Real Estate Investment Trust (REIT) Investing: 
Important Disclosures for D.A. Davidson & Co. Clients

The following is important information regarding REITs, 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 REITs we make available to D.A. Davidson clients and the compensation we receive for selling those REITs, 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 REITs generally, we encourage you to reach out to your D.A. Davidson financial professional.

Overview of REITs

Real estate investment trusts (“REITs”) are companies that own (and typically operate) income-producing real estate assets. Owning interests in a REIT provides an investor with exposure to the commercial real estate markets without the need to purchase properties directly.

This discussion focuses on publicly-traded REITs (or “traded REITs”), which are listed for trading on a national securities exchange. Most of the REITs we offer and recommend to clients are publicly traded REITs. Traded REITs can be bought and sold on a secondary trading market, like shares of stock, and in most cases the market price for shares of traded REITs is readily available.

Unlike other real estate companies, REITs do not develop real estate properties to resell them, but rather buy and develop properties primarily to operate them as part of their own investment portfolio. The specific holdings of REITs vary, but they may include office buildings, shopping malls, apartments, hotels, resorts, self-storage facilities, and warehouses. REITs may finance these types of real estate assets through secured loans (i.e., mortgages).

Also, unlike other real estate companies, qualifying as a REIT under the Internal Revenue Code means that the company (the REIT) generally incurs no income tax at the corporate level. This is a significant advantage, but a number of requirements are imposed to qualify as a REIT. On such requirement is that at least 90% of a REIT’s taxable income must be distributed each year to its shareholders as dividends. For this reason, REITs are generally chosen by investors for their regular income payments. However, before investing in a REIT, you should understand that REIT dividends are typically taxable to investors as ordinary income; in other words, they are not subject to the reduced tax rates that apply to certain other corporate dividends. You should speak with your tax advisor if you have questions about this.

You should also understand that, while there are potential advantages to investing in REITs, REITs also carry risks, including potential loss of your investment principal. Some risk factors will vary from REIT to REIT, but all REITs are susceptible to losses due to economic factors that adversely affect the broader real estate markets. Historically, REITs have performed poorly during periods in which real estate markets generally have performed poorly. Likewise, particularly during periods of rising interest rates, demand for REITs (and thus, REIT prices) tend to fall as investors increasingly seek bond investments instead.

D.A. Davidson and its affiliates do not sponsor, issue or manage any REITs. However, D.A. Davidson, does act as a distributor of REITs.

If your D.A. Davidson financial professional recommends a REIT for your account, you will be provided with the REIT’s prospectus, and/or he or she will discuss the fees and costs, strategies and primary risks with you.
REITs – Our Compensation and Conflicts of Interest

REITs in Brokerage Accounts. The commissions we receive for purchases and sales of REITs depend on the specific circumstances.

In some cases, D.A. Davidson acts as a distributor of REITs, meaning we sell newly-issued shares to investors on the primary market. In those cases, we will receive sales commissions from the REIT. The rate of sales commissions we receive from REITs differ, but in most cases (expressed as a percentage of the price you pay for your investment), it will be between 3.0% and 7.0%. In all cases the amount of our sales commission will be disclosed in the REIT’s prospectus. A percentage of the sales commissions received are paid by D.A. Davidson to your financial professional, according to his or her “production” and our commission grid.

The sales commission we receive for selling a REIT on the primary market will be higher than the commissions we receive for secondary market REIT transactions (described below).

On the secondary market, D.A. Davidson does not buy or sell REITs for our own account. We will, however, buy or sell (previously-issued) REITs on your behalf as your agent (broker) – where the other party to the trade is a third-party investor. For secondary market purchases or sales, D.A. Davidson charges commissions to your brokerage account. Again, 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 (secondary market) REIT 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 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 (sales commissions and brokerage commissions) create conflicts of interest for us. In particular:

- **Third-Party Payments – Sales Commissions for New Issues.** The sales commissions we receive for selling newly-issued shares of REITs to clients are higher than the brokerage commissions we charge for secondary market purchases. Therefore, we have a financial incentive to encourage you to buy newly-issued shares on the primary market rather than previously-issued shares on the secondary market. Also, some REITs pay us higher sales commissions for primary market sales than others. Thus, we also have a financial incentive to sell higher-commission REITs over lower-commission REITs.
Volume of REIT Trades. We charge brokerage commissions for each secondary market purchase or sale of REITs that occurs in your account. Likewise, we receive sales commissions for each primary market purchase of REITs you make. Therefore, we have a financial incentive to recommend that you buy and sell REITs on the secondary market, and buy newly-issued REITs on the primary market, frequently. Likewise, the amount of the commission we will receive for a particular 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. However, for secondary market trades of REITs, even though our total brokerage commission 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 (REITs vs. Other Investments). The compensation we receive for buying and selling REITs on your behalf, or selling newly-issued REIT shares to you, will be more or less than we would receive for buying and 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.”

The sales commissions paid for newly-issued REITs are set by the REITs, not D.A. Davidson. However, D.A Davidson charges the same brokerage commission rates for secondary market trades of all REITs we make available to clients. This is intended to help mitigate any incentive we might have to recommend some REITs over others.

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

Again, D.A. Davidson and our affiliates do not sponsor, issue or manage any REITs.

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

REITs in Advisory Accounts. Neither D.A. Davidson nor our financial professionals receive any brokerage commissions on REITs purchased or sold on the secondary markets within 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). And, we will not sell you a “new issue” REIT via the primary market within an advisory account. The value of REITs in an advisory account, like the value of other securities held in the account, is included in determining the asset-based fee.

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

REITs – Primary Risks

REITs, like virtually all investments, carry certain risks. The risks associated with a particular REIT will depend on a number of factors, some of which relate to the underlying properties or debt instruments it holds.
The discussion below is not comprehensive, and we strongly encourage you to discuss the risks associated with REIT investments with your D.A. Davidson financial professional.

However, below are some examples of the most material risks associated with (i) REIT investing generally, and (ii) with investments in certain REITs:

Risks of REITs 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. Historically, during rising interest rate environments, many investors have tended to sell REITs and invest in Treasuries and other bonds instead; where a “sell-off” of REITs occurs, it will be more difficult to sell your REIT investments without losing money on the sale.

  Also, please note that Liquidity Risk is likely to be higher for non-traded REITs. Generally speaking, non-traded REITs are registered with the SEC, but they do not trade on national securities exchanges like stocks. Non-traded REITs will therefore have less robust trading markets.

- **Management Risk** is the risk that management’s strategy or investment selections (i.e., of real estate and real estate-related debt instruments) may fail to produce the intended result, and the overall investment in a REIT 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 the markets. Historically, REITs have performed poorly during period in which the broader real estate markets have performed poorly.

Risks of Leveraged REITs:
- **Leverage Risk** is the risk that using leverage (borrowing or synthetic borrowing) to multiply exposure to investments or markets (including real estate), with the goal of multiplying returns, will also multiply losses. Leveraged REITs will likely lose more money from downturns in the real estate markets than unleveraged REITs. The greater the borrowing, the greater the risk.

Risks of REITs Investing in Mortgages and Loans on Real Estate:
- **Credit Risk (or Default Risk)** is the risk that a borrower will default on its obligations to pay principal and interest when due.

- **Interest Rate Risk** is the risk that the value of debt investments will decline because of rising interest rates. The magnitude of this decline will often be greater for longer-term mortgages and loans than shorter-term mortgages and loans.

- **Real Interest Rate Risk (or Inflation Risk)** is the risk that the real rate of return paid on debt instruments will be less than the nominal return due to the effect of inflation.

Risks of Sector-Focused REITs:
- **Sector Risk** is the risk that investments in a particular sector (i.e., of the real estate markets) will lose substantial value or default due to a downturn in that sector.

Information on a specific REIT, and its policies regarding the above topics can be found in the REIT’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 REITs, which we also encourage you to read, is also available from the U.S. Securities and Exchange Commission (SEC) at investor.gov.

June 30, 2020