Davenport Asset Management®

Fund*Advisor*

Quarterly Update

2nd Quarter 2011

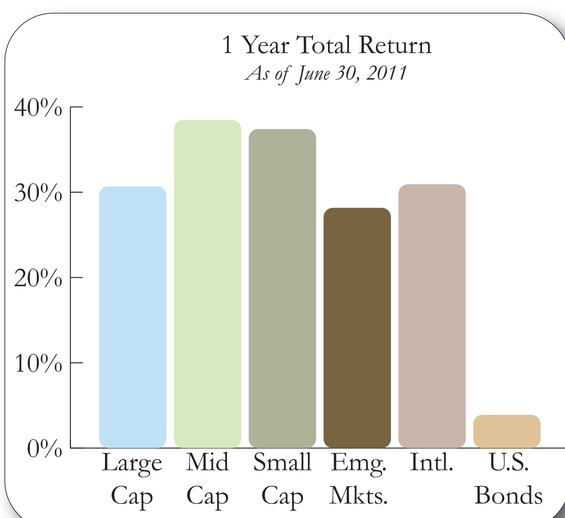
Q2

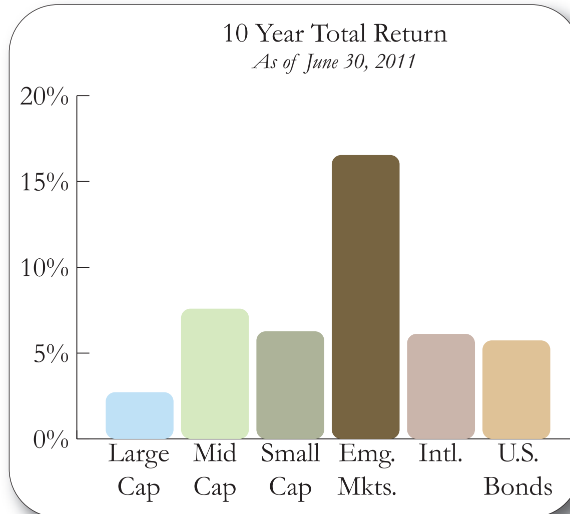
Davenport & Company LLC - 901 East Cary Street - Richmond, VA 23219

We have been pleased with Fund*Advisor*'s performance since the end of January and particularly since we rebalanced in early March. You will recall that we made several asset allocation and fund changes that we believe should prepare us well for the future. U.S. stocks jumped fast out of the gates in January and February but have moved sideways ever since (the S&P 500 is up 6% this year). Developed overseas markets (the MSCI EAFE gained 3%) continue to trail as the result of lingering budget concerns across Europe. The MSCI EM (emerging markets) has taken a breather this year (up 1%) after more than doubling in a two year timeframe. Bonds have held up well - the Barclay's Captial U.S. Aggregate is up 2.7% - despite the ongoing discussion of impending rate increases as there seems to be enough fear and uncertainty keeping investors from exiting their bond positions. (Performance representative of the funds from each of these categories in your portfolio is on page 2.)

Some believe we are entering a "soft patch" in light of the signs of slower economic growth that have recently emerged. Data regarding auto sales, housing, manufacturing, and employment have been disappointing relative to expectations, and we have had to deal with anomalies such as weather and supply chain disruptions stemming from the tsunami in Japan. To top it all off, the Federal Reserve recently lowered its 2011 economic growth forecast from 3.1-3.3% to 2.7-2.9%. While recent weakness may just be a hiccup within an ongoing uptrend, it reminds us that a recovery will likely be subdued and uneven. Hopefully, some of the conditions that held the economy and market in check recently will abate and allow us to have a decent second half of 2011. If the old saying "stocks climb a wall of worry" holds true, we should have some climbing in front of us.

The sluggishness of the last few months comes as little surprise following the strong gains at the end of 2010 and early 2011. However, we were somewhat surprised to see that each equity class in the models has posted returns of more than 28% in the last 12 months (chart on right). Over that time, more risky small and mid cap stocks have posted the most impressive returns, up almost 40%.





More importantly, we believe the 10 year returns for each group underscore the importance and benefits of diversification. Even a small allocation to emerging markets, for instance, had a big impact on the relative returns of a portfolio, despite a decline of over 50% in 2008. Small cap, mid cap, and overseas stocks were able to squeak out returns of 6% or more, which were below longer term averages, but reasonably good nonetheless, given that we have experienced two recessions during that time.

We believe there is money to be made across the market cap spectrum and the globe and are confident that the portfolios' current managers will generate positive upside over time. We understand that every manager will struggle at times, but those who have had consistent long-term success, have not strayed from their investment process and philosophy, and have kept their team in place, will likely be successful again (a graphical depiction of our research process can be found on page 3). Right now, we are as confident in these managers as we have ever been and feel that we will be happy with the results.

As always, we will continue to monitor the portfolios' progress and encourage you to contact your Investment Executive with any questions.

Returns as of June 30, 2011

It is important to note that short-term and trailing performance will fluctuate. We expect all of the funds at some point to experience underperformance versus their benchmarks and peer groups. However, we believe that our research process has helped us identify funds that are likely to perform well over the long-term. Our decision to remove a fund is not based on short-term performance, but on in-depth analysis using our Monitoring Criteria.

Asset Classes
Year to Date Returns

	Asset Class	Index	YTD Return
1	Mid & Small Cap	(Russell 2500)	8.06%
2	Large Cap	(S&P 500)	6.02%
3	International	(MSCI EAFE)	3.00%
4	Bonds	(BarCap Interm Govt/Credit)	2.47%
5	Emerging Markets	(MSCI EM)	1.03%

Styles
Growth vs. Value

Growth (Russell 3000 Growth)	Value (Russell 3000 Value)
6.98%	5.74%

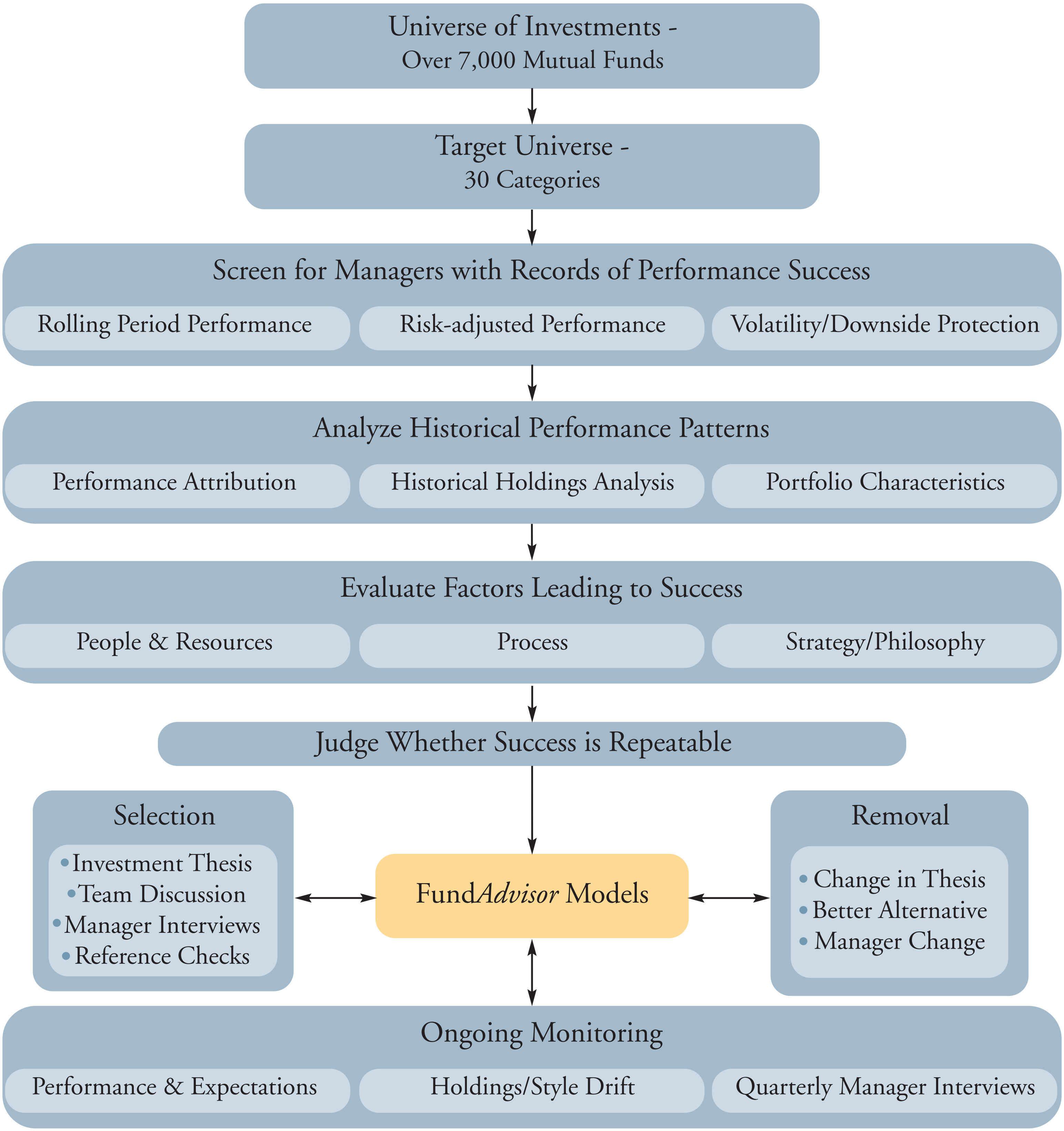
Fund / Index Name	Fund / Index Performance at Net Asset Value*					Expenses	
Large Cap	**YTD**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**Gross**	**Net**
S&P 500 Index	6.02	30.69	3.34	2.94	2.72	-	-
American Funds AMCAP F2	6.30	30.66	-	-	-	0.49	0.49
Pioneer Cullen Value Y	4.67	25.92	1.48	2.27	-	0.75	0.75
FMI Large Cap	6.66	25.40	6.30	5.54	-	0.97	0.97
Mid Cap and Small Cap	**YTD**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**Gross**	**Net**
Russell 2500 Index	8.06	39.28	8.17	5.20	7.40	-	-
Eagle Mid Cap Stock A	2.90	31.28	3.84	4.32	5.99	1.20	1.20
Royce Value Investment	6.30	38.07	5.70	-	-	1.16	1.16
Keeley Small Cap Value A	6.09	41.20	-3.54	1.80	9.61	1.36	1.36
International	**YTD**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**Gross**	**Net**
MSCI EAFE Index	3.00	26.70	-4.60	-1.29	3.08	-	-
Thornburg International Value I	5.64	30.30	2.15	6.41	9.50	0.92	0.92
Dodge & Cox International Stock	3.00	31.37	1.34	3.43	9.72	0.65	0.65
Emerging Markets	**YTD**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**Gross**	**Net**
MSCI Emerging Markets Index	1.03	28.17	4.53	11.75	16.54	-	-
T. Rowe Price Emerging Mkts Stk	0.28	27.38	0.40	9.79	15.02	1.27	1.27
Intermediate Government/Credit	**YTD**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**Gross**	**Net**
BarCap US Govt/Credit Interm Index	2.47	3.77	5.76	6.08	5.35	-	-
Delaware Diversified Income A	3.23	6.82	9.97	8.93	8.39	0.98	0.93[1]
PIMCO Total Return A	2.78	5.48	8.98	8.38	6.88	0.91	0.90[2]
Vanguard Short-Term Inv Gr.	1.61	3.71	4.75	4.96	4.33	0.22	0.22
Dynamic Allocation	**YTD**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**Gross**	**Net**
S&P 500 Index	6.02	30.69	3.34	2.94	2.72	-	-
MSCI World Index	5.29	30.51	0.47	2.28	3.99	-	-
BlackRock Global Allocation I	3.59	19.50	4.15	7.14	8.96	0.90	0.90[3]
IVA Worldwide I	4.72	22.87	-	-	-	1.06	1.06
Kinetics Paradigm No Load	1.46	29.47	-1.05	1.72	8.89	1.77	1.65[4]
Quaker Strategic Growth I	1.01	24.22	-12.08	-0.18	3.68	1.74	1.74
Wintergreen	5.85	28.73	5.63	7.62	-	1.89	1.89
Ivy Asset Strategy I	7.03	27.02	2.93	-	-	0.81	0.81

*Mutual funds are offered in the Fund*Advisor* program at net asset value, but are subject to an annual investment advisory fee of up to 1.25% with a minimum fee of $125 per quarter. The Davenport wrap fee includes investment advice and brokerage execution. In addition to the Fund*Advisor* fee, clients will bear a proportionate share of each mutual fund's management and administrative expenses, including advisory fees paid to the mutual fund's investment advisors. This chart shows the actual performance of the shares at net asset value, and does not represent individual account performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the data quoted. To obtain performance data current to the most recent month-end, please visit the following web sites: www.americanfunds.com, www.blackrock.com, www.delawareinvestments.com, www.dodgeandcox.com, www.eagleasset.com, www.fiduciarymgt.com, www.ivafunds.com, www.ivyfunds.com, www.keeleyfunds.com, www.kineticsfunds.com, www.pioneerinvestments.com, www.quakerfunds.com, www.roycefunds.com, www.thornburginvestments.com, www.troweprice.com, www.vanguard.com, www.wintergreenfund.com. The investment and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Mutual Fund and Index returns are provided by Morningstar. [1-4]Please see disclosures on page 6.

You should consider each mutual fund's investment objectives, risks, charges and expenses carefully before investing. Each mutual fund's prospectus contains this and other important information, should be read carefully before investing or sending money, and can be obtained by contacting your Investment Executive, or by calling 1-800-853-2060.

Our Research Process

Our Manager Research Team uses a rigorous process to identify the best available investment managers. Quantitative measures help us identify funds with consistent performance while our qualitative research helps evaluate the repeatability of that performance. We use the following steps to select the funds that make up your Fund*Advisor* portfolio.



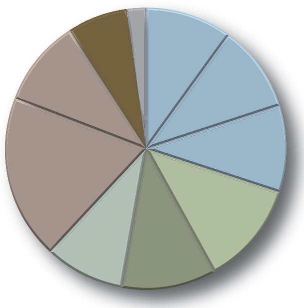
Past performance is no guarantee of future results.

Current Asset Allocation Models

The current allocations, which are shown below, are long-term and strategic in nature. In other words, they are not an attempt to time the market based on recent trends or events. These allocations are intended to provide diversification, as well as balance the risk and return characteristics of the Fund*Advisor* portfolios over the long-term.

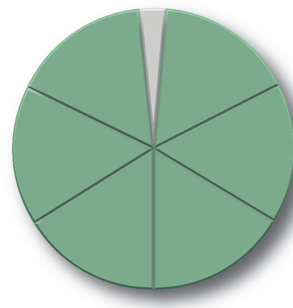
Below are the asset allocation models for the Fund*Advisor* portfolios as of June 30, 2011.

Maximum Growth Model



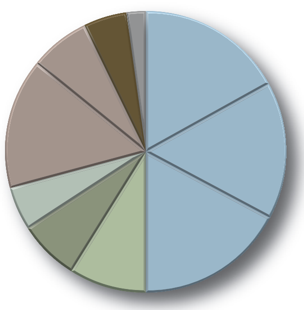
- Large Cap 10.0%
- Large Cap 10.0%
- Large Cap 10.0%
- Mid Cap Growth 12.0%
- SMID Blend 11.0%
- Small Cap Value 9.0%
- International 19.0%
- International 10.0%
- Emerging Markets 7.0%
- Cash 2.0%

Opportunistic Model



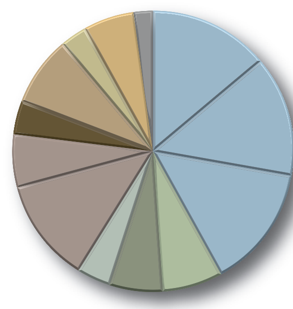
- Dynamic Allocation 97.0%
- Cash 3.0%

Growth Model



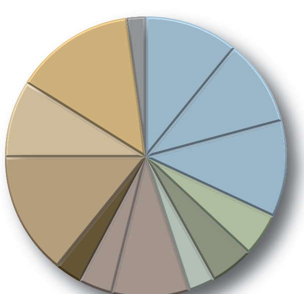
- Large Cap 17.0%
- Large Cap 16.0%
- Large Cap 17.0%
- Mid Cap Growth 9.0%
- SMID Blend 7.0%
- Small Cap Value 5.0%
- International 15.0%
- International 7.0%
- Emerging Markets 5.0%
- Cash 2.0%

Conservative Growth Model



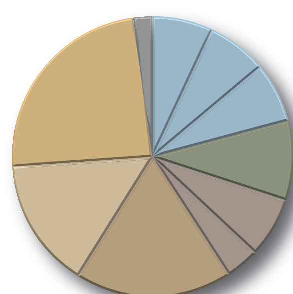
- Large Cap 14.0%
- Large Cap 14.0%
- Large Cap 14.0%
- Mid Cap Growth 7.0%
- SMID Blend 6.0%
- Small Cap Value 4.0%
- International 12.0%
- International 6.0%
- Emerging Markets 4.0%
- Multi-sector Bonds 8.0%
- Interm. Term Bonds 3.0%
- Short Term Bonds 6.0%
- Cash 2.0%

Balanced Model



- Large Cap 11.0%
- Large Cap 10.0%
- Large Cap 11.0%
- Mid Cap Growth 5.0%
- SMID Blend 5.0%
- Small Cap Value 3.0%
- International 9.0%
- International 4.0%
- Emerging Markets 3.0%
- Multi-sector Bonds 14.0%
- Interm. Term Bonds 9.0%
- Short Term Bonds 14.0%
- Cash 2.0%

Conservative Balanced Model



- Large Cap 7.0%
- Large Cap 7.0%
- Large Cap 7.0%
- SMID Blend 9.0%
- International 7.0%
- International 4.0%
- Multi-sector Bonds 18.0%
- Interm. Term Bonds 15.0%
- Short Term Bonds 24.0%
- Cash 2.0%

Portfolio asset allocations are subject to change. As a result of market fluctuations or client requested exceptions, your allocations may look different than those shown above.

Monitoring Criteria

Once included, each Fund*Advisor* mutual fund selected must consistently demonstrate that it continues to be appropriate for the program. Davenport has designed a set of Monitoring Criteria which are used to evaluate Fund*Advisor* mutual funds every quarter. Consistent or egregious violations of one or more of these criteria may result in a decision to remove or replace a mutual fund from your portfolio. Please note that some of our Watch List Criteria have changed since our last update.)

1) Violations that trigger immediate placement On Watch or Removal from recommended list:
   - **A.** Significant legal, personnel, or objective/investment discipline changes
   - **B.** Average 3- and 5-year rolling return ranks below top half of category over last 15 years or life of fund
2) Funds with 3 or more performance violations are placed On Watch
   - **A.** 1-year return underperformed benchmark by more than 500 bps
   - **B.** 3-year rolling return above benchmark more than 50% of the time over last 7 years
   - **C.** 5-year return below peer group median and benchmark
   - **D.** Underperformed benchmark in 2 of last 3 calendar years
   - **E.** Average 3- and 5-year rolling return ranks below top half of category over last 7 years or life of fund
3) Decisions based on changes to style and portfolio construction are more subjective in nature and are not likely to lead to placement On Watch list by themselves unless they are consistent and excessive
   - **A.** Expense ratio above category average
   - **B.** Fund flows +/- 25% over trailing 12 months
   - **C.** Turnover > category average (excluding bond funds)
   - **D.** Any sector > 30% (excluding bond funds)
   - **E.** Any holdings > 5% (excluding bond funds)
   - **F.** Cash > 10%
   - **G.** Primary asset class weighting drops below 75% in equity funds, 65% in bond funds, or has an excessive allocation to a non-primary asset class
   - **H.** Duration is inconsistent with stated objectives - *see Glossary of Terms*
   - **I.** Credit Quality of underlying bond holdings is inconsistent with stated objectives
   - **J.** Govt/Corp weightings are inconsistent with objectives - *see Glossary of Terms*

Because of the flexible nature of the Opportunistic funds and difficulty creating meaningful peer groups, several criteria do not apply.
The monitoring criteria for Opportunistic funds are:

1) Violations that trigger immediate placement On Watch or Removal from recommended list
   - **A.** Significant legal, personnel, or objective/investment discipline changes
2) Funds with 3 or more performance violations are placed On Watch
   - **A.** 1-year return underperformed benchmark by more than 500 bps
   - **B.** 3-year rolling return above benchmark more than 50% of the time over last 7 years
   - **C.** 5-year return below benchmark
   - **D.** Underperformed benchmark (S&P 500) in 2 of last 3 calendar years
3) Decisions based on changes to style and portfolio construction are more subjective in nature and are not likely to lead to placement On Watch list by themselves unless they are consistent and excessive
   - **A.** Expense ratio above category average
   - **B.** Fund flows +/- 25% over trailing 12 months
   - **C.** Turnover > category average
   - **D.** Any sector > 30% & any holdings > 5%

This Quarter's Monitoring Criteria Notes

American Funds AMCAP	Large Cap	Underperformance (2B,2C)
Pioneer Cullen Value	Large Cap	Underperformance (2D); Primary Asset Class (3G)
FMI Large Cap	Large Cap	Underperformance (2A); Fund Flows (3B); Holdings (3E)
Eagle Mid Cap Stock	Mid Cap Growth	Underperformance (2A,2C,2D,2E); Turnover Ratio (3C)
Royce Value	Small/Mid Cap	Underperformance (2D); Expense Ratio (3A)
Keeley Small Cap Value	Small Cap Value	Underperformance (2B,2C,2D); Fund Flows (3B); Sector Weights (3D)
Thornburg International Value	International	Fund Flows (3B)
Dodge & Cox International Stk	International	None
T. Rowe Price Emerging Mkts	Emerging Markets	Underperformance (2B,2D,2E)
Vanguard Short-Term Inv Grd	Short-term	Underperformance (2B); Credit Quality (3I)
Delaware Diversified Income	Multisector Bond	None
PIMCO Total Return	Interm Gov't/Corp	Cash (3F)
Ivy Asset Strategy	Opportunistic	Underperformance (2D); Holdings (3D)
IVA Worldwide	Opportunistic	Underperformance (2A); Expense Ratio (3A); Fund Flows (3B)
Quaker Strategic Growth	Opportunistic	Underperformance (2A,2B,2C,2D); Expense Ratio (3A); Fund Flows (3B) Turnover Ratio (3C)
BlackRock Global Allocation	Opportunistic	Underperformance (2A,2D)
Kinetics Paradigm	Opportunistic	Underperformance (2B,2C); Expense Ratio (3A); Holdings (3D)
Wintergreen	Opportunistic	Expense Ratio (3A), Holdings (3D)

PORTFOLIO DEFINITION: The Davenport Fund*Advisor* ("Fund*Advisor*") strategy is based on the long-term growth of capital through investment in one of six diversified portfolios of mutual funds, each differentiated by investment objective and risk and return characteristics.

MODEL DEFINITIONS: OPPORTUNISTIC is the most flexible Fund*Advisor* model, invested primarily across six "go-anywhere" mutual funds. **MAXIMUM GROWTH** is the most aggressive Fund*Advisor* model, invested primarily in equity mutual funds with considerable positions in more volatile asset classes. **GROWTH** is the second most aggressive Fund*Advisor* model, invested primarily in equity mutual funds with a majority weighting in more conservative equity asset classes. **CONSERVATIVE GROWTH** is the third most conservative Fund*Advisor* model, invested in equity mutual funds and, to a lesser degree, fixed income mutual funds. **BALANCED** is the second most conservative Fund*Advisor* model, invested in equity mutual funds, with considerable exposure to fixed income mutual funds. **CONSERVATIVE BALANCED** is the most conservative Fund*Advisor* model, with the majority of the portfolio invested in fixed income mutual funds and a lesser percentage in equity mutual funds.

DEFINITION OF FIRM: Davenport Asset Management ("DAM") is a separate and distinct business entity of Davenport & Company LLC ("Davenport") and has a unique investment process. DAM manages separate accounts for individuals, institutions, ERISA plans, trusts, estates, corporations, various other types of entities, a large portion of Davenport's employee profit sharing plan and 3 mutual funds using a team approach—the Investment Policy Committee—to analyze, select and/or review investment ideas. The committee consists of seven senior investment professionals averaging 27 years of investment experience. The committee meets once a week, or more often if necessary, to discuss investment ideas and strategies. Investment decisions are made by a majority vote of the committee and/or reviewed by the committee. Once an investment decision is made, Davenport's portfolio managers review their respective client accounts and implement the decision in suitable accounts.

Gross Expense Ratio: The total annual operating expenses of a fund divided by its average net assets. **Net Expense Ratio:** The total annual operating expenses of a fund, less any fee waivers, divided by its average net assets. This is the expense ratio actually charged by the fund for the previous fiscal year.
[1]The Fund's distributor, Delaware Distributors, L.P. (Distributor), has also contracted to limit the Class A shares' 12b-1 fees from February 28, 2011 through February 28, 2012 to no more than 0.25% of the average daily net assets. Waivers and reimbursements may only be terminated by agreement of the Manager and the Distributor, as applicable, and the Fund.
[2]Total Annual Fund Operating Expenses excluding interest expense is 0.90%. [3]Net operating expenses exclude investment interest expenses, acquired fund fees, if any, and certain other fund expenses net of all waivers and reimbursements. BlackRock has agreed voluntarily to waive certain fees and expenses, but may discontinue the voluntary waivers at any time without notice. [4]The Investment Adviser to the Paradigm Portfolio has voluntarily agreed to waive management fees and reimburse Fund expenses so that Net Annual Fund Operating Expenses do not exceed 1.64%, excluding AFFE, through April 30, 2011. These waivers and reimbursements may be discontinued at any time by the Investment Adviser after April 30, 2011.

INDEX DEFINITIONS:
Barclays Capital Aggregate Bond Index is a broad base index used to represent investment grade bonds in the U.S. **Barclays Capital Intermediate Government/Corporate Index** is an unmanaged index composed of debt securities with maturities from one to ten years issued or guaranteed by the U.S. Treasury, U.S. Government agencies, quasi-federal corporations and fixed rate dollar denominated SEC-registered corporate debt that are rated investment grade or higher by Moody's Investors Service and Standard and Poor's Corporation or Fitch Investor's Service, in that order. **Citigroup 3-Month Treasury Bill** represents the 3-Month US Treasury Bill as a proxy for cash. **Citigroup Government/Corporate Bond 3-7 Year Index** is an index of intermediate-term corporate, high grade bonds rated BBB through AAA/AA. **Citigroup Treasury/Agency 3-7 Year Index** is and index of intermediate-term government debt securities. **MSCI EAFE® Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. **MSCI EM (Emerging Markets) Index** is a capitalization-weighted index of stocks from 26 emerging markets that only includes issues that may be traded by foreign investors. The reported returns reflect equities priced in US dollars and do not include the effects of reinvested dividends. **MSCI World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. **Russell 2000 Index** measures the performance of the 2000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. **Russell 3000® Growth Index** measures the performance of the Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The stocks in this index are also members of either the Russell 1000 Growth or the Russell 2000 Growth indexes. **Russell 3000® Value Index** measures the performance of the Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values. The stocks in this index are also members of either the Russell 1000 Value or the Russell 2000 Value indexes. **Russell Midcap Index** includes 800 medium sized companies, is completely reconstituted annually and represents an unbiased barometer for the mid-cap segment. **S&P 500 Index** is comprised of 500 U.S. stocks and is an indicator of the performance of the overall U.S. stock market.
International funds invest primarily in equity securities of issuers outside the United States. International investments are subject to additional risks such as currency fluctuations, political instability, and the potential for illiquid markets. Funds that invest in foreign securities may involve greater risks, including political and economic uncertainties, as well as risk of currency fluctuations. Small and mid-cap company stocks may be more volatile than stocks of larger, more established companies. Investments in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, while their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile. The mutual fund categories are determined by Davenport using a combination of Morningstar categories and a returns-based style analysis provided by Zephyr StyleADVISOR. ***An investor cannot invest in an index, and its returns are not indicative of the performance of any specific investment.***

GLOSSARY OF TERMS:
Absolute Returns: the nominal percentage return of a mutual fund.
Duration Stated Objectives: 1-3 years for short-term funds, 3-10 years for intermediate-term funds, over 10 years for long-term funds.
Govt./Corp Weightings: at least 75% government bonds, at least 25% corporate bonds
Peer Group (Category): a composite of similar mutual funds (based on factors such as capitalization, style, and/or geography)
Peer Group (Category) Median: the midpoint of a range of numbers arranged in order of value, the range is constructed using values from each member of the peer group.
Peer Group (Category) Average: the sum of all values of a given statistic for each member of a peer group divided by the number of members in that peer group.
Performance Based Style Analysis: calculates a style benchmark for a mutual fund from the mutual fund's return series and the return series of a select set of indices, that style benchmark best tracked the returns of the mutual fund over the period analyzed.
Quartile: A range of numbers that are arranged in order of value can be divided into four sections of an equal number of observances such that each section represents 25% of the total number of observances, each section of 25% is known as a quartile.
Turnover: the lesser of purchases or sales (excluding all securities with maturities of less than one year) divided by the average monthly net assets.

MUTUAL FUND PRIMARY RISKS:

The underlying mutual funds in Fund*Advisor* are subject to several primary risks which could cause an investor to lose money and are therefore important for potential investors to understand (please see the prospectuses for more detail). The following is a summary of these risks as described within the prospectuses of BlackRock Global Allocation, Kinetics Paradigm, and Wintergreen.

The Funds cannot guarantee that they will achieve their respective investment objectives.

CALL RISK - Call risk is the risk that, during a period of falling interest rates, the issuer may redeem a security by repaying it early, which may reduce the Fund's income if the proceeds are reinvested at lower interest rates.

COMMODITIES RELATED INVESTMENTS RISKS - Exposure to the commodities markets may subject the fund to greater volatility than investments in traditional securities. The value of commodity-linked derivative investments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

CORPORATE LOANS - The corporate loans in which the fund invests are subject to the risk of loss of principal and income. Although borrowers frequently provide collateral to secure repayment of these obligations they do not always do so. If they do provide collateral, the value of the collateral may not completely cover the borrower's obligations at the time of a default. The trading market for certain corporate loans may be less developed than the secondary market for bonds and notes and the fund may experience difficulties in selling its corporate loans.

CREDIT RISK - Credit risk is the risk that the issuer of a bond will not be able to make payments of interest and principal when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Fund's investment in that issuer.

DERIVATIVES RISKS - The fund's use of derivatives may reduce the fund's returns and/or increase volatility. Volatility is defined as the characteristic of a security, an index or a market to fluctuate significantly in price within a short time period. A risk of the fund's use of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets.

EMERGING MARKETS RISK - The risks of foreign investments are usually much greater for emerging markets. Investments in emerging markets may be considered speculative. Emerging markets are riskier than more developed markets because they tend to develop unevenly and may never fully develop. They are more likely to experience hyperinflation and currency devaluations, which adversely affect returns to U.S. investors. In addition, emerging markets have far lower trading volumes and less liquidity than developed markets.

EQUITY SECURITIES RISK - Stock markets are volatile. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions.

FOREIGN SECURITIES RISKS - Securities traded in foreign markets have often (though not always) performed differently from securities traded in the U.S. However, such investments often involve special risks not present in U.S. investments that can increase the chances that the fund will lose money. These risks include:

Foreign Economy Risk - The economies of certain foreign markets may not compare favorably with the economy of the U.S. with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position. In addition, the governments of certain countries may prohibit or impose substantial restrictions on foreign investments in their capital markets or in certain industries.

Currency Risk - Securities and other instruments in which the fund invests may be denominated or quoted in currencies other than the U.S. dollar. For this reason, changes in foreign currency exchange rates can affect the value of the fund's portfolio.

Governmental Supervision and Regulation/Accounting Standards - Many foreign governments do not supervise and regulate stock exchanges, brokers and the sale of securities to the same extent as such regulations exist in the U.S. They also may not have laws to protect investors that are comparable to U.S. securities laws.

Certain Risks of Holding Fund Assets Outside the U.S. - The fund generally holds its foreign securities and cash in foreign banks and securities depositories. Some foreign banks and securities depositories may be recently organized or new to the foreign custody business. In addition, there may be limited or no regulatory oversight of their operations.

Settlement Risk - Settlement and clearance procedures in certain foreign markets differ significantly from those in the U.S.

INTEREST RATE RISK - Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall, and decrease as interest rates rise.

JUNK BOND RISKS - Although junk bonds generally pay higher rates of interest than investment grade bonds, they are high risk investments that may cause income and principal losses for the fund. Junk bonds generally are less liquid and experience more price volatility than higher rated debt securities. In addition, the credit rating of a high yield security does not necessarily address its market value risk. Issuers of junk bonds may have a larger amount of outstanding debt relative to their assets than issuers of investment grade debt securities. In the event of an issuer's bankruptcy, claims of other creditors may have priority over the claims of junk bond holders, leaving few or no assets available to repay junk bond holders. Junk bonds may be subject to greater call and redemption risk than higher rated debt securities.

MARKET RISK AND SELECTION RISK - Market risk is the risk that one or more markets in which the fund invests may go down in value. Selection risk is the risk that the securities selected by fund management may underperform the market or other securities selected by other funds. This means you may lose money.

MID CAP SECURITIES RISK - The securities of mid-cap companies generally trade in lower volumes and are generally subject to greater and less predicable price changes than the securities of larger capitalization companies.

REIT INVESTMENT RISK - Investments in REITs involve unique risks. REITs may have limited financial resources, may trade less frequently and in limited volume and may be more volatile than other securities.

SMALL-CAP AND EMERGING GROWTH SECURITIES RISK - Small-cap or emerging growth companies may have limited product lines or markets. They may be less financially secure than larger, more established companies. They may depend on a small number of key personnel.

SUBSIDIARY RISK - By investing in the Subsidiary, the fund is indirectly exposed to the risks associated with the Subsidiary's investments. The commodity-related instruments held by the Subsidiary are generally similar to those that are permitted to be held by the fund and are subject to the same risks that apply to similar investments if held directly by the fund (see "Commodities Related Investment Risks" above). There can be no assurance that the investment objective of the Subsidiary will be achieved. The Subsidiary is not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and, unless otherwise noted, is not subject to all the investor protections of the Investment Company Act. However, the fund wholly owns and controls the Subsidiary, and the fund and the Subsidiary are both managed by BlackRock, making it unlikely that the Subsidiary will take action contrary to the interests of the fund and its shareholders. Changes in the laws of the U.S. and/or the Cayman Islands could result in the inability of the fund and/or the Subsidiary to operate as described in the prospectus and the Statement of Additional Information ("SAI") and could adversely affect the fund.

LIQUIDITY RISKS - The Investment Adviser may not be able to sell portfolio securities at an optimal time or price.

INDUSTRY CONCENTRATION RISKS - Mutual funds that invest a substantial portion of their assets in a particular industry carry a risk that a group of industry-related securities will decline in price due to industry specific developments. Companies in the same or similar industries may share common characteristics and are more likely to react comparably to industry specific market or economic developments.

NON-DIVERSIFICATION RISKS - As a non-diversified investment company, the Paradigm Portfolio can invest a large percentage of its assets in a small number of issuers. As a result, a change in the value of any one investment may affect the overall value of the Paradigm Portfolio's shares and therefore, the Paradigm Fund's shares, more than shares of a diversified mutual fund that holds more investments.

OPTION TRANSACTION RISKS - Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. The successful use of options depends in part on the ability of the Investment Adviser to manage future price fluctuations and the degree of correlation between the options and securities markets. By writing put options on equity securities, the fund gives up the opportunity to benefit from potential increases in the value of the common stocks above the strike prices of the written put options, but continues to bear the risk of declines in the value of its common stock portfolio. The fund will receive a premium from writing a covered call option that it retains whether or not the option is exercised. The premium received from the written options may not be sufficient to offset any losses sustained from the volatility of the underlying equity securities over time.

COUNTERPARTY RISK - the risk that the other party to an agreement will default.

SHORT SALE RISK - the risk that the fund will incur a theoretically unlimited loss if the price of a security sold short increases between the time of the short sale and the time the fund replaces the borrowed security.

LOAN PARTICIPATIONS RISK - the risk that the fund will generally be subject to credit risks of both the borrower and the lender selling the participation, which risks may result from the fund's lack of enforcement rights under the terms of the underlying loan agreement, its lack of set-off rights against the borrower, and the limited benefits that any supporting loan collateral would confer upon the Fund in the event of a default.

DAVENPORT
& COMPANY LLC
EST. 1863 • MEMBER: NYSE • FINRA • SIPC

Davenport & Company LLC
Post Office Box 85678
Richmond, VA 23285-5678
(804) 780-2000

Temp-Return Service Requested

Visit us at: www.investdavenport.com

Virginia and Regional Offices

Charlottesville, VA
600 East Water Street, Suite A
Charlottesville, VA 22902
(434) 296-9013

Danville, VA
2725 Franklin Turnpike, Suite G
Danville, VA 24540
(434) 836-5528

Farmville, VA
101 North Main Street
Farmville, VA 23901
(434) 392-9813

Franklin, VA
105 West Fourth Avenue
Franklin, VA 23851
(757) 562-0053

Fredericksburg, VA
904 Princess Anne Street, Suite 102
Fredericksburg, VA 22401
(540) 373-1863

Greensboro, NC
628 Green Valley Road
Suite 410
Greensboro, NC 27408
(336) 297-2800

Lynchburg, VA
1104 Commerce Street, Suite 100
Lynchburg, VA 24504
(434) 948-1100

Norfolk, VA
World Trade Center
101 W. Main Street, Suite 4000
Norfolk, VA 23510
(757) 314-3600

Raleigh, NC
3605 Glenwood Plaza, Suite 390
Raleigh, NC 27612
(919) 571-6550

Richmond, VA
One James Center
901 East Cary Street, Suite 1100
Richmond, VA 23219
(804) 780-2000

Roanoke, VA
10 Franklin Road SE
Suite 450
Roanoke, VA 24011
(540) 345-1909

Sanford, NC
503 Carthage Street, Suite 300
Sanford, NC 27330
(919) 777-9823

Towson, MD
Maryland Executive Park
Chester Building
8600 LaSalle Road, Suite 324
Towson, MD 21286
(410) 296-9426

Virginia Beach, VA
Pinehurst Centre
477 Viking Drive, Suite 200
Virginia, Beach 23452
(757) 498-4000

White Stone, VA
44 First Street
White Stone, VA 22578
(804) 435-7705

Williamsburg, VA
469 McLaws Circle
Williamsburg, VA 23185
(757) 258-2800