

Unit Investment Trust Investing Important Disclosures for D.A. Davidson Clients

The following provides you with information relating to the relationships with and compensation that D.A. Davidson and its Financial Consultants may have or earn from unit investment trusts (“UITs”) made available to D.A. Davidson clients.

Overview: UITs offer a buy and hold philosophy on investing. Individual UITs invest in a fixed portfolio for a predetermined period of time, typically from 12 months to 5 years. Investors purchase units of a portfolio, which represent an undivided ownership interest in the assets contained in the portfolio. These portfolios enable investors to own a basket of securities with one single purchase, rather than trying to select individual stocks or bonds that meet their objectives. The portfolios are designed to fill a variety of investment needs and risk tolerance levels and may be appropriate for a variety of reasons such as tax control, liquidity, and diversification. We encourage you to contact your Financial Consultant to discuss whether investment in a particular UIT may be suitable for you.

Compensation D.A. Davidson and its Financial Consultants Receive from the Sale of UITs. D.A. Davidson receives commission from UIT sponsors when a UIT is purchased by a customer through a D.A. Davidson representative. Financial Consultants are compensated by D.A. Davidson from commissions paid to the firm.

This compensation can range from 2.25% to 3.60% of the public offer price of the UIT, (depending on the duration of the particular trust), subject to the reduced concession applicable to volume purchases as set forth in each sponsor’s prospectus. However, for units which are purchased using redemption or termination proceeds or on purchases by rollover unit holders, this amount will be reduced to 1.3% to 2.60% of the sales price of the units, (depending on the duration of the particular trust), subject to the reduced concession applicable to volume purchases as set forth in each sponsor’s prospectus. UITs purchased in advisory accounts (accounts in which the client pays an asset-based fee as opposed to commissions on each transaction) are purchased at net asset value. Neither D.A. Davidson nor its Financial Consultants receive any commission, as described in this paragraph, on UITs purchased in advisory accounts.

Apart from the fees described above, D.A. Davidson, like other broker-dealers, receives additional compensation from First Trust Portfolios L.P. (“First Trust”), which is the sponsor of a majority of the individual UITs sold by D.A. Davidson. The additional compensation is based on the total volume of all First Trust sponsored UITs sold by D.A. Davidson as described in the applicable prospectus pertaining to the individual UIT. This additional volume concession is not specific to any individual UIT offered by D.A. Davidson. Based on meeting total sales volume thresholds in the trailing 12-month period, D.A. Davidson may receive additional compensation as a percentage of total volume with in that 12-month period. The compensation, if any, is paid to D.A. Davidson monthly. UITs which may be purchased in D.A. Davidson advisory accounts are not included in determining any such volume concessions. Financial Consultants do not receive any of the additional compensation paid to D.A. Davidson pursuant to this volume concession.

In 2006, D.A. Davidson worked with First Trust to develop and market the Western Regional Bank and Thrift Portfolio. D.A. Davidson received volume concessions related to this specific UIT as disclosed in the prospectus. Financial Consultants did not receive any of this additional compensation.

If you have questions about the compensation D.A. Davidson or your Financial Consultant receives from the sale of UITs, please contact your Financial Consultant.

Information on a specific UIT and its policies regarding the above topics can be found in the prospectus available from the appropriate UIT sponsor. If you have any further questions please do not hesitate to ask your Financial Consultant.