Davenport Funds Update Q2

from **Davenport** Asset Management June 30, 2013

Notes from the Second Quarter

- *Equity markets post best H1 performance since 1998.*
- *Fed comments weighed on results late in the quarter.*
- *Is the party over for income-oriented investors?*
- *Decelerating growth in China resurfaces as a risk.*

Equity markets posted modest gains during the second quarter. The S&P 500 Index and Russell 2000 Index advanced 2.91% and 3.08%, respectively, and finished the period up 13.82% and 15.86% on a year-to-date basis. Interestingly, this was the best first half of the year for the S&P 500 since 1998. Early in the quarter, stocks followed through on the advance we witnessed in Q1 and surged to record highs. Further signs of economic improvement and record low interest rates continued to move investors back into the market.

However, markets became a little more turbulent late in the quarter. After seven straight months of spoiling investors with positive returns, the S&P 500 declined 1.34% in June after Federal Reserve System (Fed) Chairman Ben Bernanke signaled a shift in monetary policy. On top of some weakness at the end of May, the market retrenched roughly 4% from its closing high for the year. Specifically, Chairman Bernanke noted downside economic risks appear to be moderating and the Fed would soon look to start tapering its bond buying program, which has been a key tool for suppressing long-term interest rates. While the Fed made it clear that "tapering" will be data dependent (i.e., it will hinge on further employment gains) and easy policy will persist if necessary, this change in tone led many to believe the cheap money wave had crested.

Not surprisingly, the bond market weakened substantially on this news. The yield on a 10-year Treasury moved from 1.6% in early May to 2.5% at the end of June. Concurrently, yield-oriented investments such as Real Estate Investment Trusts (REITs), Master Limited Partnerships (MLPs), Utilities and, to a lesser extent, Health Care and Consumer Staples stocks bore the brunt of the equity market's weakness. Income-oriented investors, especially bondholders, were no doubt disheartened to see ostensibly "safe" investments post such losses in a short period of time. However, bear in mind these areas were crowded with investors desperately seeking yield in a low rate environment. This should serve as a reminder that even "safe" investments can be made risky when they become too popular.

Is the party over for income-oriented investors? At a minimum, we think the period of outsized gains enjoyed by income investors in recent years is finally coming to an end. Hopefully, owners of relatively low-growth entities such as utilities didn't think 20% returns in the first four months of the year were normal. However, we also think this battering of bonds and high dividend paying stocks may be close to running its course on a short-term basis. Fiscal headwinds (higher taxes and lower government spending), slowing growth in emerging markets, and slack in the labor market suggest we may remain confined to a relatively low-growth environment with limited inflation and relatively low interest rates. While we still aren't very attracted to the risk/reward profile of longer-dated bonds, such conditions may mean investors will remain willing to pay a premium for dependable growth stories with above-average dividend yields. We've recently added to a few such names.

Changing subjects, decelerating growth in China has abruptly resurfaced as a risk for equity investors. After years of credit expansion and a giant property/infrastructure boom, this market is indeed showing signs of cooling. Commodity stocks have proven particularly vulnerable given their dependence on Chinese growth. In mid-2012, we noted emerging markets and commodities were a dominant theme in the 2000s and would have difficulty sustaining their momentum. This thesis has certainly proven to be the case as of late. We continue to have a domestic bias and possess relatively modest exposure to companies with outsized exposure to emerging markets, especially those tied to building and construction. But, we acknowledge this area is beginning to look more interesting following a recent period of dramatic underperformance.

In closing, we are very pleased with our year-to-date returns, yet recognize the market's recent volatility has caused many to lose sight of robust first half gains. While one would think the Fed's talk of diminished economic risk here in the U.S. is a good thing, it will certainly prove challenging to wean investors from an addiction to low interest rates. We have no doubt there will be bumps in this process, but we think a world of improved growth and less policy stimulus will ultimately prove healthier for markets than persistently weak growth and endless life support from the Fed. Also, valuations still look reasonable with the S&P 500 trading at 14.6x current year earnings estimates, which implies a 6.8% earnings yield and still compares very favorably to the current 10-year Treasury yield of 2.5%.

Index Returns	Q2 2013	YTD 2013
S&P 500 Index	2.91%	13.82%
Russell Midcap Index	2.21	15.45
Russell 2000 Index	3.08	15.86
Lipper Equity Income Fund Index	2.53	13.39
MSCI EAFE	-0.98	4.10
MSCI EM	-8.08	-9.57

Source: Morningstar Direct. See Disclosures for index definitions.

The Davenport Core Fund gained 3.15% during the second quarter, slightly outpacing the 2.91% gain for the S&P 500 Index. Though year-to-date gains of 12.78% trail the 13.82% advance for the S&P 500, we are pleased to have kept pace as the market continued to march higher following one of the strongest first quarter performances on record.

Leading the way in terms of absolute performance was WellPoint (WLP), which advanced nearly 25% during the quarter alongside solid results and increased confidence in new management. Microsoft (MSFT) produced an earnings beat of its own, giving way to a nice rally that was further stoked by subsequent analyst upgrades. Other key contributors included Capital One Financial (COF), CarMax (KMX), and General Motors (GM). Following red hot performance in Q1, the Consumer Staples sector saw outflows as investors took profits in these stable dividend payers amid fears of rising interest rates. Anheuser Busch InBev (BUD) and Nestle (NSRGY) nearly erased all of their year-to-date gains, facing additional pressure from a rising dollar and weaker relative performance of European indices (both companies are listed in Europe). While we recognize the near-term significance of the technical factors just mentioned, we point out that each of these companies operates diversified consumer franchises with operations all over the globe.

We used the aforementioned selloff in shares of NSRGY to add to our position. NSRGY is a high quality, steadily growing, global consumer franchise with an above-average dividend yield and great visibility. Longer term, the company expects to generate roughly 9% annual earnings growth as it steadily grows revenues and improves operating margins. While headwinds in emerging economies (44% of revenues) have left investors to question near-term results, we feel the company’s infrastructure and early experience with consumers in these regions will generate attractive long-term returns alongside favorable demographics, rising incomes, and evolving consumer preferences. Ultimately, we feel near-term concerns have given way to an attractive opportunity to add to a well run company with an attractive valuation, strong brands, global reach, and a history of operational efficiency.

In prior communications, we have discussed our attraction to the biotechnology sector due to its above-average growth and below-average cyclicality. During the quarter, we added another leading biotechnology company to the Fund via our purchase of Celgene Corp (CELG). The stock has been a solid performer alongside the rest of the sector; however, we believe the shares will enjoy further upside as its core oncology and inflammatory franchises continue to grow and find new indications, late stage products come on line, and early stage products fill the pipeline. As these developments occur, we believe the resulting revenue growth and margin expansion could render management's 2017 earnings per share target of $13.00 to $14.00 conservative (implies 25% annual growth). Furthermore, we note that management repurchased $5 billion in stock from 2010 to 2012 and plans another $1 billion in 2013. Given that share repurchases are not factored into the company's long-term guidance, we see this as an additional lever for earnings growth over the next several years.

To close, we are pleased with results to date and feel confident in the Fund’s positioning. As evidenced by our activity in this past quarter, we are constantly scouring the universe for new ideas, but are also not hesitant to add to the high quality franchises we already own when provided the opportunity.

Performance as of 6/30/13	DAVPX	S&P 500
Q2 2013	3.15	2.91
YTD 2013	12.78	13.82
1 Year	20.87	20.60
3 Year*	17.66	18.45
5 Year*	7.13	7.01
10 Year*	7.67	7.30
Since Inception (1/15/98)*	5.41	5.35

Gross Expense Ratio: 0.96%
*Periods greater than one year are annualized.

Past performance is historical and not representative nor a guarantee of future results. Current performance may be lower or higher than the data quoted. Performance current to the most recent month end may be obtained by calling 1-800-281-3217. 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.

Davenport Core Fund

Recent Purchases

Celgene Corp (CELG) is a leading integrated biotechnology company with strong franchises in the oncology and inflammatory spaces. We elected to initiate a position given expectations for earnings to benefit as core franchises continue to grow, late-stage products come on line, and early-stage products fill the pipeline.

Microsoft Corp (MSFT) We elected to increase our position in this global software giant given our expectations for earnings to surprise to the upside as enterprises pick up spending, the company's cloud offerings expand, and new Windows devices are introduced.

Nestle SA (NSRGY) We elected to add to our position in this blue-chip food company given our belief that favorable demographics and rising incomes will drive sustainable long-term growth in emerging markets for the company.

Parker Hannifin Corp (PH) We elected to purchase this well-run diversified industrial company after concerns over short-term earnings momentum created an attractive entry point.

Praxair Inc (PX) We elected to add to this leading global industrial gas supplier given its high barriers to entry, steady long-term growth, and stable cash flows.

Valero Energy Corp (VLO) is the world's largest independent oil refiner. We elected to increase our position after a pullback in the shares as we continue to see the company as one of the primary beneficiaries of increased North American oil and gas production.

Recent Sales

Illinois Tool Works Inc (ITW) is a global industrial company. We elected to sell our position as the shares' valuation more adequately reflects opportunities for future internal improvements.

Schlumberger Limited (SLB) is a leading global diversified oil services operator. We elected to sell our position given a fair valuation and increased uncertainty regarding future earnings growth.

Union Pacific Corp (UNP) is a Class I U.S. railroad company. We elected to sell our position after a nice run in the stock, and given our concerns about deceleration in the company's crude-by-rail business.

Fund Sector Weightings*

Sector	Weight
Consumer Discretionary	14.9%
Consumer Staples	12.4
Energy	9.7
Financials	19.0
Health Care	12.1
Industrials	8.6
Information Technology	14.2
Materials	3.5
REITs	1.6
Telecommunications Services	0.0
Utilities	0.0
Cash & Equivalents	1.9

Top Ten Equity Holdings*†

Holding	Weight
CarMax Inc	3.2%
Johnson & Johnson	3.1
Markel Corp	2.9
Capital One Financial Corp	2.8
Berkshire Hathaway Inc	2.7
Wells Fargo & Co	2.6
Brookfield Asset Management Inc**	2.5
Danaher Corp	2.5
The J.M. Smucker Co	2.3
Exxon Mobil Corp	2.3

The recent purchases profiled above represent securities purchased during the quarter. The reader should not assume that investments in the securities identified and discussed were or will be profitable.

**Sector Weightings and Holdings are as of June 30, 2013. They are subject to change on a daily basis. **Foreign Holdings †Percent of Net Assets*
Individual account performance, fund sector weightings, and holding percentages may vary.

After setting a blistering pace to start the year, income-oriented stocks managed to produce solid absolute gains in the second quarter. The Davenport Value & Income Fund gained 2.55% for the period, just ahead of the Lipper Equity Income Index's 2.53% gain, but behind the 2.91% gain for the S&P 500 Index. Year-to-date, the Fund is up 15.48% relative to 13.39% and 13.82% gains for the Lipper Equity Income and S&P 500, respectively. The Fund's SEC yield stood at 1.67% at quarter end. Near the end of the quarter, momentum slowed across the group as a new tone to Federal Reserve System (Fed) policy ignited fears of rising interest rates.

"...we continue to feel strong and growing dividends will remain attractive."

While the prospects of higher rates hurt certain groups (Real Estate Investment Trusts (REITS), Utilities, Consumer Staples, housing), many of our holdings responded well to the change in sentiment. Bank holdings such as JPMorgan Chase (JPM), Wells Fargo (WFC), and Capital One (COF) were top performers. Each of these companies could benefit from a steepening yield curve (long-term rates rising faster than short-term rates) as this phenomenon increases net interest margins. Other top performers during the quarter included Microsoft (MSFT) and WellPoint (WLP), each of which were "low expectation" stocks that benefitted from solid Q1 earnings reports and improving investor confidence. Though Marathon Petroleum (MPC) ranked as the biggest detractor for the Fund, the Consumer Staples group performed the worst as a sector. Holdings in Walgreen (WAG), Anheuser Busch InBev (BUD), and Diageo (DEO) were the biggest drags on performance. In keeping with previously discussed intentions, we continued to reduce exposure to the group during the quarter with the sales of Procter & Gamble (PG) and Dr Pepper Snapple (DPS).

In tandem with the sale of PG and DPS, we initiated a position in Exxon Mobil (XOM), another defensive company with a much more attractive valuation. XOM has underperformed both the market and its domestic peer Chevron (CVX) since we sold it in April 2012, as upstream oil and gas results have been lackluster and 'Big Oil' has been out of favor. We return to the name here given an improved outlook for XOM's domestic natural gas production and refining and marketing operations. We have remained impressed with XOM's operational excellence, free cash generation, and commitment to create long-term value for shareholders. In addition, the company recently raised the dividend (currently yields 2.8%), and share buybacks remain generous - the company reduced its share count 5% in 2012 and is purchasing stock back at similar levels in 2013.

At the beginning of the quarter, we initiated a position in global life insurance provider Aflac (AFL). AFL provides supplemental health and life insurance in Japan (75% of earnings) and the U.S. Products are primarily marketed at the workplace to fill gaps in coverage. AFL generates industry leading core operating margins and returns on equity. Furthermore, AFL has a great brand and an extensive track record, having increased its dividend (yields 2.4%) for 30 consecutive years. Share price performance had been lackluster due to the decline in the Japanese Yen (resulting in lower translated profits), presenting an opportunity to purchase this best-in-class franchise for a reasonable valuation. Fortunately, the stock performed well throughout the quarter as results have improved, currency exposure has been minimized, and more capital has been returned to shareholders.

Late in the quarter, we initiated a position in Canada's second largest telecommunications operator, Telus Corp (TU). Though the stock has been a good performer over time, the shares rolled over with many other yield-oriented names amid fears of rising interest rates. More recently, the shares have weakened substantially in response to speculation that Verizon (VZ) is attempting to enter the Canadian market via the acquisition of a smaller competitor. While increased competition is never a welcome sight in an otherwise rational environment, we feel the stock's reaction has provided us a great entry point into a company that has been gaining share, improving profitability, and growing its dividend at an attractive rate (currently yields 4.2%). Going forward, the company expects 3%-5% annual revenue growth and high single/low double-digit earnings growth, giving way to 10% dividend growth through 2016.

We are pleased with results in what was a "tough" quarter for dividend-oriented stocks. Though the threat of rising interest rates is likely to cast some doubt on income securities, we continue to feel strong and growing dividends will remain attractive. Furthermore, we believe recent efforts to shift exposure from more vulnerable areas of the market into names with cheaper valuations and better growth opportunities will continue to bear fruit as the economy improves.

Performance as of 6/30/13	DVIPX	S&P 500	Lipper Eq. Inc.
Q2 2013	2.55	2.91	2.53
YTD 2013	15.48	13.82	13.39
1 Year	21.64	20.60	20.52
Since Inception (12/31/10)*	15.70	12.72	11.88

Gross Expense Ratio: 1.24%

*Periods greater than one year are annualized.

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Davenport Value & Income Fund

Recent Purchases

Aflac Inc (AFL) provides supplemental health and life insurance in the U.S. and Japan. We elected to initiate a position given the stock's cheap valuation and the company's industry-leading core operating margins and returns on equity. Current yield: 2.4%

Eastman Chemical Co (EMN) is nearing the end of its transformation from a commodity chemicals company to a specialty one, positioning the company for double-digit earnings growth with a less volatile earnings stream. Current yield: 1.7%

Exxon Mobil Corp (XOM) is a global integrated oil and gas company. We elected to initiate a position given the stock's reasonable valuation, solid dividend, and impressive track record of creating shareholder value. Current yield: 2.8%

GlaxoSmithKline plc (GSK) is a global pharmaceutical company. We elected to increase our position given the stock's cheap valuation, attractive dividend, and our belief that the company's improved product pipeline could enable earnings to grow. Current yield: 4.7%

Markel Corp (MKL) is a Richmond, VA-based specialty insurer. We elected to initiate a position given the stock's attractive valuation relative to book value, which could grow at a double-digit pace for years to come. Current yield: no dividend

Microsoft Corp (MSFT) We elected to increase our position in this global software giant given our expectations for earnings to surprise to the upside as enterprises pick up spending, the company's cloud offerings expand, and new Windows devices are introduced. Current yield: 2.7%

Telus Corp (TU) is Canada's second largest telecommunications operator. We believe the selloff surrounding Verizon's entry into the Canadian market is overdone and believe TU can continue to generate attractive returns for shareholders. Current yield: 4.2%

TransCanada Corp (TRP) is a leader in Canadian energy infrastructure, operating oil, and natural gas pipelines. The company has many years of growth ahead of it as it builds infrastructure to move new sources of oil and gas to market. Current yield: 4.0%

Recent Sales

The Dow Chemical Co (DOW) We sold our position in this large, diversified chemicals company, reducing our commodity exposure in light of a deteriorating outlook for the global economy. Current yield: 4.0%

Dr Pepper Snapple Group Inc (DPS) is a leading North American refreshment business. We elected to sell our position given the stock's strong performance and fair valuation alongside our desire to reduce exposure to the Consumer Staples sector. Current yield: 3.1%

H.J. Heinz Co (HNZ) is a leading global food products manufacturer. We elected to take profits in the name following the company's agreement to be taken over by Berkshire Hathaway Inc (BRK'B). Current yield: n/a

Procter & Gamble Co (PG) is a global consumer products company. We elected to sell our position as the stock's strong performance has left the shares looking fairly valued. Current yield: 3.0%

Tortoise Energy Infrastructure Corp (TYG/TYY) Current yield: 4.9%

WisdomTree Japan Hedged Equity Fund (DXJ) Current yield: 1.1%

Fund Sector Weightings*

Sector	Weight
Consumer Discretionary	6.9%
Consumer Staples	15.9
Energy	11.8
Financials	18.2
Health Care	9.0
Industrials	13.1
Information Technology	4.5
Materials	2.9
REITs	6.7
Telecommunications Services	3.1
Utilities	1.9
Other	3.8
Cash & Equivalents	2.8

Top Ten Equity Holdings*†

Holding	Weight
JPMorgan Chase & Co	3.0%
Johnson & Johnson	2.7
GlaxoSmithKline plc**	2.7
Wells Fargo & Co	2.7
General Electric Co	2.6
Microsoft Corp	2.5
The Travelers Companies Inc	2.5
SPDR Euro Stoxx 50 ETF	2.4
Hartford Financial Services Group Inc	2.4
W.P. Carey Inc	2.4

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The Davenport Equity Opportunities Fund returned 1.97% in the second quarter. This compares to gains of 2.91% and 2.21%, respectively, for the S&P 500 Index and Russell Midcap Index. Year-to-date, the Fund was up 13.52% at quarter-end versus gains of 13.82% and 15.45% for the S&P 500 and Russell Midcap. While our performance has modestly lagged benchmarks, we are very pleased with our absolute returns and are not surprised by a period of relative weakness following outperformance in both 2011 and 2012. In the absence of dramatic change to a fund, which typically doesn't make sense when one owns a collection of great companies, such periods can be hard to avoid.

"...we continue to believe our collection of companies is poised to deliver very solid multi-year returns."

While the end result of Q2 may appear fairly boring, our performance varied widely by holding. Financials such as AIG (AIG) and Capital One (COF) were among our leaders. Both companies benefitted from strong quarterly results and hopes of increased return of capital to shareholders. Delta Air Lines (DAL) was also a leading contributor. We recently chipped our position following the stock's 60% year-to-date advance. We still like the story of industry consolidation, newfound operating discipline (less capacity and higher ticket prices), and improving returns on capital, but it seemed to make sense to take some profits after a big move. A few holdings weighed on performance during the quarter, with the most noticeable theme being weakness across names that are Real Estate Investment Trusts (REITs) or are seeking REIT status. Higher interest rates, which weighed on income-oriented investments like REITs, and an Internal Revenue Service decision to delay the approval of certain REIT conversions hurt holdings such as Sun Communities (SUI), Penn National Gaming (PENN), American Tower (AMT), and Lamar Advertising (LAMR). We generally think weakness in this arena is overdone and has created some interesting opportunities for investors.

To that end, we recently added to our position in American Tower (AMT). Growth in wireless voice and data consumption and the concurrent build out of wireless infrastructure is a clear tailwind that could support double-digit free cash flow growth at AMT for years to come. While not an income-oriented/high-yield name, the stock is included in various REIT indices and wasn't able to escape pressure in the group. We think this broad based weakness created an opportunity to add to a company that has exceptional qualities and should be viewed in a different light than most REITs. Recall, this business has modest capital requirements, generates significant excess free cash flow, provides well above average visibility, and produces very attractive returns on invested capital. Further, business momentum seems better than ever with strong international growth (59% of AMT's tower portfolio is outside the U.S.) and all four of the big U.S. wireless carriers deploying 4G networks.

Earlier in the quarter, we established a new position in Cabela's (CAB), which we believe is one of the more exciting stories in the retail industry. CAB is a leading player in the outdoor retail (hunting, fishing, camping, etc.) and apparel space. This is a very fragmented industry with over 65% of the space being served by "mom and pop" operators that have significant disadvantages in terms of brand recognition, buying power and breadth of product. Hence, we believe there is substantial room for both market share gains and consolidation. After halting its growth plans in the mid 2000s, CAB management has reengineered its store format and growth strategy. As a result, the company is seeing significant increases in returns on new stores and has identified meaningful expansion opportunities (plans to grow the store base from 40 to 250 over time). We believe the combination of market share gains, significant new store growth, and accelerating returns on capital could result in above-average earnings growth for years to come. Ultimately, we believe earnings power could exceed $5/share, which should drive the stock meaningfully higher from here.

In sum, we doubt the gains of H1 2013 can be repeated in the second half of the year; however, we continue to believe our collection of companies is poised to deliver very solid multi-year returns. Should the market experience a setback, we are armed with some cash to both add to existing holdings and/or include new companies in the Fund.

Performance as of 6/30/13	DEOPX	Russell Midcap	S&P 500
Q2 2013	1.97	2.21	2.91
YTD 2013	13.52	15.45	13.82
1 Year	26.18	25.41	20.60
Since Inception (12/31/10)*	16.19	12.21	12.72

Gross Expense Ratio: 1.10%

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Recent Purchases

American Tower Corp (AMT) Caught up in the broader REIT selloff, we took the opportunity to add to the nation's largest cell tower owner and operator, which will continue to benefit from increased wireless usage both at home and abroad.

CST Brands Inc (CST) is a recent spinoff from our stake in Valero Energy Corp (VLO). One of North America's largest independent gasoline store chains, we believe CST is well positioned to use its size to improve returns in the fragmented convenience store industry.

Cabela's Inc (CAB) is a leading outdoor specialty retailer. We initiated a position given our belief that the combination of market share gains, significant new store growth, and accelerating returns on capital will result in above-average earnings growth for years to come.

Intuit Inc (INTU) is a consumer tax and small business software provider. We added to our position following excessive weakness resulting from a disappointing earnings preannouncement.

Recent Sales

Consol Energy Inc (CNX) is a low cost coal and natural gas producer. Although we continue to view the natural gas business favorably, we elected to sell our position due to a further deterioration in the metallurgical coal market as well as longer-term headwinds facing thermal coal as the Environmental Protection Agency begins to regulate carbon emissions from existing power plants.

Delta Air Lines Inc (DAL) We elected to chip our position in this leading airline following a 60% move in the stock year-to-date.

Dollar Tree Inc (DLTR) is a leading discount retailer based in Chesapeake, VA. We elected to reduce our position following the shares' quick rally from depressed levels.

International Game Technology (IGT) is a gaming equipment manufacturer. We elected to chip and subsequently sell our position given that we have done very well with this name and figured this was a fair price to use this as a source of funds for other opportunities.

SunTrust Banks Inc (STI) is a leading regional consumer banking franchise. We elected to sell our position following the stock's strong performance which resulted in a more reasonable valuation.

Fund Sector Weightings*

Sector	
Consumer Discretionary	27.7%
Consumer Staples	7.1
Energy	3.4
Financials	23.2
Health Care	2.0
Industrials	9.7
Information Technology	3.7
Materials	3.2
REITs	7.2
Telecommunications Services	0.0
Utilities	3.0
Cash & Equivalents	2.7

Top Ten Equity Holdings*†

Holding	
CarMax Inc	5.8%
Penn National Gaming Inc	5.6
Markel Corp	5.6
O'Reilly Automotive Inc	4.3
Aon plc**	4.0
American Tower Corp	4.0
Brookfield Asset Management Inc**	3.8
Intuit Inc	3.7
Capital One Financial Corp	3.6
Dollar Tree Inc	3.5

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Performance shown is historical and is no guarantee of future results. Investing in securities carries risk including the possible loss of principal.

The **Lipper Equity Income Fund Index** is an unmanaged index of the 30 largest funds, based on total year-end net asset value, in the Lipper Equity Income Fund Index. The **Morgan Stanley Capital International Europe, Australia and Far East (MSCI EAFE) Index** is an unmanaged index composed of the stocks of approximately 1,000 companies traded on 20 stock exchanges from around the world, excluding the U.S., Canada, and Latin America. The **MSCI 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. 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. The Russell 2000 Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. The **Russell Midcap® Index** measures the performance of the 800 smallest companies in the Russell 1000, which represent approximately 25% of the total market capitalization of the Russell 1000. The Russell Midcap Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. 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 these indices and their returns are not indicative of the performance of any specific investment**. There is no guarantee that a company will continue to pay a dividend.

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