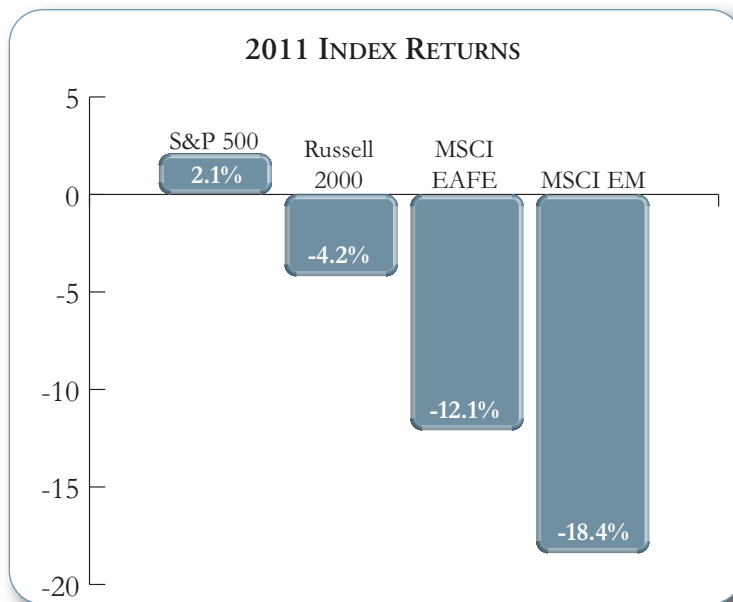


WE GET THE SENSE that many investors were ready to see 2011 come to an end, and frankly, we were right there with them. It was a tough and volatile year, but it may come as a surprise to some that the S&P 500 actually managed to squeak out a gain of 2.1%. Of course, it was a wild ride to get there, with the market ranging from up 8.5% in mid-April to down over 11% by the middle of August. The end result was pretty good, though, in light of all the negative events that have occurred: a debt crisis in Europe, a downgrade of U.S. debt by Standard & Poor's, a fight in Congress over the U.S. debt ceiling, growing fears of slower growth in China, and the failure of the so-called "Supercommittee" to formulate a plan to reduce the deficit. We believe it speaks to the resilience of the U.S. stock market, and hope that it bodes well for a future with fewer negative headlines.

Despite the positive return for "the market", it was definitely a risk-off year. Money continued to flow into bond funds and out of equities, which has generally been a bullish sign for stocks over the years. And within equities, investors poured money into the most defensive, bond-like equities they could find, including high dividend paying utilities, telecommunications, consumer staples, and healthcare companies. This low risk mentality made for a difficult year for diversified mutual fund portfolios for 2 main reasons: riskier small cap and international stocks struggled and mutual fund managers struggled to keep up with the market.

The S&P 500 was one of the best performing stock indexes in the world in 2011, so most investor portfolios underperformed "the market". The small cap Russell 2000 index did much worse with a 4.2% decline as investors favored larger, better-known companies. And the real problems were overseas, where the developed country MSCI EAFE Index slipped 12.1% and the MSCI Emerging Markets Index declined 18.4%. Earlier in the year, we had reduced our exposure to these higher volatility areas of the market (small caps and emerging markets) in favor of large cap stocks, but the exposure we maintained was certainly a drag on overall performance. We still believe however that over longer time periods, the higher growth prospects



associated with emerging market and small cap stocks make them an important part of one's portfolio. Large cap leadership was probably overdue, though, since they have trailed for the better part of 13 years and lagged substantially during the 2009-2010 recovery.

This scenario made it very difficult for actively managed mutual funds to post market-topping performance since there were only small pockets of positive returns. In fact, according to Lipper, the average equity mutual fund lost 6% in 2011. Our data suggests that only about 20% of large cap mutual funds were able to beat their benchmark and the average fund underperformed the S&P 500 by 3.7%, posting a loss of 1.6% for the year. This was a trend that carried over through most of the equity categories that we track. Within FundAdvisor, the funds that we use were average performers, which is well below our expectations. We expect our research to sniff out funds that will consistently post top quartile performance, but in 2011 we had a few funds that were very disappointing. We know that all managers will have bad years, so we do our best not to overreact to a brief period of underperformance. At the same time, we will not hesitate to make changes when we see fit. You can see the performance

Continued from page 1...

of all the funds in your portfolio below.

Fortunately, it's rare for things to be this tumultuous. We'd like to think this period will ultimately prove to have been a great opportunity to be an accumulator of assets, including quality stocks. Perhaps one day we'll see a sustained period of good returns after this prolonged period of stocks being out of favor. We will continue to sift through the mutual

fund universe in an effort to identify the best management teams and the best strategies to build the best portfolios we can. In the coming weeks, we will be re-evaluating our asset allocations and rebalancing your portfolio. We wish you a prosperous and happy 2012 and we thank you for your continued trust and support.

Returns as of December 31, 2011

Asset Classes	
Year to Date Returns	
1	Bonds (BarCap Interm Govt/Credit) 5.80%
2	Large Cap (S&P 500) 2.11%
3	Mid & Small Cap (Russell 2500) -2.51%
4	International (MSCI EAFE) -14.82%
5	Emerging Markets (MSCI EM) -18.17%
Styles	
Growth vs. Value	
Growth (Russell 3000 Growth) 2.18%	Value (Russell 3000 Value) -0.10%

Fund / Index Name	Fund / Index Performance at Net Asset Value*					Expenses	
	YTD	1 Year	3 Years	5 Years	10 Years	Gross	Net
Large Cap							
S&P 500 Index	2.11	2.11	14.11	-0.25	2.92	-	-
American Funds AMCAP F2	0.54	0.54	17.04	-	-	0.49	0.49
Pioneer Cullen Value Y	-4.27	-4.27	8.08	-1.55	-	0.78	0.78
FMI Large Cap	1.49	1.49	13.61	2.22	6.44	0.97	0.97
Mid Cap and Small Cap							
Russell 2500 Index	-2.51	-2.51	18.41	1.24	6.57	-	-
Eagle Mid Cap Stock A	-9.18	-9.18	12.73	0.23	4.07	1.20	1.20
Royce Value Investment	-7.17	-7.17	19.11	-	-	1.16	1.16
Keeley Small Cap Value A	-7.29	-7.29	12.43	-1.84	7.92	1.36	1.36
International							
MSCI EAFE Index	-14.82	-14.82	4.51	-7.40	2.03	-	-
Thornburg International Value I	-12.94	-12.94	9.46	-0.38	8.16	0.92	0.92
Dodge & Cox International Stock	-15.97	-15.97	12.10	-3.45	7.99	0.65	0.65
Emerging Markets							
MSCI Emerging Markets Index	-18.17	-18.17	20.42	2.70	14.20	-	-
T. Rowe Price Emerging Mkts Stk	-18.84	-18.84	21.27	0.12	12.98	1.27	1.27
Intermediate Government/Credit							
BarCap US Govt/Credit Interm Index	5.80	5.80	5.65	5.88	5.20	-	-
Delaware Diversified Income A	6.38	6.38	12.86	8.14	8.19	0.98	0.93 ¹
PIMCO Total Return A	3.74	3.74	8.41	7.61	6.31	0.85	0.85
Vanguard Short-Term Inv Gr.	1.93	1.93	6.93	4.28	4.01	0.22	0.22
Dynamic Allocation							
S&P 500 Index	2.11	2.11	14.11	-0.25	2.92	-	-
MSCI World Index	-5.54	-5.54	11.13	-2.37	3.62	-	-
BlackRock Global Allocation I	-3.43	-3.43	9.07	3.87	8.40	0.90	0.90
IVA Worldwide I	-1.96	-1.96	12.44	-	-	1.06	1.06
Kinetics Paradigm No Load	-14.27	-14.27	12.37	-4.25	7.37	1.77	1.65 ²
Quaker Strategic Growth I	-7.47	-7.47	6.93	-2.44	3.15	1.96	1.96
Wintergreen	0.57	0.57	17.37	3.61	-	1.89	1.89
Ivy Asset Strategy I	-7.45	-7.45	8.10	-	-	0.77	0.77

Performance data quoted represents past performance. Past performance is historical and not representative nor a 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 call 1-800-853-2060. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost.

Disclosures

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.

*Mutual funds are offered in the FundAdvisor 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 FundAdvisor 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.ivyfund.com, www.keeleyfund.com, www.kineticfund.com, www.pioneerinvestments.com, www.quakerfund.com, www.roycefund.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.

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.

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. ¹The Fund's distributor, Delaware Distributors, L.P. (Distributor), has also contracted to limit the Class A and Class R shares' 12b-1 fees from February 28, 2011 through February 28, 2012 to no more than 0.25% and 0.50% of their respective average daily net assets. These waivers and reimbursements may only be terminated by agreement of the Manager and the Distributor, as applicable, and the Fund. ²The 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 AFPE, through April 30, 2011. These waivers and reimbursements may be discontinued at any time by the Investment Adviser after April 30, 2011.

INDEX DEFINITIONS: The **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. The **MSCI EAFE (Europe, Australasia, Far East) Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. & Canada. The **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 U.S. dollars and do not include the effects of reinvested dividends. The **MSCI World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The **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. The **Russell 2500 Index** measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The **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. The **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. The **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. *An investor cannot invest in an index, and its returns are not indicative of the performance of any specific investment.*

RISK CONSIDERATIONS: 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.

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