The Davenport Funds
Quarterly Update | Q1 2017

DAVENPORT ASSET MANAGEMENT

After a strong finish in 2016, stocks continued to march higher in the first quarter of 2017. The S&P 500 Index finished up 6.07% in the first three months of the year, surpassing other domestic indices (the Russell 2000 Index gained 2.47% during the quarter). Impressively, since the most recent market trough on February 11th, 2016, the S&P is up 32% and the Russell 2000 is up 48%.

Since the fall election, the market has been salivating over the prospects of meaningful tax cuts and a rollback of regulations. Events during the last month threw a bit of cold water on these hopes, as President Trump was unable to push his healthcare bill through Congress. As a result, "Trump trade" beneficiaries softened and secular growth stories regained favor. The technology and healthcare sectors performed particularly well with this backdrop and were up 12.6% and 8.6%, respectively, during the quarter. Policy delays remain a potential threat to the market's rally, as illustrated by the more domestically-oriented Russell 2000's underperformance during Q1.

Despite only modest improvement in the tepid economic expansion we are currently experiencing, stocks have been able to accelerate to the upside as investor sentiment has turned more optimistic. Indicators such as mutual fund net inflows show that investor confidence is on the rise. While the market's recent spike and increased investor confidence has us more cautious, we don't yet sense euphoria. We continue to see plenty of reasons to remain invested, least of which is the inherent difficulty of attempting to time the market.

Alongside fiscal uncertainty, the market is also facing tightening monetary policy, with the Federal Reserve having recently raised short-term interest rates by 0.25% in March. The Fed is expected to raise rates twice more during the balance of 2017. With employment at full levels and economic indicators pointing up, we think the economy is strong enough to handle a move away from ultra-accommodative monetary policy.

Perhaps most encouraging, earnings growth could carry the torch for the next leg of the rally. After nearly two years of earnings declines, earnings returned to modest growth in late 2016 and are expected to snap back a vigorous 22% in 2017, as foreign exchange headwinds abate, the energy sector recovers, the US exits its industrial recession and international markets improve.

While stocks look relatively expensive today at 18.2x times 2017 earnings, if one assumes a modest 10% EPS growth rate over the next couple years the multiple quickly scales down to 16.5x on 2018 earnings and 15x on 2019 earnings. In sum, while the market's impressive spike may have borrowed some from the rest of 2017's returns, we see reason to remain optimistic based on fundamental improvement. Any forthcoming corporate tax cuts would be icing on the cake (and upside to those earnings estimates).

Market Returns	Q1 2017	2016
U.S. Large Caps	6.07	11.96
U.S. Mid Caps	5.15	13.80
U.S. Small Caps	2.47	21.31
International Developed Markets	7.25	-1.88
Emerging Markets	11.45	11.19
Intermediate Term Bonds	0.78	2.08

Source: Morningstar Direct. Please see Important Disclosures on last page for index definitions.

Davenport Core Fund

DAVPX

DAVENPORT
ASSET MANAGEMENT

The Core Fund got off to a strong start in 2017, gaining 6.60% during the first quarter, ahead of the S&P 500's Index advance of 6.07%. We were pleased with the fund's performance, which comes on the heels of an 9.26% return in 2016. As mentioned in our macro commentary, the market's preferences within large cap shifted sharply from Q4 2016 to Q1 2017. In Q4 investors sold dependable growth companies to buy cyclically-oriented outfits expected to benefit under the new administration's policies. As some realism set in on the difficulty passing any proposed policy changes, dependable growth companies once again outperformed in Q1.

Our top performers during the quarter included faster-growing, high-quality technology companies, such as Adobe (ADBE), up 26% in the quarter, Priceline (PCLN), up 21%, American Tower (AMT) and Visa, each up around 15%. Key detractors included CarMax (KMX), which came under assault as used car prices have drifted lower and some concerns have cropped up around auto lending practices. We chipped our position ahead of some of these concerns but remain confident about KMX's long-term success built around its no-haggle pricing and superior customer service. Our underweight position in Apple also hurt us during the quarter as the stock participated in the Technology's sectors rally.

Fortunately, actions we took in Q4 paid off in Q1. We took advantage of the market's rotating popularity to buy positions in secular growth companies Facebook (FB) and Mastercard (MA) at a time when their performance had lagged. Both positions are up around 10% from our Q4 purchases and we see significant upside potential for both.

As has widely been discussed, health care was the worst performing sector last year, as concerns about drug pricing pressure weighed on sentiment. This sell-off followed several years of strong gains for the group driven by innovation in new drugs, an aging population, an accommodative approval stance at the FDA, strong cash generation, and acquisitions. Within healthcare we are particularly attracted to the biotechnology subsector as this is where the greatest concentration of innovation is occurring. Already owners of both Celgene (CELG) and Amgen (AMGN), we increased our exposure to this arena through the iShares Biotech ETF (IBB), whose diversity mitigates the single-drug risk typical of investing in the sector. At our entry point, the valuations of the major holdings in the IBB had compressed to match the market multiple, a level we found attractive for this collection of companies with above-average, secular and profitable revenue growth.

Towards the end of quarter we purchased meat and snack food company Hormel (HRL). This small-town Minnesota-based company has an impressive track record of creating wealth for shareholders by acquiring and nurturing brands. The company's 30 brands with a #1 or #2 market share position include Spam, Jennie-O Turkey, Skippy Peanut Butter, Applegate Farms, Wholly Guacamole, and Muscle Milk. Shares have suffered over the past couple years due to an avian flu outbreak negatively impacting the turkey business, offering an attractive entry point into this conservatively run business with nearly 20% returns on capital.

To fund these purchases we have consistently been chipping back positions that have worked well for us and are starting to look more fairly valued. Examples during the quarter include CME Group (CME), JPMorgan Chase & Co (JPM) and Priceline (PCLN). All told, despite the market hitting new highs, we are finding plenty of opportunities to further improve the positioning of the fund.

The following chart represents Davenport Core Fund (DAVPX) performance and the performance of the S&P 500 Index, the Core Fund's primary benchmark, for the periods ended March 31, 2017.

	Q1 2017	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 1/15/98
Core Fund (DAVPX)	6.60	16.56	8.55	11.78	7.63	6.57
S&P 500 Index	6.07	17.17	10.37	13.30	7.51	6.68
30-Day SEC Yield: 0.39%; Expense Ratio in current prospectus: 0.92%						

Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Performance data, current to the most recent month end, may be obtained by calling 1-800-281-3217.

*Returns great than one year are annualized. *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.

Davenport Core Fund Quarterly Transactions

DAVPX

Davenport Asset Management

Recent Purchases

Applied Materials Inc. (AMAT)—During the quarter, we initiated a position in AMAT, the world's leading supplier of manufacturing equipment and services for the semiconductor industry, and the flat panel display market. We think the semiconductor cycle has plenty of room to run and expect the wafer fab equipment (WFE) sector to continue to grow.

Ecolab Inc. (ECL)—With small business confidence rising to levels not seen in a decade, oil prices rebounding, and a more robust capital expenditure (CapEx) environment for oil & gas exploration & production (E&P) companies next year, we have elected to add to our position in ECL.

Facebook (FB)—Shares of FB have retreated as tech stocks in general went out of favor to end 2016. As such, we have decided to take advantage of the weakness and make FB a full position in the fund.

General Electric Co (GE)—Shares of GE have been weak since the company reported fourth quarter earnings last week, and we decided to take the opportunity to increase our position in the name.

Hormel Foods Corp (HRL)—The company owns 30 brands with a #1 or #2 market share position in their respective category, offering leading products with long-term market penetration and growth potential. Shares have sold off from all-time highs last year following the avian flu outbreak, which hampered its turkey supplies and pressured margins. We think this temporary setback offers an opportunistic entry point to initiate a position in HRL.

iShares NASDAQ Biotechnology ETF (IBB)—As owners of both Celgene (CELG), which we recently added to, and Amgen (AMGN), we elect to increase our exposure to this arena through the IBB, a diversified mix of biotech stocks, which mitigates the single-drug risk typical of investing in the sector.

Martin Marietta Materials Inc. (MLM)—We initiated a position in MLM, the second-largest producer of construction aggregates in the U.S., the largest cement producer in Texas, and a significant producer of magnesia-based chemicals and dolomitic lime. Volume growth is the key to the MLM story, and we think there is a nice runway for growth in the coming years.

Recent Sales

CarMax Inc. (KMX)—We elect to reduce our exposure to the name somewhat, as the stock has had a dramatic run from its lows and the valuation is towards the higher end of its historical range.

CME Group Inc. (CME)—We recognize that revenues can be quite cyclical and elect to trim back our position some on this strength. (We retain the bulk of the position given its excellent returns on tangible capital, wide business moat, and generous returns to shareholders.)

Fortive Corp (FTV)—We continue to like the company and believe the stock to be a good investment; however, we felt there was more potential upside in Facebook and reduced our position in FTV during the quarter.

JPMorgan Chase & Co (JPM)—While we remain attracted to JPM's well-managed banking franchise, investors have gone a long way towards discounting future improvement to profitability. As such, we felt it was prudent to chip the position back some (and make room for a name that may offer better risk/reward at present).

Praxair Inc. (PX)—We continue to like PX as a standalone business, given its dominant position in the oligopolistic industrial gas business, but decided to move on pending a resolution to the merger talks.

Priceline Group (PCLN)—PCLN has been a great stock and we continue to believe it has a dominant franchise with solid long-term organic growth opportunities. As such, we thought it prudent to take some profits in the name, trimming our position during the quarter.

PVH Corporation (PVH)—While we view PVH as a best-of-breed apparel company, we are concerned that the headwinds of online disruption (mass and wholesales store closures) and potential tax regime changes will make it difficult for the shares to gain much momentum over the coming year.

Top Ten Holdings* - % of Net Assets

as of 3/31/2017

Markel Corp	3.48
Capital One Financial Corp	3.47
Brookfield Asset Management**	3.15
American Tower Corp	2.98
Visa Inc.	2.96
Johnson & Johnson	2.88
Danaher Corp	2.68
Citigroup Inc	2.66
Berkshire Hathaway Inc B	2.65
Accenture PLC**	2.58

**Holdings subject to change without notice. **Foreign Holding*

The recent transactions profiled above represent securities purchased and/or sold during the quarter. The securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients and the reader should not assume that investments in the securities identified and discussed were or will be profitable.

Davenport Value & Income Fund

DVIPX

DAVENPORT ASSET MANAGEMENT

The Value & Income Fund advanced 2.94% during the first quarter, versus the 6.07% gain for the S&P 500 Index and the 4.03% gain for the Lipper Equity Income Index.

Leading title insurer Fidelity National Financial (FNF) was the fund's top performer during the period, advancing nearly 15% on the heels of strong earnings. We believe the upcoming spin of the company's majority stake in mortgage servicing technology provider Black Night Financial Services (BKFS) will serve as a catalyst for the shares, removing a layer of complexity while also leaving FNF with significant balance sheet capacity and an attractive dividend (~4% dividend yield post spin). REIT holdings such as Lamar Advertising (LAMR) and Gaming and Leisure Properties (GLPI) were also a source of strength during the quarter. We elected to chip our position in LAMR. However, we remain attracted to the company's solid dividend (4.4% yield) and more cyclical exposure. Key detractors included Kroger (KR), which struggled amid reports of an intensifying competitive environment, and Occidental Petroleum (OXY), which underperformed alongside a swoon in the energy sector.

We used the aforementioned weakness in the energy sector to purchase new positions in Royal Dutch Shell (RDSB) and Marathon Petroleum (MPC). While we are more constructive on energy prices in light of recent weakness and improving supply/demand dynamics, we also feel these two businesses possess many company-specific value drivers. We think new management at Shell has made meaningful progress on cutting the company's bloated cost structure and has shifted the focus to cash flow and returns (dividend yields >6%). We also like the company's position in LNG and in Brazil's deepwater, which we think is one of the best oil basins in the world. In the case of Marathon,while we remain cognizant of the above-average risks of owning a refiner, we take comfort in MPC's investment-grade balance sheet and note that we are buying when refining profitability is already at a cyclical low (suggesting favorable risk/reward going forward). Furthermore, we note that the company has embarked down the road on unlocking the value of its vast portfolio of midstream assets and one of the nation's best gas station chains, Speedway. If Marathon is able to successfully complete these initiatives, we see substantial upside over the next few years, based on our sum of the parts valuation.

We also initiated a position in Delta Airlines (DAL) during the quarter. Equity investors are well aware of the dramatic transformation that has occurred over the last several years in the airline industry, which is now generating impressive profits and returns on capital after struggling to do so for decades. Delta has been leading the transformation and is the farthest along the path of progress of any of the network carriers. Despite an outstanding track record in recent years and a bright outlook for sustainable profitability, the market remains skeptical, and Delta trades at a sharp discount to the market. Considering the company's plans to return more than 9% of its current market cap to shareholders over each of the next three years via buybacks and dividends (current yield ~1.7%), we find the risk/reward profile to be compelling.

Value oriented strategies struggled to keep up with growth strategies during the first quarter as interest rates crept up and optimism surrounding the economy continued to build. In fact, the Lipper Large Cap Growth category outpaced Lipper Large Cap Value by nearly 7% during the period. While our relative performance was slightly disappointing this quarter, we remain confident in the fund's positioning and continue to believe the strategy is able to weather a variety of different environments. Recent activity illustrates a move into some more cyclical entities that will benefit from an improving economy and be less susceptible to rising interest rates. As always, we remain focused on finding quality companies at inexpensive valuations with solid and growing dividends that can create value over a full economic cycle.

The following chart represents Davenport Value & Income Fund (DVIPX) performance and the performance of the S&P 500 Index, the Fund's primary benchmark, and the Lipper Equity Income Index for the periods ended March 31, 2017.

	Q1 2017	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Value & Income Fund (DVIPX)	2.94	13.60	8.17	12.18	12.61
S&P 500 Index	6.07	17.17	10.37	13.30	13.00
Lipper Equity Income Index	4.03	16.09	7.78	11.34	10.99
30-Day SEC Yield: 1.87%; Expense Ratio in current prospectus: 0.93%					

Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Performance data, current to the most recent month end, may be obtained by calling 1-800-281-3217.

*Returns greater than one year are annualized.*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 **Lipper Equity Income Index** is an unmanaged index of the 30 largest funds in the Lipper Equity Income fund category. An investor cannot invest in an index and its returns are not indicative of the performance of any specific investment.

Davenport Value & Income Fund Quarterly Transactions

DAVENPORT ASSET MANAGEMENT

DVIPX

Recent Purchases

CVS Health Corp (CVS)—CVS returns significant capital to shareholders and is trading below the peer group and the stock's long-term average. As such, we felt like now was a good opportunity to increase our exposure to this leading pharmacy chain and its pharmacy benefit management companies.

Delta Air Lines Inc. (DAL)—Despite an outstanding record of accomplishments in recent years and a bright outlook for sustainable profitability, the market remains skeptical, and DAL trades at a sharp discount to the market. We think this disconnect presents an opportunity and we elected to initiate a position.

Gilead Sciences, Inc. (GILD)—One of the largest U.S. biotech companies, we elected to initiate a position in GILD during the quarter.

Marathon Petroleum Corp (MPC)—We opted to initiate a position in MPC during the quarter, as we continued to see significant value in the vast portfolio of midstream assets and one of the nation's best gas station chains- Speedway.

Royal Dutch Shell PLC (RDS.B)—Currently, we have a constructive view on energy prices and want to overweight the sector. We think the new management at Shell has made meaningful progress in cutting the company's bloated cost structure, and we also like the company's position in LNG and in deepwater in Brazil- which we think is one of the best oil basins in the world.

VF Corp (VFC)—We believe VFC shares are attractively valued, and elected to add to our position as we expect to see renewed growth, geographic expansion, improved margins and incremental acquisitions in coming years.

Recent Sales

JPMorgan Chase & Co (JPM)—While we remain attracted to JPM's well-managed banking franchise, investors have gone a long way towards discounting future improvement to profitability. As such we felt it was prudent to chip the position back some.

Lamar Advertising CO (LAMR)—While we remain attracted to the company's earnings visibility, solid/growing dividend and well located assets, we elected to take advantage of recent strength to lock in some profits and reduce the position size to an average level.

Proctor & Gamble Co (PG)—With a full valuation and mixed fundamentals, we elect to sell the position and put the proceeds to work in a stock where we see more value and an improving business.

Raytheon Co (RTN)—Raytheon has been a tremendous stock for us in the fund, more than tripling since our 2011 purchase. As such, we felt Raytheon no longer seemed to be a "value" and the risk/reward has become more balanced.

Wells Fargo & Co (WFC)—Investors have pushed the stock up and while we remain attracted to banks in general, we felt it was prudent to chip the position back some.

Williams-Sonoma Inc. (WSM)—While we remain attracted to the company's brands, progress in e-commerce, and cash flow, we decided to reduce our exposure to the troubled retail sector.

Top Ten Holdings* - % of Net Assets

as of 3/31/2017

Johnson & Johnson	3.26
Capital One Financial Corp	3.25
FNF Group	2.94
Markel Corp	2.86
JPMorgan Chase & Co	2.83
Citigroup Inc	2.62
Watsco Inc	2.61
Merck & Co Inc	2.50
Diageo PLC**	2.34
Time Warner Inc	2.26

**Holdings subject to change without notice. **Foreign holding.*

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Davenport Equity Opportunities Fund

DEOPX

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ASSET MANAGEMENT

The Equity Opportunities Fund posted a solid 4.55% gain in the first quarter. This was a hair behind the Russell Midcap Index at 5.15% and the S&P 500 Index at 6.07%. A number of our holdings performed quite well; however, we believe that a handful remain depressed but could offer outsized returns in coming quarters.

American Tower (AMT) was our biggest contributor during the quarter. The stock moved to new highs as investors gained comfort with the outlook for 2017. Wireless data consumption remains a very powerful tailwind and the company may benefit from the ongoing development of wireless networks both here and abroad. Domestically, the looming introduction of fifth generation (5G) networks could bring a new leg of growth to the story. Sherwin-Williams (SHW) was another top performer. The paint & coatings company got a lift from optimism surrounding both the housing market and the company's pending acquisition of Valspar (VAL). We continue to think synergies from this deal and steady growth in the existing business may imply substantial upside potential for the stock. Both AMT and SHW represent core positions that we think may deliver above average returns for years to come.

CarMax was our biggest detractor in Q1. While recent results have been better than investor expectations, the stock has become a controversial name due to concerns surrounding the potential for falling used car prices and intensifying competition. Though prevailing headlines have made our decision to stick with the name somewhat contrarian, we continue to believe in the company's value proposition, new store growth opportunity and potential for market share gains.

Genesee & Wyoming (GWR) was also a laggard to start the year. We built our position in the company during the quarter as the stock became cheaper. As the nation's largest short-line railroad operator, GWR has expanded its operations into Australia and Europe. Its assets are very difficult to replicate and the business has tremendous barriers to entry. Over the last couple of years, the company has contended with lower demand for bulk commodities, GWR's primary cargo. It now appears volume trends have bottomed and are beginning to improve with better industrial activity. Moreover, this fragmented industry continues to present opportunity for GWR to buy assets. Management has a history of shrewd deal making and we think earnings growth could be augmented by further acquisitions, especially if the class I (long haul) rails begin to more actively divest short line assets.

We added to our position in Martin Marietta Materials (MLM). We first bought the stock late last year and saw it immediately jump as the "Trump trade" benefited shares of infrastructure-related companies. MLM is the second-largest producer of construction aggregates in the U.S. This is another wide moat business with significant barriers to entry. It also has significant pricing power given oligopolies in most local markets. For instance, during the Great Recession, MLM lost 50% of its volume but selling prices increased 40% over the same timeframe. The shares now appear timely as housing starts remain below trend and money from the federal highway bill and various state transportation initiatives are just beginning to flow. In total, we think MLM has the potential to double operating cash flow over the next few years.

While we had a strong start to the year, we still think our fund's current makeup could yield above average gains. A number of our key names have demonstrated subdued performance of late, but we believe they still offer considerable value. We also note our fund has taken on more of a cyclical tilt as evidenced by the purchases mentioned above. We are comfortable with this given our belief that improved economic growth could yield accelerating earnings growth for more economically sensitive areas.

The following chart represents Davenport Equity Opportunities Fund (DEOPX) performance and the performance of the Russell Midcap® Index, the Fund's primary benchmark, and the S&P 500 Index for the periods ended March 31, 2017.

	Q1 2017	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Equity Opportunities Fund (DEOPX)	4.55	7.57	5.26	10.99	11.93
Russell Midcap Index	5.15	17.03	8.48	13.09	12.23
S&P 500 Index	6.07	17.17	10.37	13.30	13.00
30-Day SEC Yield: -0.08%; Expense Ratio in current prospectus: 0.95%					

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*Returns greater than one year are annualized. *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®. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. 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.

Davenport Equity Opportunity Fund Quarterly Transactions

DAVENPORT
ASSET MANAGEMENT

DEOPX

Recent Purchases

Dish Network Corp (DISH)—In addition to its cash generative satellite TV business, DISH has amassed a trove of wireless spectrum that could be very desirable to many industry participants. As these factors do not appear adequately reflected in the current share price, we elected to add to our position in DISH.

Dollar Tree Inc. (DLTR)—Shares of DLTR have backed off under the possibility of a potential tax code change. We think this selloff presents an attractive opportunity to build the position in a company that should have significant upside over the next few years.

Fidelity National Financial Inc. (FNF)—As housing transactions recover, we elected to add to our position in FNF. We believe the company may see significant margin expansion, resulting in meaningful earnings growth, cash generation and return of capital to shareholders.

Genesee & Wyoming Inc. (GWR)—Having battled its way through a challenging commodity environment and sluggish industrial economy since mid-2015, this leading short-line rail carrier appears poised to start growing again. The stock has weakened since our most recent add, providing the opportunity to gain additional exposure to a name in which we have growing conviction.

Martin Marietta Materials Inc. (MLM)—With a 5-year highway bill already in place and set to start impacting volumes this year, we view the stock's recent weakness as an attractive opportunity to gain more exposure to a business with high barriers to entry, significant operating leverage and an improving growth outlook.

TripAdvisor Inc. (TRIP)—We remain convinced in the value of this high profile online travel asset, adding to our position during the quarter.

Zoetis Inc (ZTS)—We view ZTS as one of the purest ways to play on compelling secular-growth themes within the companion animal and livestock markets.

Recent Sales

Discovery Communications Inc. (DISCK)—We have chipped the stock twice now, as near-term catalysts are lacking, but continue to view the company's unscripted content and global distribution footprint as being more valuable than the current share price suggests.

HanesBrands Inc. (HBI)—While the company's core products have maintained and grown share in most cases, we expect ongoing disruption in the way in which people shop. With the risk reward looking more balanced, we elected to reduce the position.

Henry Schein Inc. (HSIC)—With the stock commanding a significant premium to the market, the shares may struggle to outperform going forward. Hence, we felt we had better opportunities to put the cash to work.

Liberty Broadband Corp (LBRDK)—We think CHTR has a path to upside potential via organic growth, synergies from the acquisition of Time Warner Cable (TWC) and aggressive buyback activity. Hence, we are comfortable maintaining a meaningful stake in LBRDK, which is a holding company that owns a sizeable stake in Charter Communications.

Top Ten Holdings* - % of Net Assets

as of 3/31/2017

Colfax Corp	6.28
Capital One Financial Corp	5.72
American Tower Corp	5.68
Brookfield Asset Management**	5.36
Live Nation Entertainment Inc	5.33
Dollar Tree Inc	5.31
CarMax Inc	5.23
WABCO Holdings Inc**	5.07
Dish Network Corp	5.03
Markel Corp	4.46

**Holdings subject to change without notice. **Foreign Holding*
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Davenport Small Cap Focus Fund
DSCPX

DAVENPORT
ASSET MANAGEMENT

The Davenport Small Cap Focus Fund closed out the fiscal year on a solid note, gaining 5.39% and 29.87% for the first quarter and full year, respectively. This compares favorably to the Q1 and full year gains of 2.47% and 26.22% for the Russell 2000 Index. Following the dramatic election-fueled rally at the end of calendar 2016, small cap returns were a bit more subdued compared to large cap indices. However, we were pleased to see continued momentum in the most recent quarter, with solid gains on both a relative and absolute basis.

Animal health holdings VCA Antech (WOOF) and Heska Corporation (HSKA) were key contributors in the most recent quarter and for the full year. WOOF, the leading animal hospital and reference lab operator, produced steady gains throughout 2016, but got an added boost in January when the company agreed to be acquired by Mars Inc. for a ~31% premium. Given the stock's narrow spread to the announced takeout value, we elected to sell the position. Heska Corp is an emerging player in the rapidly growing vet diagnostic equipment business. The company's differentiated market approach (which emphasizes low upfront payments and long-term contracts for consumables) has allowed the company to post impressive share gains and revenue growth alongside strong margin improvement and a predictable cash flow stream. The stock advanced more than 45% during the most recent quarter, having more than doubled since our original purchase. While we decided to reduce the position alongside strength, we remain confident in the company's growth prospects and continue to think the stock has takeout potential.

Other key contributors during the March quarter included regional casino operator Monarch Casino (MCRI), in addition to building products concerns American Woodmark Holdings (AMWD) and Builders Firstsource (BLDR). We were also pleased to see a rebound in real estate asset manager Cohen and Steers (CNS) having increased the position in the prior quarter. Coremark (CORE), a convenience retail distribution company, and Mistras Group (MG), which provides testing and compliance solutions to the oil and gas industry, were key detractors during the period.

We recently initiated a position in Tanger Factory Outlet Centers (SKT), which is the only REIT focused primarily on outlet shopping centers. While admittedly contrarian, we feel recent consternation regarding the disintermediation of bricks and mortar retailing models has provided an opportunity in an investment grade company with a consistent track record, a solid growth opportunity and an attractive dividend that can grow. Relative to full-price bricks and mortar locations, we believe outlet centers remain a key component of apparel manufacturers' go-to-market strategy and note that the category has been resilient in recessions (Occupancy bottomed at 95% in 2009 versus 97.7% today). Furthermore, the industry does not appear over-built, providing a runway for growth. In fact, SKT estimates the outlet industry only comprises ~70 million square feet of quality space, which is smaller than the retail space in the city of Chicago. The shares currently trade for roughly 13.2x 2017 adjusted funds from operations (AFFO) estimates and sport a dividend yield north of 4%. We feel this is attractive given the stable growth profile, strong balance sheet, conservative dividend payout ratio (56% of AFFO) and impressive history of dividend growth (dividend has increased for 23 consecutive years).

In sum, we are pleased with recent performance and confident in the fund's positioning. Though we would not be surprised to see small caps take a bit of a breather, we continue to believe the asset class is well positioned to benefit from an improving economy given its domestic bias.

Top Ten Holdings[1] - % of Net Assets

as of 3/31/2017

Monarch Casino & Resort	4.66
American Woodmark Corp	3.23
Cohen & Steers Inc	3.19
Genesee & Wyoming Inc	3.12
Seaboard Corp	3.10
FRP Holdings Inc	3.03
VWR Corp	2.93
Liberty TripAdvisor Holdings Inc	2.90
Colfax Corp	2.88
Live Nation Entertainment Inc	2.73

The following chart represents Davenport Small Cap Focus Fund (DSCPX) performance and the performance of the Russell 2000® Index, the Small Cap Focus Fund's primary benchmark, for the periods ended March 31, 2017.

	Q1 2017	1 Year	Since Inception* 12/31/14
Small Cap Focus Fund (DSCPX)	5.39	29.87	9.02
Russell 2000® Index	2.47	26.22	7.96
30-Day SEC Yield: 0.01%; Expense Ratio in current prospectus: 1.17%			

Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Performance data, current to the most recent month end, may be obtained by calling 1-800-281-3217.

[1]*Holdings subject to change without notice.* *Returns greater than one year are annualized. The **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index, measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. An investor cannot invest in an index and its returns are not indicative of the performance of any specific investment.

Davenport & Company LLC (the "Advisor") has contractually agreed, until August 1, 2017 to reduce Management Fees and to reimburse Other Expenses to the extent necessary to limit Total Annual Fund Operating Expenses (excluding Acquired Fund Fees and Expenses) to an amount not exceeding 1.25% of the Fund's average daily net assets. Total Annual Fund Operating Expenses exclude brokerage costs, taxes, interest, costs to organize the Fund and extraordinary expenses. For additional details please request a prospectus.

Davenport Balanced Income Fund

DBALX

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The Davenport Balanced Income Fund gained 2.08% in the first quarter of 2017, versus a 3.82% increase for the Morningstar US Fund Allocation 50-70% Equity Index.

Following a year of outperformance for value oriented strategies, we witnessed a quick shift to outperformance of growth in the first quarter of 2017 as interest rates crept up and overall optimism surrounding the economy increased. In fact, the Lipper Large Cap Growth category outpaced Lipper Large Cap Value by nearly 7 percentage points in the quarter. While the financial sector took a breather during the transition to growth, our selections within the sector contributed most to our performance. Title insurer Fidelity National Financial (FNF) was the leading contributor, advancing ~15% following strong earnings. On the other hand, our underweight allocation to the information technology sector detracted from our performance as the likes of Facebook (FB) and Apple (AAPL) posted outsized returns.

During the quarter, we initiated a position in Tanger Factory Outlet Centers (SKT), the only REIT exclusively focused on outlet shopping centers with a portfolio of 44 centers in 22 states and Canada. We feel the growth runway for outlet centers seems strong and they appear to be recession resilient. Since going public in 1993, SKT has increased its dividend every year, while still maintaining an occupancy rate of at least 95%. We believe SKT is a strong long-term investment with a balance of current income (4% dividend yield) and modest capital appreciation potential. The recent concerns over higher interest rates and lackluster retail sales appear to have provided an excellent entry point for these shares.

The bond market traded in a tight range during Q1 2017 as if it was in a "wait-and-see" mode in respect to the promised changes from the new Trump administration. Treasuries briefly broke out of the range weeks ahead of the March Fed meeting, selling off due to hawkish commentary from various FOMC members. After the Fed raised the Fed Funds rate in March for the second time in three months, treasury yields retreated from their highs due to a less hawkish outlook and an unsuccessful attempt to repeal and replace the Affordable Care Act. The treasury curve ended the quarter flatter, as short rates sold off while long rates actually finished lower than where we started the year.

Our structural decision to barbell the fixed allocation of the fund has served us well through the first quarter. In the front end, our floating rate note positions have allowed us to take advantage of rising rates. These securities have coupons that adjust quarterly to a spread over 3-month LIBOR, and as short rates continue to rise these assets may generate higher income. These short duration floaters allow us to take advantage of the 7-10 year part of the corporate bond curve where we see more value and less treasury volatility, while still maintaining a defensive structure.

The bond assets, invested in high quality corporate bonds, seek to compliment the conservative equity investments and reduce volatility. As we continue to remain defensive, the bond allocation has an average maturity of 4.64 years and a duration of 3.82 years. The bond benchmark, the Bloomberg Intermediate U.S. Government/Credit has a duration of 4.06 years. The bond portion of the fund is invested in 38 different issues across nine different sectors of the corporate market. The highest sector concentrations are 20.63% and 17.16% in industrials and consumer discretionary respectively. Over the quarter, we increased our floating rate note exposure to 21.25%.

While our relative performance was slightly disappointing this quarter, we are confident in the fund's positioning and ability to withstand a variety of different environments as marketplace uncertainty remains. Our move into more cyclical equity names and defensive positioning in the bond portion of the fund may continue providing a volatility buffer in the near future, while focusing on current income and long-term capital appreciation.

The following chart represents Davenport Balanced Income Fund (DBALX) performance and performance of the Fund's primary benchmark, Morningstar Allocation 50-70% Equity Index, along with the S&P 500 Index for the period ended March 31, 2017.

	Q1 2017	1 Year	Since Inception* 12/31/15
Balanced Income Fund (DBALX)	2.37	8.59	9.30
Morningstar Allocation 50-70% Equity	3.84	10.53	9.09
S&P 500	6.07	17.17	14.74
30-Day SEC Yield: 1.56% Expense Ratio in current prospectus: 1.25%; Gross Expense Ratio 2.25%			

Top Ten Equity Holdings[1] - % of Net Assets

as of 3/31/2017

Johnson & Johnson	1.74
Capital One Financial Corp	1.74
FNF Group	1.57
Markel Corp	1.55
JPMorgan Chase & Co	1.52
Citigroup Inc	1.40
Watsco Inc	1.40
Merck & Co Inc	1.34
Diageo PLC**	1.25
Time Warner Inc	1.21

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[1]*Holdings subject to change without notice.* **Foreign holding. *Returns greater than one year are annualized. The **Morningstar Allocation 50-70% Equity Index** is composed of funds which seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 50% and 70%. 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 index returns are not indicative of the performance of any specific investment.

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Important Disclosures

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Disclosures: Any opinions expressed here are statements of judgment on this date and are subject to future change without notice. This information may contain forward looking predictions that are subject to certain risks and uncertainties which could cause actual results to differ materially from those currently anticipated or projected. The information contained herein has been compiled from sources believed to be reliable; however, there is no guarantee of its accuracy or completeness.

Mutual Fund investing involves risk, principal loss is possible. An investor should consider the fund's investment objectives, risks and charges and expenses carefully before investing. The fund's prospectus contains this and other important information. You may obtain a copy of the fund's prospectus by calling (888) 285-1863. Investors should read the prospectus carefully and discuss their goals with a qualified investment professional before deciding to invest.

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Risk disclosures:
DAVPX - The fund may not achieve its objective and/or you could lose money on your investment in the fund. Stock markets and investments in individual stocks are volatile and can decline significantly in response to market, foreign securities, small company, exchange traded fund, investment style and management risks.
DVIPX - The fund may not achieve its objective and/or you could lose money on your investment in the fund. Stock markets and investments in individual stocks are volatile and can decline significantly in response to market, foreign securities, small company, exchange traded fund, investment style and management risks. There is no guarantee that a company will continue to pay a dividend.
DEOPX - The fund may not achieve its objective and/or you could lose money on your investment in the fund. Stock markets and investments in individual stocks are volatile and can decline significantly in response to market, foreign securities, small company, exchange traded fund, investment style and management risks. Small and mid cap company stocks may be more volatile than stocks of larger, more established companies.
DSCPX - The fund may not achieve its objective and/ or you could lose money on your investment in the fund. Stock markets and investments in individual stocks are volatile and can decline significantly in response to market, foreign securities, small company, exchange traded fund, investment style and management risks. Small and mid cap company stocks may be more volatile than stocks of larger, more established companies.
DBALX - Investments in debt instruments may decline in value as the result of declines in the credit quality of the issuer, borrower, counterparty, or other entity responsible for payment, underlying collateral, or changes in economic, political, issuer-specific, or other conditions. Certain types of debt instruments can be more sensitive to these factors and therefore more volatile. In addition, debt instruments entail interest rate risk (as interest rates rise, prices usually fall), therefore the Fund's share price may decline during rising rates. Funds that consist of debt instruments with longer durations are generally more sensitive to a rise in interest rates than those with shorter durations. Investments in below investment grade quality debt instruments can be more volatile and have greater risk of default, or already be in default, than higher-quality debt instruments. Investments in municipal instruments can be volatile and significantly affected. Please see the prospectus for further information on these and other risk considerations.

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

Index Definitions: U.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**. International Developed Markets represented by the **MSCI EAFE Index**. Emerging Markets represented by the **MSCI EM Index**. Bonds represented by the **Bloomberg Barclays Intermediate Government/Credit Index**.

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 **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 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 2000® Index and Russell Midcap® Index are trademark/service marks of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. The **Lipper Equity Income Funds Index** is an unmanaged index of the 30 largest funds in the Lipper Equity Income Fund category. The **Lipper Large Cap Growth Funds Index** is an unmanaged index of the 30 largest funds in the Lipper Large Cap Growth Fund category. The **Lipper Large Cap Value Funds Index** is an unmanaged index of the 30 largest funds in the Lipper Large Cap Value Fund category. The **MSCI 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 (MSCI EM) 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 **Bloomberg Barclays U.S. Corporate High Yield Index** measures the U.S. dollar-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The **Bloomberg Barclays 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 **Bloomberg Barclays Municipal Index** covers the U.S. dollar-denominated long-term tax exempt bond market. The **Bloomberg Barclays U.S. Government/Credit Bond Index** measures the non-securitized component of the U.S. Aggregate Index. It includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities.

An investor cannot invest in these indices and their returns are not indicative of the performance of any specific investment.