The Davenport Funds
Quarterly Update | Q2 2017

DAVENPORT ASSET MANAGEMENT

Equities added to their gains in the second quarter. The S&P 500 Index advanced 3.09%, bringing its year-to-date gain to 9.34%. Solid corporate earnings reports seemed to support gains. In fact, first quarter earnings growth for the S&P 500 was the highest in six years. This supported the thesis we espoused last quarter for a hand off to an earnings driven market. We are also pleased to report that our equity funds are demonstrating solid absolute and relative performance so far in 2017.

For much of the quarter we witnessed ongoing leadership from "growth" stories, particularly in the technology sector. Year-to-date, technology leads the market with a 16.2% gain. In an environment reminiscent of 2015, a handful of momentum-oriented tech names seemed to dominate market performance. On June 9th, the Wall Street Journal noted that only five stocks (Facebook, Amazon, Apple, Google and Microsoft) accounted for 41% of the S&P's gains to that point. Looking at this market dynamic through a different lens, the tech-heavy Lipper Large Cap Growth Index was up 17.2% at quarter end versus 5.7% for the Lipper Large Cap Value Index.

Why the outperformance of growth? For one, President Trump's stalled policy agenda has led many to reduce growth expectations for other areas of the market. This dynamic has created a perceived scarcity of growth and willingness to pay a premium for companies with ongoing momentum. Meanwhile, subdued inflation and the Federal Reserve's efforts to remove monetary stimulus are weighing on economic growth projections, which are more vital to cyclical areas of the market such as energy, industrials and financials. There's also the simple fact that the tech juggernauts have become increasingly dominant, creating a "winner take all" environment. Amazon's (AMZN) recent proposal to acquire Whole Foods (WFM) is a case in point. While AMZN shareholders generally applauded the deal, shares of other grocers and retailers fell sharply on fears of Amazon's disruption expanding to new product categories.

Of note, markets started to cool late in the quarter and the pro-growth/momentum trade stumbled. The technology names mentioned above sold off meaningfully as June came to a close. Our technology weighting varies by portfolio, but we generally don't chase momentum and have been concerned that the growth/technology trade was too crowded. However, we do not expect a 1999-like tech bust for a couple reasons. One, today's tech leaders are much more profitable than the high fliers of the "dot com" bubble and their valuations are much more reasonable. Two, we do not expect growth rates for these companies to slow meaningfully, suggesting they should continue to command a premium to the market.

Where to now? Markets, particularly some of the more extended areas, may be due for a pause. However, we think timing the market is a futile exercise and still believe valuations are reasonable in the context of ultra-low interest rates. We also remain optimistic that both economic and earnings growth may surprise to the upside and drive further gains for equities. Please see our fund letters for discussion of specific ideas and investment themes. Thanks for your trust and enjoy your summer.

Market Returns	Q2 2017	YTD
U.S. Large Caps	3.09	9.34
U.S. Mid Caps	2.70	7.99
U.S. Small Caps	2.46	4.99
International Developed Markets	6.12	13.81
Emerging Markets	6.27	18.43
Intermediate Term Bonds	0.94	1.73

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

Davenport Core Fund
DAVPX

The Davenport Core Fund (DAVPX) continues to post strong results. The fund was up 3.83% during the second quarter, compared to 3.09% for the S&P 500 Index. We were pleased with the fund's follow-through on top of Q1's gain of 6.60%. Year-to-date, the DAVPX is up 10.68%, ahead of the S&P 500's return of 9.34%.

The composition of gains differed materially in Q2 versus Q1. In fact, technology went from our worst relative performing sector to our best in Q2, as our tech names skew slightly more defensive and held up better in the momentum stock selloff at the end of June. Our defensive stance in the energy sector also aided relative performance, with Marathon Petroleum (MPC) standing out in particular. Nestle (NSRGY) was the Fund's top attributor, up nearly 20% in quarter as the company benefitted from fund flows into Europe and the emergence of an activist investor prodding for increased efficiencies.

During the quarter, we initiated a position in Nike (NKE), a household name with a dominant brand in athletic apparel and footwear. The company has been a value creator over time with its combination of strong top line growth, modest operating margin expansion, conservative balance sheet and capital returns to shareholders. More recently, growth has slowed as the entire retail/apparel sector has struggled and Nike has ceded a bit of share to competitors. As a result, the shares had sold off from their 2015 highs, presenting an attractive entry point. We expect a resumption of double-digit annual earnings per share (EPS) growth for Nike over the long term as the company renews its focus on innovative products and continues to grow internationally.

Allergan (AGN) was another new addition to the fund. Allergan has transformed in recent years through a series of mergers and acquisitions, becoming a leading specialty pharmaceutical company with attractive therapeutic product lines--including dermatology and aesthetics, eye care, and women's health--and urology, gastroenterology, and cardiovascular and infectious diseases. While 2016 was a down earnings year due to the divestiture of its generics business to Teva Pharmaceuticals (TEVA), the company's core products (e.g. Botox, Fillers, Zeltiq) and upcoming product launches should drive mid-single-digit sales growth and mid-double-digit EPS growth through the decade.

We raised funds by selling Discovery (DISCK) and JM Smucker (SJM), which both face some structural headwinds. Regarding Smucker, we are incrementally more concerned regarding the outlook for the packaged foods industry, which is facing pricing pressure on two fronts. First, intensifying price competition amongst grocers is feeding down to grocery suppliers (such as Smucker); and second, private label and organic/natural brands have continued to take market share, leaving incumbents to resort to increased advertising and discounting, adversely affecting margin expansion plans.

In sum, we remain pleased with the fund's performance in the first half of 2017 after a healthy 9.26% return in 2016. We remain disciplined, and have not chased today's popular stocks. In fact, we recently chipped our position in Amazon (AMZN) somewhat near the end of quarter, as expectations have continuously escalated. While we love AMZN's long-term growth opportunity, we expect their aggressive spending to continue to depress near-term profitability. Ultimately, we think investors' expectations may have gotten a little ahead of themselves. The above actions in the quarter should help further improve the risk/reward balance of the fund as we enter the second half of the year.

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 June 30, 2017.

	Q2 2017	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 1/15/98
Core Fund (DAVPX)	3.83	19.10	8.36	13.55	7.23	6.69
S&P 500 Index	3.09	17.90	9.61	14.63	7.18	6.92
30-Day SEC Yield: 0.37%; 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

Allergan PLC (AGN)—AGN has transformed in recent years through a series of mergers and acquisitions, becoming a leading specialty pharmaceutical company with a portfolio in attractive therapeutic areas, including: dermatology and aesthetics, eye care, women's health and urology, gastroenterology, and cardiovascular and infectious diseases. While 2016 was a down earnings year, we believe the current valuation offers an attractive entry point.

Martin Marietta Materials Inc. (MLM)—Housing starts remain well below trend, and consensus has non-residential construction growing in both 2017 and 2018. Having initiated our position in MLM just a couple months ago, we continue to believe the US construction recovery still has plenty of room to run.

Nike Inc. (NKE)—More recently, growth has slowed a bit as the entire retail/apparel sector has struggled and Nike has ceded a bit of share to competitors. We expect a resumption of double-digit annual EPS growth for Nike over the long term.

Recent Sales

Discovery Communications Inc. (DISCK)—While we continue to think the stock is cheap relative to earnings and cash generation, it seems unlikely that sentiment surrounding "old media" will improve anytime soon. As international growth has slowed, we have a hard time envisioning an upward re-rating of the stock and there appear to be better opportunities elsewhere.

J.M. Smucker Co (SJM)—Packaged foods companies are beginning to see a decline in pricing power and can only implement so much through cost savings that have kept much of the industry afloat. We elected to sell the position, and deploy the funds elsewhere.

SiriusXM [A-Shares] (LSXMA)—LSXMA has enjoyed a great run, and we believe the valuation is becoming more fair. We see this sale as a chip of our exposure, given that we still own a 1.3% position in the C-shares (LSXMK).

Top Ten Holdings[1] - % of Net Assets

As of 06/30/2017

Markel Corp	3.37
Brookfield Asset Management**	3.28
Capital One Financial Corp	3.21
American Tower Corp	3.15
Visa Inc	3.04
Johnson & Johnson	2.96
Citigroup Inc	2.88
Berkshire Hathaway Inc - B	2.61
Accenture PLC**	2.58
Danaher Corp	2.56

*[1]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

The Davenport Value & Income Fund (DVIPX) increased 3.33% during the second quarter and is up 6.37% year-to-date (YTD). This was mixed versus the S&P 500 Index, which gained 3.09% in and 9.34% respectively. Our performance compares favorably to the Russell 1000 Value Index, which was up 1.34% in Q2 and 4.66% YTD and the Lipper Equity Income Index, which was up 2.09% in Q2 and 6.04% YTD.

Title insurer Fidelity National Financial (FNF) was once again our biggest contributor with the shares rising 16% as the housing market remained robust. The upcoming spin of its stake in Black Knight Financial Services (BKFS) was seen as a positive catalyst. Citigroup (C) was another top performer, increasing 12% in the quarter as the government approved Citi's capital return plan, which included a doubling of its dividend and significant share repurchase. Real Estate was our top performing sector led by solid gains in Gaming and Leisure Properties (GLPI) and Equity LifeStyle Properties (ELS). Health Care was our worst performing sector as shares of many drug manufacturers struggled amidst rising political pressure. Key detractors in the quarter were as follows: Kroger (KR), which we sold in June; Capital One Financial (COF), which was weighed down by credit concerns; and General Electric (GE), which recently announced a CEO transition.

During the quarter, we initiated new positions in AmerisourceBergen (ABC) and Synchrony Financial (SYF). Amerisource is one of the country's leading pharmaceutical distributors. The stock weakened as drug-pricing concerns negatively affected investor sentiment; however, we are comfortable with this risk at the current valuation. We see strong secular demand drivers driven by an aging population, better and more expensive drugs, and more customer choice. ABC operates in a concentrated industry, has a very strong balance sheet, and generates substantial free cash flow, much of which it returns to shareholders through both dividends and share repurchases.

Synchrony is the largest provider of private label credit cards in the U.S. We like the private label market as it is growing faster than general-purpose credit cards, and the business is built on long-term exclusive contracts with merchants. SYF shares sold off significantly given concerns about consumer credit, but we believe these fears are overdone and the outlook for the U.S. consumer is encouraging. Synchrony is well capitalized compared to its financial peers and should begin returning capital to shareholders in the second half of the year. We decided to take advantage of weakness and initiate a position in this high-quality company.

We also added to positions in Cisco Systems (CSCO) and Royal Dutch Shell (RDSB) during the quarter, taking advantage of weakness in both stocks. Cisco has a 3.7% dividend yield and we think is making a successful transition towards software, services, and security. Royal Dutch has a 6.8% dividend yield, and has been improving its balance sheet and focusing on free cash flow. During the quarter, we sold our position in Sun Communities (SUI). We initially purchased Sun in 2012 as the manufactured-housing REIT traded at a significant discount to its multi-family REIT peers. Since then, the stock had been a great performer and our thesis was realized as it closed the valuation gap given continued operating improvement.

We are particularly pleased with the second quarter results given the dramatic divergence between growth and value strategies. We continue to seek attractive ideas at reasonable prices with above-average dividend yields.

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 Russell 1000 Value and Lipper Equity Income Indices for the periods ended June 30, 2017.

	Q2 2017	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Value & Income Fund (DVIPX)	3.33	12.75	8.00	12.90	12.67
S&P 500 Index	3.09	17.90	9.61	14.63	12.99
Russell 1000 Value Index	1.34	15.53	7.36	13.94	12.05
Lipper Equity Income Index	2.17	14.43	6.78	12.29	10.91
30-Day SEC Yield: 1.80%; 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 **Russell 1000 Value Index** measures the performance of the Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. 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

AmerisourceBergen (ABC)—Shares are off their 2015 highs, as drug pricing concerns have weighed on ABC's growth and negatively impacted investor sentiment. We see this as an opportunity to purchase a market leader with impressive investment characteristics, at a significant discount to the market.

Cisco Systems Inc. (CSCO)—We decided to take advantage of CSCO's recent weakness to add to our position, as we believe the company is successfully transitioning its business away from switching/networking and towards services, software, and security. We also expect solid EPS growth for the foreseeable future.

Royal Dutch Shell PLC (RDS'B)—We initiated a position in RDS'B back in the first quarter and have been encouraged by its relative resilience in what has been a tough year thus far for energy stocks. We remain attracted to the dividend yield, which has been covered by free cash flows for the past three consecutive quarters despite weak oil prices. We like the company's focus on free cash flow and returns under the new CEO, and the company has great liquified-natural-gas (LNG) and deepwater Brazilian oil assets.

Synchrony Financial (SYF)—SYF is the largest provider of private label credit cards (PLCC) in the nation. The company generates strong returns, but has a very strong capital base compared to its financial peers. This capital base should fund organic growth, fund potential acquisitions and facilitate higher returns of capital to shareholders over the coming years.

Vanguard FTSE Emerging Markets ETF Shares (VWO)—We believe emerging market stocks are attractively valued and improvement/stabilization in key markets should drive solid returns in the coming years. Additionally, we believe the strengthening of the U.S. dollar has mostly run its course, and any reversal would be positive for emerging markets.

Recent Sales

Kroger (KR)—Our investment in KR has been disappointing, as competition among domestic grocers has continued to intensify. Thus, we elect to take the loss in KR and look to redeploy funds in a situation with better visibility.

Regions Financial Corporation (RF)—Given the sharp move higher in the stock in a short amount of time, we think we have captured the bulk of outperformance and think the stock is close to fully valued at present. This sale follows our chip of the position a couple months ago.

Sun Communities (SUI)—While we remain attracted to the low capital intensity model of "renting dirt," at today's valuation, we feel we have captured much of the outsized capital appreciation opportunity and elect to reduce our exposure. We chipped SUI by half last week and elect to sell the remainder of the position this week.

Whirlpool Corp (WHR)—While we recognize that WHR has strong brands, a solid position in North America, and a relatively attractive valuation, we remain concerned with commodity inflation (and WHR's inability to raise price) and looming capacity increases by the Korean manufacturers. Shares of WHR are down slightly since our initial purchase last July, and we decided to move on and look for better opportunities elsewhere.

Top Ten Holdings[1] - % of Net Assets

As of 06/30/2017	
Johnson & Johnson	3.31
FNF Group	3.24
Capital One Financial Corp	2.97
JPMorgan Chase & Co	2.81
Citigroup Inc	2.80
Markel Corp	2.73
Watsco Inc	2.68
Merck & Co Inc	2.42
Royal Dutch Shell PLC**	2.38
Diageo PLC**	2.32

*[1]Holdings subject to change without notice. **Foreign holding.*

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Davenport Equity Opportunities Fund

DEOPX

Davenport Asset Management

The Davenport Equity Opportunities Fund (DEOPX) enjoyed a strong second quarter. The fund advanced 3.84% versus a 2.70% gain for the Russell Midcap Index. This brought our year-to-date gain to 8.56% as compared to 7.99% for the Russell. We are pleased with our performance, especially when considering our light exposure in technology and the sector's momentum-fueled stocks that have been leading the market.

Live Nation Entertainment Inc (LYV) and Sherwin Williams (SHW) were our top contributors during the quarter. LYV posted impressive first quarter results and seems to be on track for another record year. Momentum in the concert business is strong as artists are increasingly motivated to tour given pressure on other sources of income (e.g. traditional radio and CDs). Moreover, the company is effectively leveraging its concert dominance to fuel its higher margin ticketing and advertising businesses. In terms of SHW, quarterly results impressed and investors grew increasingly excited about the prospects for the company's acquisition of Valspar, which will expand SHW's geographic profile and product portfolio. We think synergies from this large acquisition should ultimately exceed expectations, and the company may benefit from an ongoing recovery in the domestic housing market.

Fidelity National Financial (FNF) was another top performer during the quarter, benefiting from solid housing data and optimism surrounding the spin-off of its 56% interest in real estate technology business, Black Knight Financial Services (BKFS). We are excited about FNF's leverage to the housing recovery and improved balance sheet flexibility post spin; however, we are also very attracted to the BKFS story. Black Knight's "software as a service"-based mortgage platform services ~60% of first lien mortgages in the U.S., providing the company with visible recurring revenues (top ten clients average 20 years w/BKFS) and annual price escalators at very attractive margins. The company is layering new business wins and product introductions on top of this stable core growth model. While we will ultimately receive shares of BKFS through our ownership of FNF, we elected to preempt the spin and build a more meaningful position in this quality compounder ahead of time.

A few holdings struggled during the second quarter. The most notable detractor was Dollar Tree (DLTR). While the namesake stores continue to perform well, the company's acquisition of Family Dollar is off to a slow start. Thus far, it has proven tough to reinvigorate Family Dollar stores, which may require more capital than management originally expected. Also, competitive threats seem to be intensifying with the emergence of new discount grocers and Amazon's efforts to focus more heavily on low-income consumers. We acknowledge all these issues, but management's impressive track record warrants more patience and the stock's current valuation seems to already embed a lot of doubts.

We have established a new position in Xylem (XYL). Xylem is a pure-play water infrastructure company selling products such as pumps, valves, treatment equipment, and meters. Roughly half of XYL's sales are into the less cyclical public utility market. We think the long-term underinvestment in developed countries' water infrastructure as well as the build-out of basic services in emerging markets should serve as growth drivers for Xylem. Additionally, the management team has several key initiatives ongoing (increased research and development, sales team integration, emerging market expansion) that should drive above-market growth. The company is also targeting significant margin expansion through volume growth, cost cuts, and productivity improvements. Taken together, and including the potential for significant mergers and acquisitions in the fragmented water industry, we think Xylem has the potential to double earnings by 2020.

Finally, it is worth noting we completed our exit from two positions: Discovery (DISCK) and Hanesbrands (HBI). While both names still appear cheap, the companies face structural headwinds that seem likely to prevent valuation expansion anytime soon. Rather than be stubborn, we thought it was appropriate to re-deploy capital into other areas with more upside potential.

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 June 30, 2017.

	Q2 2017	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Equity Opportunities Fund (DEOPX)	3.84	12.70	5.09	12.74	12.09
Russell Midcap Index	2.70	16.48	7.69	14.72	12.19
S&P 500 Index	3.09	17.90	9.61	14.63	12.99
30-Day SEC Yield: -0.19%; 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

DEOPX

Davenport Asset Management

Recent Purchases

Black Knight Financial Services Inc. (BFKS)—BKFS is a leading provider of integrated technology solutions, data and analytics to the U.S.'s mortgage industry. We believe the company's combination of organic growth, new business wins, product introductions and capital allocation can result in mid-double-digit increases in cash flow for years to come.

Dish Network Corp. (DISH)—Recent management commentary and media reports have continued to shed light on the important role Dish's assets can play in the buildout of 5G wireless technology and the ramp of IOT. With broadcast auction complete and concurrent quiet period expired, we believe the stage is set for Mr. Ergen to begin to realize the value of the assets it took him decades to accumulate.

Martin Marietta Materials Inc. (MLM)—Following our add in March, the shares touched new highs on the heels of strong earnings. Since then, the shares have drifted from these levels as commodity prices have softened and the "reflation" trade has lost steam.

MercadoLibre Inc (MELI)—MercadoLibre Inc. is the leading e-commerce and digital payments player in Latin America, with a massive market opportunity in front of it. We elect to start with a smaller position in light of the stock's recent performance and high near-term expectations.

Xylem Inc. (XYL)—XYL is a pure-play water infrastructure company with products and services that address the full cycle of water. In the emerging markets, the continued need for investment in basic infrastructure should drive significant growth over the next several years.

Recent Sales

Church and Dwight Co. Inc. (CHD)—While we remain attracted to the company's strong brand portfolio, market share opportunity and shareholder friendly capital allocation practices, we feel the risk reward profile is more balanced at current levels. Hence, we elect to chip the position and add to holdings we feel have more upside potential.

Discovery (DISCK)—We continue to think the stock is cheap relative to earnings and cash generation, but it seems unlikely that sentiment surrounding "old media" will improve anytime soon. All told, we have a hard time envisioning an upward re-rating of the stock and there appear to be better opportunities elsewhere.

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 (quantity, frequency and location) to make it difficult for numbers to ramp meaningfully. Following our chip of HBI in February, we decided to take advantage of recent strength and look for better opportunities elsewhere.

Trisura Group LTD. (TRRSF)—We received shares of this specialty insurer via our position in Brookfield Asset Management (BAM). With a market cap of less than $100 million and limited trading liquidity, we are structurally unable to make this a meaningful position.

Top Ten Holdings[1] - % of Net Assets

As of 06/30/2017

Colfax Corp	6.08
American Tower Corp	5.97
Live Nation Entertainment Inc	5.90
Brookfield Asset Management**	5.56
CarMax Inc	5.37
WABCO Holdings Inc	5.32
Dish Network Corp	5.30
Capital One Financial Corp	5.26
Dollar Tree Inc	4.57
FNF Group	4.46

*[1]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 (DSCPX) advanced 1.19% during the second quarter, versus the 2.46% gain for the Russell 2000 Index. Year-to-date, the fund is up 6.64%, still nicely ahead of the 4.99% rise in the Russell 2000. For the second quarter in a row, large cap stocks outperformed small caps as the Trump/reflation trade continued to unwind amid policy uncertainty and renewed weakness in commodity prices. The resulting rotation into less cyclical large cap growth stocks served as a headwind for small caps throughout much of the quarter. Relative results suffered somewhat from an underweight positioning in technology in addition to weakness amongst various energy holdings. However, there were many positive offsets as we highlight below.

The fund's top contributor during the quarter was lab products distributor, VWR Corp (VWR), which announced it has agreed to be acquired by a private equity player. The $33.25 offer price represents a 17% premium to the stock price prior to the announcement, putting the shares up 30% for the year. The strategy also saw solid performance amongst top holdings such as Cable One Inc. (CABO), Kinsale Capital (KNSL) and FRP Holdings (FRPH). FRP is an underfollowed holding company that owns construction aggregate properties under lease for royalties in Florida and Georgia, income producing real estate on the east coast and raw land along the Anacostia River (outside of Washington D.C.) that it is in the process of being developed. We have long believed the stock price traded at a significant discount to its net asset value (NAV) and were pleased to see this discount narrow somewhat alongside the company's announcement that it is evaluating a potential conversion to a REIT.

We introduced another holding in the animal health space during the quarter with the purchase of leading pet insurance provider, Trupanion (TRUP). Trupanion is the number two player in an extremely underpenetrated market. In fact, fewer than 1% of the nearly 180 million cats and dogs in the U.S. are currently insured, whereas more developed markets such as the U.K. have more than 20% penetration. TRUP is the low cost provider in the industry, allowing it to pay more in claims than other competitors. This offering, combined with its direct salesforce and differentiated offerings such as "Trupanion Express" should allow the company to garner more than its fair share of the market as it develops. Thus far, the company has been able to grow revenues in the 20-30% range while generating internal rates of return (IRRs) on new pet additions in the 30-40% range. Although the company has just recently hit cash flow breakeven, the capital light nature of the business will allow cash generation to ramp significantly as operations reach scale. Finally, we take comfort in the fact that Founder and CEO Darryl Rawlings owns more than 10% of the shares outstanding, aligning his interests with ours.

We also established a new position in Summit Materials (SUM). Summit is a vertically-integrated construction materials company providing aggregates, cement, ready-mixed concrete, and asphalt across 21 states and parts of Canada. We are attracted to the construction materials industry given solid market dynamics and strong pricing power. We think that the U.S. is in the early innings of a multi-year construction recovery, which should allow Summit to post solid organic growth for the foreseeable future. Additionally, we expect Summit to continue to be an active acquirer, which has helped it build scale in many local markets. Lastly, SUM trades at a significant valuation discount to its larger peers, a gap that we believe will narrow over time. Taken together, we see a highly attractive business with strong growth prospects at a significant valuation discount to peers.

In sum, we are pleased with the start to the year and continue to find exciting opportunities for new capital.

Top Ten Holdings[1] - % of Net Assets

As of 06/30/2017

Monarch Casino & Resort	4.34
FRP Holdings Inc	3.18
Genesee & Wyoming Inc	3.15
Colfax Corp	3.12
American Woodmark Corp	3.06
Towne Bank	3.02
Cohen & Steers Inc	2.94
Live Nation Entertainment Inc	2.84
Seaboard Corp	2.70
Kinsale Capital Group Inc	2.63

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 June 30, 2017.

	Q2 2017	1 Year	Since Inception* 12/31/14
Small Cap Focus Fund (DSCPX)	1.19	21.64	8.60
Russell 2000® Index	2.46	24.60	8.19
30-Day SEC Yield: 0.15%; 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

Davenport Asset Management

The Davenport Balanced Income Fund gained 1.64% in the quarter, versus a 2.35% increase for the Morningstar US Fund Allocation--50% to 70% Equity Index. Year to date, the fund was up 4.05%, compared to Morningstar's 6.30%.

Continuing on the theme seen in Q1, growth continued to outpace value stocks in the second quarter, led by significant outperformance in the information technology sector. In fact, approximately 67% of the Lipper Large Cap Growth Index's relative outperformance to the Lipper Large Cap Value Index was attributed to the sector. Our underweight allocation to technology was the leading detractor of our performance as tech giants such as Alibaba (BABA) and NVIDIA Corp (NVDA) continued to post outsized gains. Title insurer Fidelity National Financial (FNF) was our leading contributor following another impressive quarter of earnings, advancing ~15%. Additionally, McDonald's Corp (MCD) was a strong contributor, advancing ~19% due to the re-emergence of food inflation and improving international macroeconomics.

During the quarter, we initiated a position in Synchrony Financial (SYF), the largest provider of private label credit cards (PLCC) in the nation. The company generates strong returns, but has a very strong capital base compared to its financial peers. We believe this capital base should fund organic growth and potential acquisitions, and it will facilitate higher returns to shareholders over the coming years by increasing dividends and authorizing share repurchases.

The Federal Reserve raised the Fed Funds rate for the second time this year in Q2 2017. This brings the range for the rate to 1.00%-1.25%, the fourth hike since December 2015 off the zero bound post 2008. The reaction in the bond market was rather muted, as 10 year treasuries continue to trade in a tight range. The most notable move has been in the shape of the yield curve. While the Fed can influence short interest rates, long term rates have remained anchored compared to rising short-term yields resulting in a flattening of the yield curve. This move is consistent in a hiking cycle and supports the structure of the fixed portion of the Balanced Fund.

We remain confident in our decision to barbell the fixed income assets in the fund and take advantage of a flattening yield curve. The front end of our barbell, consisting of floating rate notes, allows us to take advantage of rising short rates. These securities have coupons that adjust quarterly to a spread over 3-month LIBOR and as short rates continue to rise these assets will generate higher income. 3-month LIBOR is currently 1.30% up from 0.60% in January 2016. We continue to see value in the 7-10 year part of the corporate bond curve, the long end of our barbell. This quarter we initiated positions in AMAT 3.3 2027 and OXY 3.5 2025. This allows us to maintain a defensive structure, short duration, and take advantage of relative value plays to increase yield further out the curve where we see fit.

The bond assets, invested in high quality corporate bonds, seek to compliment the conservative equity investments and reduce overall volatility. We continue to remain defensive as the bond allocation has an average maturity of 4.68 years and a duration of 3.73 years. We are invested in 39 different issues across nine different sectors of the corporate market. The highest sector concentrations are in consumer discretionary and industrial, 18.11% and 17.60 respectively. Over the quarter, we increased our floating rate note exposure to 24.11%.

While our performance comparatively underperformed this quarter, we still see value in a balanced approach in one's overall asset allocation as it has the capacity to withstand various market conditions. Our move into more cyclical equity names and defensive positioning in the bond portion of the portfolio may continue providing a volatility buffer in the near future, while focusing on current income and long-term capital appreciation.

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

as of 6/30/17

Johnson & Johnson	1.84
FNF Group	1.80
Capital One Financial Corp	1.65
JPMorgan Chase & Co	1.57
Citigroup Inc	1.56
Markel Corp	1.53
Watsco Inc	1.50
Merck & Co Inc	1.35
Royal Dutch Shell PLC**	1.31
Diageo PLC**	1.29

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 June 30, 2017.

	Q2 2017	1 Year	Since Inception* 12/31/15
Balanced Income Fund (DBALX)	1.64	7.32	8.86
Morningstar Allocation 50-70% Equity	2.35	10.68	9.21
S&P 500	3.09	17.90	14.45
30-Day SEC Yield: 1.73% Expense Ratio in current prospectus: 1.25%; Current Expense Ratio 1.01%; Gross Expense Ratio 2.25%			

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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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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.

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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 1000 Value Index** measures the performance of the Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. 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 1000 Value Index, 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.