoints" are reached. A sample breakpoint schedule, similar to what is detailed in certain fund prospectuses, is illustrated in the following hypothetical table:

Aggregate Investment	**Front-End Sales Charge**
Less than $25,000	5.75%
$25,000 to $49,999	5.00%
$50,000 to $99,999	4.50%
$100,000 to $249,999	3.50%
$250,000 to $499,999	2.50%
$500,000 to $749,999	2.00%
$750,000 to $999,999	1.50%
$1,000,000 or greater	None

  Breakpoint discounts are available on initial and subsequent purchases. Also, discounts on purchases may be obtained based on current holdings in the same fund family (see "Rights of Accumulation" below) or a commitment of future purchases (see "Letters of Intent" below).

- **Initial Purchases.** When making an initial purchase of Class A shares in a particular mutual fund family, the front-end sales charge and minimum purchase requirement to obtain a discount can be determined by referring to the sales charge schedule in the fund's prospectus.

  For example, an initial $10,000 purchase, using the sample breakpoint schedule above, would incur a front-end sales charge of 5.75%. An initial investment of $125,000 would qualify for a breakpoint discount, thereby incurring a lower front-end sales charge of 3.50%. Initial mutual fund purchases in several funds within the same fund family can be combined to determine the appropriate discount. For example, based on the previous sample breakpoint schedule, if an investor was to simultaneously purchase $10,000 of five different mutual funds offered by a single fund family — for a total value of $50,000 — that investor would qualify for a breakpoint discount and pay a front-end load of 4.50%. Please keep in mind that breakpoint schedules may vary between different mutual funds in the same fund family.

- **Rights of Accumulation.** Breakpoint discounts may also apply to purchases based on an investor's existing holdings within a fund family. These discount entitlements are referred to as Rights of Accumulation ("ROA"). For example, if an investor owned mutual funds within the same fund family valued at $255,000, then invested an additional $1,000 in the same fund family, that investor would be eligible for a discount on the additional $1,000 investment based on the total holdings in that fund family. Therefore, based on the above sample breakpoint schedule, a 2.50% front-end sales charge would apply to the investor's $1,000 purchase.

  When calculating the value of an investor's current mutual fund family holdings for ROA purposes, the value of shares owned, combined with the value of shares owned in certain family member and related accounts, may count toward a breakpoint discount. For example, many mutual fund families allow investors to aggregate the value of shares owned by the investor, the investor's spouse and minor children when determining the breakpoint discount.

The value of mutual fund shares held at different investment firms or purchased directly with the fund should be considered when determining the value of an investor's current holdings for ROA purposes, as some fund families allow the aggregation of holdings at other investment firms when determining breakpoint opportunities. For example, if an investor holds shares at several different investment firms and also owns shares that are held in certain types of retirement accounts, that investor may be able to combine the value of the shares from the same fund family when determining the breakpoint discount. If this is true in your case, please note that it is your responsibility to inform your financial professional(s) of all holdings in order to ensure that they are properly aggregated for ROA purposes. You may be asked to provide proof of this ownership.

In summary, the calculation of the appropriate ROA breakpoint discount can be complicated. Furthermore, ROA rules vary from one mutual fund family to another. Therefore, it is important to ask your D.A. Davidson financial professional about mutual fund breakpoint discount opportunities. Be certain to review the breakpoint information in the prospectus of the mutual fund being purchased.

- **Letter of Intent.** Discounts on purchases of Class A mutual fund shares may also be obtained based on the investor's promise of future, additional fund purchases. Signing a Letter of Intent ("LOI") with a mutual fund company commits the investor to purchase a specified amount of Class A shares within a defined period of time, usually 13 months. This commitment is made in exchange for the right to immediately receive a breakpoint discount. For example, it would be appropriate for an investor to sign an LOI when planning to invest $50,000 in Class A shares in the same fund family in the next 13 months, but only making an immediate purchase of $10,000. In this scenario, signing an LOI would allow the investor to receive a breakpoint discount on the initial $10,000 purchase in addition to subsequent purchases within the 13-month period. As indicated in the previous sample breakpoint schedule, the investor could expect to pay a 5.75% front-end sales charge when making a $10,000 fund purchase. However, signing an LOI and committing to purchasing an additional $40,000 of Class A shares would incur a front-end load of 4.50% on that initial $10,000 purchase. If the investor subsequently failed to invest the amount of the LOI commitment, the fund would retroactively deduct the correct sales charges based on the amount that was actually invested. If an investor intends to make multiple purchases within a 13-month period, the investor should consult his or her financial professional and review the mutual fund prospectus to determine if signing an LOI would be beneficial.

Proprietary and Affiliated Funds. In addition to the various sources of compensation summarized above, you should also be aware that one of D.A. Davidson's affiliates manages a mutual fund that might be recommended to you, and another D.A. Davidson affiliate is the sub-advisor to a mutual fund that might be recommended to you:

- **Davidson Multi-Cap Core Mutual Fund.** The Davidson Multi-Cap Core Mutual Fund ("Fund"), for which Davidson Investment Advisors, Inc. ("DIA") serves as the investment adviser, may be recommended by your D.A. Davidson financial professional for your brokerage account. DIA and D.A. Davidson are affiliated companies, with the same parent company. DIA receives fees for advising the Fund. Those fees are based on the amount of assets held in the Fund which increases with any new purchases of shares. The fee arrangement for DIA advisory services is disclosed in the Fund prospectus. As a mutual fund shareholder, you would pay indirectly a portion of the ongoing expenses of the Fund. These expenses include the DIA advisory fee, all 12b-1 Fees and all other ongoing fees incurred in the administration of the Fund (see the Fund Prospectus available at davidsonmutualfunds.com).

- **Aquila Funds.** Davidson Fixed Income Management, Inc. ("DFIM") (doing business as Kirkpatrick Pettis Capital Management, Inc.) serves as the sub-advisor to two Aquila Funds tax exempt mutual funds – the Tax Free Trust of Oregon and the Tax Exempt Fund of Colorado (the "Funds"). DFIM receives compensation for providing sub-advisory services and this compensation is based on the amounts of assets held in the funds which increases with any new purchases of shares. The fee arrangement for DFIM's sub-advisory services is disclosed in the Funds prospectuses. As a Funds shareholder, you would pay indirectly a portion of the ongoing expenses of the Funds and included in these expenses would be the payment to DFIM for its sub-advisory services.

Education and Marketing Support from Fund Sponsors. Certain sponsors of mutual funds (as well as other types of funds) contribute to or reimburse D.A. Davidson for the cost of educational and marketing events we hold for our clients and financial professionals. At these events, investing in mutual funds, and the specific funds offered by the sponsors, are usually discussed. Sponsors of these types of funds also pay for travel, meals, entertainment and attendance at conferences, training events and due diligence trips for our financial professionals. This creates a potential conflict of interest for us to recommend funds of sponsors who provide higher amounts of reimbursements and other payments over those who pay lower amounts, or none.

These types of expense reimbursements and other payments are subject to an internal approval process at D.A. Davidson, and are not paid directly to our financial professionals. And, unlike sales charges and similar payments, these payments are not typically (with some exceptions) tied to specific purchases and sales of fund shares. However, we receive more compensation and reimbursements of these types from some fund sponsors than others. Generally, the more of a particular sponsor's funds we sell, the greater amounts of such payments we are likely to receive. For a list of the fund sponsors from whom we receive these types of payments and reimbursements, which is current as of the effective date set forth at the end of this disclosure, please refer to the *Exhibit* attached as the very last page to our *Regulation Best Interest Disclosures*, available at dadavidson.com/Disclosures.

All of the payments summarized above (including front-end sales charges, CDSCs, 12b-1 Fees, sub-accounting and sub-TA fees, management fees from proprietary and affiliated funds, and education and marketing support payments), create conflicts of interest for D.A. Davidson and our financial professionals. In particular:

- **Differential Compensation – Different Mutual Funds.** The sales charges, 12b-1 Fees and other payments we receive will vary based on the specific funds (or fund families) you choose. Thus, we have a financial incentive to recommend funds that pay us more compensation over those that pay us less compensation.

To help manage the financial incentive that our financial professionals have to recommend certain mutual funds over others, we "cap" (limit) the amount of the sales charges that are taken into account in determining our financial professionals' compensation. Specifically, front-end sales charges for Class A shares are capped at 3.5%, and CDSCs for Class C shares are capped at 1.0%. To illustrate, holding all other factors equal, our financial professionals would not receive higher pay for selling Class A shares of a mutual fund that pays a front-end sales charge of 5.0% than one that pays 3.5%. However, because the 3.5% figure is a limit, a financial professional would receive higher pay for recommending a fund that pays 3.5% over one that pays any lower amount (i.e., the financial professional would receive credit for 3.0% if this is what the fund pays, 2.5% if this is what the fund pays, etc.) **Also, in all cases the full amount of the sales charge described in the mutual fund's prospectus is still paid to D.A. Davidson; any excess over the cap is simply retained at the firm level and not shared with our financial professionals.** To help manage these incentives further we require our financial professionals to evaluate mutual funds using an analytical tool that compares mutual funds based on varying criteria.

- **Proprietary and Affiliated Funds.** D.A. Davidson, considered together with our affiliates DIA and DFIM, will receive more total compensation if you select the Davidson Multi-Cap Core Mutual Fund or the Aquila Funds over a fund managed by a third party. To help address this conflict, our financial professionals are generally paid the same amount for selling the Davidson Multi-Cap Core Mutual Fund and the Aquila Funds as for any other mutual fund(s), holding all other variables (for example, investment amount, share class, etc.) equal.

- **Share Classes.** The total compensation we will receive (sales charges, 12b-1 Fees, etc.) over time will generally be higher if you choose a share class that is more costly to you. Different share classes will pay us higher or lower up-front sales charges and similar payments on one hand, and higher or lower ongoing payments such as 12b-1 Fees, on the other. Therefore, some share classes are generally more appropriate (in other words, less expensive) for longer-term investors, and others are generally more appropriate for shorter-term investors. D.A. Davidson has policies and procedures in place that require our financial professionals to consider a client's expected time horizon for an investment before recommending a particular share class.

Class C Share Conversion Program. D.A. Davidson has adopted a Class C Share Conversion Program to reduce the potential for investors to hold Class C shares beyond the point where the ongoing costs of ownership can exceed Class A shares. Under this program, if the Class C shares are eligible and held for six or more years they will automatically convert into Class A shares of the same fund and at the net asset value without the sales charge that typically applies to Class A share purchases. The share class conversion is not treated as a taxable event. This will allow investors to benefit from the lower ongoing costs of Class A shares.

D. A. Davidson's Class C Share Conversion Program began in January 2020, and while it does not cover all fund families, it will expand over time to include a larger number of fund families (as defined by the fund's prospectus). You can also ask your financial professional whether you hold Class C mutual fund shares from fund companies that will participate in the program.

- **Volume of Mutual Fund Trades.** Depending on the specifics, we will often receive sales charges when you buy (or in some cases, sell) mutual funds. The amount of sales charges and other compensation we receive will also increase the larger your investments are. Generally, this means that we have a financial incentive to recommend larger investments over smaller investments. However, the rates of sales charges we receive often decrease with investment size (and due to discounts), so in some cases we have a financial incentive to recommend higher numbers of smaller investments over fewer numbers of larger investments. 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.

- **Discounts.** With respect to Class A mutual fund investments, we will receive higher amounts of front- end sales charges if you do not qualify for the types of discounts summarized above. This could occur if you choose to make a large number of smaller investments across a wide variety of funds and fund families, as opposed to larger investments with a smaller number of funds and fund families. D.A. Davidson has policies and procedures in place that prohibit our financial professionals from making recommendations that are designed to prevent clients from benefiting from sales charge discounts.

- **Differential Compensation (Mutual Funds vs. Other Investments).** The compensation we receive when you invest in mutual funds will be more or less than we would receive if you selected different investments, such as exchange-traded funds (ETFs), unit investment trusts (UITs), etc. 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 the conflict related to differential compensation for mutual funds vs. other investments, we provide resources and training to encourage our financial professionals to consider comparable products available on our platform and the appropriateness of each product based on the client's investment profile.

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

Mutual Funds in Advisory Accounts. Clients may purchase mutual funds through various wrap fee and other fee-based investment advisory programs available at D.A. Davidson. These programs offer clients the choice of paying an asset-based investment advisory fee instead of paying a sales charge on the purchase or sale of mutual fund shares (and other transaction-based compensation for various investments). The value of mutual funds held in an advisory account, like the value of other securities held in the account, is included in determining the asset-based fee.

Within wrap fee and other fee-based advisory accounts, D.A. Davidson and our financial professionals will not receive sales charges on mutual fund transactions – i.e., by utilizing "no-load" mutual fund share classes that are available within our advisory programs but not our brokerage accounts, such as "Advisory Class" or "Institutional Class" shares:

Advisory Class/Institutional Class shares – common characteristics
- Offered to clients in fee-based advisory accounts through an investment adviser (the adviser charges a separate fee for managing the account)
- No front-end or back-end sales charge exists
- May have 12b-1 Fees (but see comments below regarding refunds of 12b-1 Fees to advisory accounts)
- Generally similar operating expenses to Class A shares; lower operating expenses than Class C shares

In addition to our asset-based fee, D.A. Davidson may receive 12b-1 Fees from mutual funds held in a client's advisory account, but D.A. Davidson returns (refunds) those 12b-1 Fees to the client's advisory account. We do receive and retain, however, sub-TA and sub-accounting fees in connection with mutual fund investments within advisory accounts. We encourage you to talk to your D.A. Davidson financial professional if you have any questions about the differences between investing in mutual funds (or otherwise) through a brokerage account or an advisory account.

If you have questions about the compensation D.A. Davidson or your D.A. Davidson financial professional receives from buying and selling mutual funds, please contact your D.A. Davidson financial professional.

Mutual Funds – Primary Risks

Mutual funds, like virtually all investments, carry certain risks. The risks associated with a particular fund will depend on a number of factors, many of which relate to the underlying investments it holds. Because there are many differences between various mutual funds (and their investments, leverage rates, etc.), 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 these types of fund investments with your Davidson financial professional.**

However, below are some examples of the most material risks associated with (i) mutual fund investing generally, and (ii) with investments in certain of these funds (depending on the underlying assets they invest in and other factors):

Risks of Mutual Funds Generally:

- **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.
- **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.
- **Management Risk (or Securities Selection Risk)** is the risk that the portfolio manager's investment strategy, approach or specific securities selections may fail to produce the intended result, and the overall investment may under-perform its benchmark or the broader market indices.
- **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.

Risks of Mutual Funds Invested in Stocks (Equity Funds):

- **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.

Risks of Mutual Funds Invested in Smaller Company Stocks:

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

Risks of Mutual Funds Invested in Fixed-Income Securities (Bond Funds):

- **Credit Risk (or Default Risk)** is the risk that the issuer or guarantor of a fixed-income security will default on its obligations, for example due to its bankruptcy or insolvency. Changes in the credit rating of fixed-income securities could have a similar effect.
- **Debt Extension Risk** is the risk that the issuer of a fixed-income security will exercise its right to pay principal later than expected. Under these circumstances, the value of the security will decrease and the portfolio will suffer from the inability to invest in higher yielding securities.
- **High-Yield Risk** is the risk that non-investment grade fixed-income securities, sometimes known as "junk bonds," will be subject to greater credit risk, price volatility and risk of loss than investment grade securities, which can adversely impact a portfolio's return and asset valuation. High yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments.
- **Interest Rate (or Duration) Risk** is the risk that the value of fixed-income investments will decline because of rising interest rates. The magnitude of this decline will often be greater for longer-term fixed-income securities than shorter-term fixed-income securities. If you have money in a bond fund that holds primarily long-term bonds, the value of that fund could decline, perhaps significantly, when interest rates rise.
- **Prepayment Risk (or Call Risk)** is the risk that the issuer of fixed-income investments will exercise its right to prepay its obligations prior to maturity, which can result in a decreased rate of return and a decline in value of those investments.
- **Real Interest Rate Risk (or Inflation Risk)** is the risk that the real rate of return paid on fixed-income investments will be less than the nominal return due to the effect of inflation.
- **Redeemable Bond Risk** is the risk that the issuer of fixed-income investments will redeem the bond upon the occurrence of certain enumerated events prior to maturity, which can result in a decreased rate of return and a decline in value of those investments.
- **Reinvestment Risk** is the risk that, in a declining interest rate environment, investors holding fixed- income securities may have to reinvest proceeds in other securities that do not pay comparable levels of income to those of the redeemed or called securities, leading either to a reduction in cash flows or the need to reinvest in securities with a higher credit (default) risk.

Risks of Mutual Funds Invested in Non-U.S. and Less Developed Markets:

- **Currency Risk** is the risk that foreign currencies will fluctuate in value relative to the U.S. dollar, adversely affecting the value of investments in foreign currencies, or other investments denominated in foreign currencies. Due to this risk, an investor can lose money if the local currency of a foreign market depreciates against the U.S. dollar, even if the market value of the investments held in that market appreciates.
- **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 Sector/Industry-Focused Mutual Funds:

- **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 Commodity Mutual Funds:

- **Commodity Risk** is the risk that investing in commodities or commodity-related securities may subject the portfolio to greater volatility than other investments. In addition to overall market movements, these investments can be adversely impacted by commodity index volatility, changes in interest rates, and factors affecting a particular industry or commodity, such as Acts of God, embargoes, acts of war or terrorism, or political and regulatory developments.

Information on a specific mutual fund, and its policies regarding the above topics can be found in the fund's prospectus, which we strongly encourage you to read.

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

December 22, 2021