

Market Review

2014 was a great year for stock investors in U.S. large and mid cap stocks, but was a much more modest year for those that were diversified into other areas. For the year, the S&P 500 Index gained a solid 13.69% and the Russell Midcap Index gained 13.22%, putting them ahead of their long term average annualized returns. However, small cap stocks, represented by the Russell 2000 Index, had to fight hard at the end of the year and needed a 9.73% return in the fourth quarter to eke out a positive 4.89% return for the year. International markets did not fare as well – developed markets declined 4.90% for the year, as represented by the MSCI EAFE Index, while the MSCI Emerging Markets Index dropped 7.84% in the second half of the year to finish down 2.19%. Bonds fared better than most expected and the Barcap Intern. Govt/Credit Index gained 3.13% for the year as the 10 year Treasury rate dropped significantly.



Source: Morningstar Direct. Please see Disclosures for index definitions.[†]

A Look At The Asset Classes of FundAdvisor

U.S. Large Cap Stocks

Large cap U.S. stocks have been the place to be over the last several years. They have managed to provide more consistent performance than most other equity categories in both up and down markets over that time and have certainly dominated their international counterparts. Unfortunately, however, this has been an incredibly difficult area for actively managed mutual funds to outperform the S&P 500 benchmark. We have positioned the large cap portion of the portfolios in high quality managers with long, successful track records. All three, Diamond Hill Large Cap, American Funds AMCAP, and FMI Large Cap, finished the year in the top half of their Morningstar peer groups but slightly underperformed the S&P 500 in 2014.

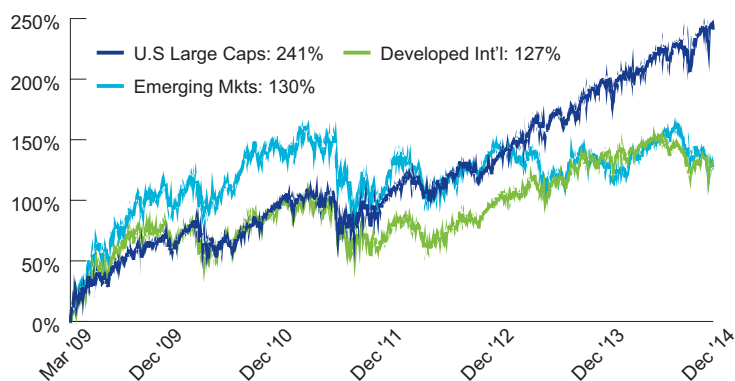
U.S. Small Cap Stocks

We have been reducing our exposure to small cap stocks over the past few years as valuations appeared stretched and returns seemed to get ahead of fundamentals. After their underperformance in 2014, small cap stocks look more attractive, but the metrics we evaluate still do not make them appear as a screaming buy. Our data lead us to think that returns could be similar for large cap and small cap stocks over the next several years, but small cap volatility makes them slightly less attractive. The big question mark for small cap stocks is how rising interest rates could impact the ability of small companies to finance their growth and impact merger and acquisition activity that tends to drive up stock prices.

International Stocks – Developed and Emerging

The international markets have lagged significantly behind the S&P 500 since the U.S. market bottomed in March of 2009. Since then, the S&P 500 has gained 240.82% while developed international markets have risen 127.39% and the emerging markets have gained 130.01%. We can't argue that it hasn't been for good reason, but we think that some good opportunities are forming in the international markets for a longer term investor.

Cumulative Market Returns Since March 9, 2009



Source: Morningstar Direct. Please see Disclosures for index definitions.[†]

Our research shows that there is a cyclical relationship between the U.S. and international markets that typically lasts between 5-7 years and the U.S. has now dominated for the better part of 6 years. Valuations in the international markets have become relatively attractive and expectations have gotten low. We are hoping that slightly improving economic and earnings expectations will eventually boost returns in those markets. Although the overall performance of international markets has been lackluster, the international funds in FundAdvisor have performed quite well and all four significantly outperformed the MSCI EAFE Index in 2014. In fact, the FMI International and Dodge & Cox International Stock funds posted positive returns for the year and ranked in the top 10% of their Morningstar peer groups.

Bonds

In 2013, we changed the bond allocation in our models to make them less sensitive to changes in U.S. interest rates. That change worked well in 2013, but worked against us in 2014 as interest rates declined. Most investors expected the Federal Reserve System to raise interest rates in 2015, but many are now pushing their expectations out further. Surprisingly, bond yields in several other countries, including Germany, Japan, France and Spain, have fallen well below those in the U.S. That has kept rates low as outside investors take advantage of the relative attractiveness of our bonds. We expect there to be continued fluctuations in interest rates and short term volatility, but think that over a longer time frame, the tendency for interest rates will have to be up. We think that the stance we have taken should play out well as investors continue to anticipate rising interest rates.

Diversification & Allocation Still Important

2014 was an interesting and surprising year for most investors. At the beginning of the year, many market experts were calling for a sharp market correction, continued increases in interest rates, and oil prices above \$100. Betting on any of these outcomes proved to be quite costly in 2014 and was demonstrated by the meager returns of most "tactical" managers. Instead, we ended the year with the S&P 500 gaining 13.69%, a very brief intra-year decline of only about 7%, a drop in the 10 year Treasury rate from 3.03% to 2.17%, and a nearly 50% decline in the price of oil. Clearly, market prognostication is difficult and attempting to make short-term investment decisions has proven to be virtually impossible time and time again. We think that investing in a range of asset classes, including both domestic and international stocks, as well as both investment grade and credit-sensitive bonds will help protect against being overly exposed to unforeseeable events and incorrect forecasts.

Returns

as of December 31, 2014 *Returns greater than 1 year are annualized

Fund / Index Name	Rolling Returns					Fund / Index Performance at Net Asset Value**					Expense Ratio	
	Avg 1 Year	Avg 3 Year	Avg 5 Year	Up Capture	Down Capture	YTD	1 Year	3 Years*	5 Years*	10 Years*	Gross	Net
Large Cap												
American Funds AMCAP F2	10.49	6.95	7.36	98.30	93.61	12.34	12.34	21.36	15.48	8.37	0.49	0.49
Diamond Hill Large Cap I	10.32	6.45	6.46	101.29	94.33	10.74	10.74	19.43	13.91	8.99	0.80	0.80
FMI Large Cap	10.30	7.39	7.64	91.39	79.56	12.36	12.36	18.97	13.75	9.11	0.96	0.96
S&P 500 Index	9.49	5.91	5.99	100.00	100.00	13.69	13.69	20.41	15.45	7.67	-	-
Mid Cap and Small Cap												
Vctry Munder Mid Cap Core Growth Y	11.44	7.35	7.69	89.56	83.23	10.17	10.17	19.56	16.30	9.35	1.16	1.13 ¹
Vanguard Extended Market Idx	11.96	7.78	8.51	100.48	98.43	7.56	7.56	20.81	16.75	9.24	0.10	0.10
Keeley Small Cap Value I	11.18	5.84	5.59	106.23	111.60	0.32	0.32	18.89	14.56	7.94	1.12	1.12
Russell 2500 Index	11.34	7.38	8.12	100.00	100.00	7.07	7.07	19.97	16.36	8.72	-	-
International												
FMI International	-	-	-	-	-	4.62	4.62	15.51	-	-	1.15	1.00 ²
Dodge & Cox Int'l Stock	10.73	3.99	4.46	112.66	104.71	0.08	0.08	15.23	7.89	6.73	0.64	0.64
MFS Int'l New Discovery	12.04	6.81	7.52	103.09	86.75	-2.66	-2.66	13.38	9.94	8.38	1.14	1.14
MSCI EAFE Index	7.93	2.19	2.22	100.00	100.00	-4.90	-4.90	11.06	5.33	4.43	-	-
Emerging Markets												
American Funds New World F2	12.41	7.05	7.38	77.57	71.01	-3.38	-3.38	8.58	5.33	8.71	0.75	0.75
MSCI Emerging Markets Index	13.32	6.56	7.41	100.00	100.00	-2.19	-2.19	4.04	1.78	8.43	-	-
Intermediate Gov't/Credit												
Eaton Vance Glb Mcr Abs Rtn	4.86	5.04	5.21	70.64	-11.81	3.03	3.03	2.28	2.23	4.67	1.02	0.71 ³
Hartford Floating Rate	-	-	-	-	-	0.02	0.02	4.86	5.40	-	0.71	0.71
BarCap U.S. Intrm Govt/Credit	4.38	4.92	5.12	100.00	100.00	3.13	3.13	2.03	3.54	4.10	-	-
Short-Term Bond												
Vanguard Short-Term Inv Gr.	4.00	4.16	4.50	134.76	166.98	1.86	1.86	2.51	2.97	3.68	0.10	0.10
Citigroup USBIG Gov/Corp 1-3 yr	3.07	3.30	3.31	100.00	100.00	0.69	0.69	0.85	1.37	2.85	-	-
Dynamic Allocation												
BlackRock Global Allocation I	8.38	6.33	6.50	70.15	55.14	2.15	2.15	8.94	6.58	7.23	0.88	0.88
IVA Worldwide I	-	-	-	-	-	3.46	3.46	9.03	8.36	-	1.02	1.02
Kinetics Paradigm No Load	11.49	4.73	4.60	118.99	116.17	-0.79	-0.79	20.29	11.86	7.60	1.72	1.64 ⁴
Wells Fargo Avtg Abs Rtn A	-	-	-	-	-	0.61	0.61	-	-	-	1.41	1.41
Wintergreen Investor	-	-	-	-	-	-1.68	-1.68	7.28	8.50	-	1.85	1.85
Ivy Asset Strategy I	12.56	9.30	8.69	90.47	65.11	-4.79	-4.79	12.37	7.63	10.50	0.73	0.73
MSCI World Index	8.49	3.92	4.01	100.00	100.00	4.94	4.94	15.47	10.20	6.03	-	-

Performance shown is historical and 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 call (800) 853-2060.

Important 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. The performance 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.diamond-hill.com, www.dodgeandcox.com, www.eatonvance.com, www.fiduciarymgt.com, www.hartfordinvestor.com, www.ivafunds.com, www.ivyfund.com, www.keeleyfund.com, www.kineticsfund.com, www.mfs.com, www.munder.com, www.vanguard.com, www.wellsfargo.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 and Zephyr StyleADVISOR.

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 (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. Investing in securities carries risk including the possible loss of principal.

¹U.S. Large Caps represented by the **S&P 500 Index**. U.S. Mid Caps represented by the **Russell Midcap Index**. U.S. Small Caps represented by the **Russell 2000 Index**. High Yield Bonds represented by the **Barclays Capital U.S. Corporate High Yield Index**. Intermediate Bonds represented by the **Barclays Capital Intermediate Government/Credit Index**. Treasury Bonds represented by the **Barclays Capital U.S. Treasury Index**. International Developed Markets represented by the **MSCI EAFE Index**. Emerging Markets represented by the **MSCI EM Index**. Gold represented by the **S&P GSCI Gold Spot Index**.

Downside Capture Ratio measures a manager's performance in down markets relative to the market (benchmark) itself over the preceding 10-year period. **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. **Rolling Returns**: The annualized average return for a period ending with the listed year. **Upside Capture Ratio** measures a manager's performance in up markets relative to the market (benchmark) itself over the preceding 10-year period.

¹The Adviser has contractually agreed to waive its management fee and/or reimburse expenses so that the total annual operating expenses of Class A, C, R, R6 and Y of the Fund (excluding Acquired Fund Fees and Expenses and certain items such as interest, taxes and brokerage commissions) do not exceed the total net annual operating expenses of, respectively, Class A, C, R, R6 and Y of the Fund's predecessor, a series of the Munder Series Trust that was managed by Munder Capital Management ("MST Munder Mid-Cap Core Growth Fund") as of June 30, 2014. This agreement will remain in place for two years after the reorganization of the MST Munder Mid-Cap Core Growth Fund into the Fund (expected to be through October 31, 2016). As a result of this agreement, during that two year period, total annual operating expenses of the Fund's Class A, C, R, R6 and Y shares will not exceed 1.32%, 2.07%, 1.57%, 0.89% and 1.07%, respectively. The Adviser is permitted to recoup advisory fees waived and expenses reimbursed for up to three years after the fiscal year in which the waiver or reimbursement took place, subject to any operating expense limits in effect at the time of the original waiver or expense reimbursement and at the time of recoupment or reimbursement.

²The investment adviser has voluntarily agreed to reimburse the Fund to the extent necessary to ensure that total annual fund operating expenses do not exceed 1.00% at least through January 31, 2015.

³Reflects net interest expense.

⁴The Investment Adviser to the Paradigm Portfolio has voluntarily agreed to waive management fees and reimburse Fund expenses so that Total Annual Fund Operating Expenses do not exceed the net expense ratio listed for the particular class. These waivers and reimbursements may be discontinued at any time after May 1, 2015.

Index Definitions: The **Barclays Capital Intermediate Government/Credit 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 **Barclays Capital U.S. Corporate High Yield Index** covers the universe of fixed rate, non-investment grade debt, including corporate and non-corporate sectors. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets are excluded, but Canadian and global bonds (SEC registered) of issuers in non-emerging market countries are included. Original issue zero coupon bonds, step-up coupon structures, and 144-As are also included. The reported returns reflect equities priced in U.S. dollars and do not include the effects of reinvested dividends. The **Barclays Capital U.S. Treasury Index** is an unmanaged index of public obligations of the U.S. Treasury with remaining maturities of one year or more. The **Citigroup USBIG Government/Corporate 1-3 years Index** measures the performance of bonds issued in the U.S. investment-grade bond market. 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 **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. 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 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 2500 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 **Russell Top 200 Index** is an unmanaged index comprising the largest 200 securities by U.S. market cap. 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. The **S&P GSCI Gold Spot Index** is a sub-index of the S&P GSCI and tracks the COMEX Gold Future. *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 see the credit quality of its securities deteriorate, 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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