

The market posted another quarter of solid gains in Q3, with the S&P 500 Index up 4.48% and the Russell 2000® Index advancing 5.67%. Year to date returns are an impressive 14.24% and 10.94%, respectively. The Dow Jones Industrial Average finished the quarter with eight consecutive quarters of gains, its longest positive streak in twenty years. The market continues to shrug off fears, which have recently included rising tensions with North Korea, two powerful hurricanes, and continued gridlock in Washington, DC.

The key driver behind the market's advance has been impressive earnings growth, which has emerged from negative territory as recently as mid-2016 to around 10% year-over-year currently. Broadly, this is due to several factors, including modest top-line growth, efficiency gains on the expense side, and shareholder-friendly capital allocation in the form of stock buybacks. Adding to this backdrop is a weaker U.S. dollar, benefiting multi-nationals, and the energy and financial sectors coming off easy comparisons from a year ago.

The “goldilocks” environment—where economic expansion is neither too strong or too weak—remains in place for equities. The economy continues to grow slowly, keeping inflation contained. Gross domestic product (GDP) is just strong enough to allow the Federal Reserve to tighten monetary policy in a measured way, without disrupting expectations of continued economic improvement. However, in recent months, we have seen the “reflation” trade re-emerge with improvement in economic data.

In a reflation scenario, economic growth heats up, stoking inflation and wage gains and disproportionately benefiting “old economy” sectors. While we are seeing the green shoots of reflation, it has yet to take hold more broadly. Building materials is an area that could benefit from this scenario, especially with the increase in renovations and housing formations that were delayed in the wake of the Great Recession. We have continued to invest in this sector.

Growth stocks have thrived under the current goldilocks environment, as investors have been willing to pay increasing premiums for the handful of companies that can post strong top-line growth in spite of the tepid broader economy. If reflation were to take hold, it would likely provide a shot in the arm to value stocks, which investors have shunned due to their uninspiring relative growth rates. While we have a balanced mix of growth and value across our portfolios, we remain quite valuation-sensitive and thus may stand to benefit from a reflation scenario.

The market is increasingly paying attention to the machinations in Washington regarding a tax package. The current administration's efficacy has been weak, evidenced by the failure on healthcare reform, but the pressure to succeed has ratcheted up as we are now just a year out from mid-term elections. While stocks appear to have priced in a small amount of success on tax cuts towards the end of the quarter, Washington remains a wild card for the market.

Volatility remains extremely low. The market appears a bit complacent, and we do not want to be lulled into a false sense of security. While the market has posted strong returns so far this year, we remain cautiously optimistic going into year end, which is a historically favorable period for equity returns. While valuations remain slightly above their long-term averages, they do not strike us as unreasonable in the current low interest rate world.

Please see our fund letters for discussion of specific ideas and investment themes. Thank you for your trust.

Market Returns	Q3 2017	YTD
U.S. Large Caps	4.48	14.24
U.S. Mid Caps	3.47	11.74
U.S. Small Caps	5.67	10.94
International Developed Markets	5.40	19.96
Emerging Markets	7.89	27.78
Intermediate Term Bonds	0.60	2.34

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

Please refer to page 10 for important disclosures, risk considerations, and index definitions.

# Davenport Core Fund

DAVPX

The Core Fund posted another strong gain this quarter, advancing 3.25%, versus the S&P 500 Index's 4.48% advance. Year to date, the Core Fund is up 14.27%, in line with the S&P 500's 14.24% gain. We remain pleased with the fund's ability to keep up with the broader index in such a strong market this year.

The bulk of our underperformance this quarter was due to declines in the shares of Amerisourcebergen (ABC) and Allergan (AGN) in Health Care, Southwest Airlines (LUV) in Industrials, and Martin Marietta (MLM) in Materials. Uncertainties around drug pricing and competition continue to weigh on Health Care names ABC and AGN. Southwest sold off fears of capacity creep, but profitability remains impressive. We added to our position in MLM, as shares had sold off due to weather, a seasonal lull in the business, and concerns around Washington's ability to pass an infrastructure plan. We took the opportunity to increase the position as the underlying fundamentals of the construction industry remain positive and we continue to have confidence in the long-term opportunity for MLM to double its cash flow by 2020.

Continuing on a theme from last quarter's sale of JM Smucker (SJM) in Consumer Staples, this quarter we sold Hormel (HRL). While we continue to have respect for the long-term track record of the company, management is having a tough time fixing the ailing turkey segment, and industry pressures appear to be intensifying. U.S. consumers are increasingly favoring fresher offerings such as those found around the edges of grocery stores, at the expense of packaged food companies like HRL whose products often sit in the middle aisles. This dynamic along with intense grocer competition is placing significant pricing pressure on branded

package foods, who are discounting in an effort to maintain share. Ultimately, these trends are feeding down to slower profit growth, prompting us to search for a better opportunity elsewhere.

To that end, we purchased a new position in Sherwin Williams (SHW). Founded in 1866 and boasting an impressive track record, Sherwin is a vertically-integrated coatings company. Sherwin's largest segment is also its most attractive: selling paint primarily to professional painting contractors, which have been taking share from "DIYers" for decades. Paint typically accounts for just 10% of a contractor's operating costs, with the remainder devoted to labor. This cost imbalance incentivizes contractors to invest in high quality paint to cut down on labor (e.g. less coats applied, shorter curing times, etc.), and gives SHW tremendous pricing power with its dominant market share. Layering on the cost-cutting opportunities from the recent acquisition of Valspar, we may see earnings power increases of up to \$20 per share by the end of the decade. Since our purchase, SHW has updated its long-term financial targets at an analyst day, further bolstering our confidence in the name.

As mentioned above, we are pleased with the fund's ability to keep up in such a strong market, despite being significantly underweight in the hot information technology sector. Our actions in the quarter were designed to further improve the risk-reward of the Fund as we head into the final quarter of the year, and we remain excited about finding new investment opportunities such as SHW.

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 September 30, 2017.

	Q3 2017	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 1/15/98
Core Fund (DAVPX)	3.25	17.04	9.90	13.04	7.02	6.78
S&P 500 Index	4.48	18.61	10.81	14.22	7.44	7.07

30-Day SEC Yield: 0.35%; Expense Ratio in current prospectus: 0.90%

*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

**Chevron Corp (CVX)**—Given the deterioration in investor sentiment, combined with a modestly improving fundamental outlook for oil, we felt that it was a decent time to add exposure to the sector.

**Martin Marietta Materials Inc (MLM)**—We added to our position in MLM, as we think the underlying fundamentals of the construction industry remain positive and we continue to have confidence in the long-term opportunity for the company.

**Sherwin-Williams Co (SHW)**—We elected to initiate a position in SHW, the largest coatings company in the U.S. and one of the top three globally.

## Recent Sales

**Applied Materials Inc (AMAT)**—While we continue to view AMAT as an enabler and beneficiary of a more connected world, we felt it prudent to take some profits while also dialing back our technology exposure after significant fund flow momentum.

**Hormel Foods Corp (HRL)**—We remain concerned about shifting consumer preferences away from the “center aisle” as well as the likelihood that food deflation will creep its way up the supply chain. Additionally, we had a short-term loss in HRL, which should offset some gains taken earlier in the year.

## Top Ten Holdings\* - % of Net Assets

as of 9/30/2017

Markel Corp	3.56
Brookfield Asset Management**	3.33
Visa Inc	3.29
Capital One Financial Corp	3.17
American Tower Corp	3.14
Citigroup Inc	3.02
Johnson & Johnson	2.81
Berkshire Hathaway Inc - B Shares	2.73
Accenture PLC**	2.72
CarMax Inc	2.57

*\*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

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ASSET MANAGEMENT

The Value & Income Fund had a solid third quarter with a 4.28% gain, and is now up 10.92% year to date (YTD). This compares favorably to the Russell 1000® Value Index, which was up 3.12% in Q3 and 7.92% YTD, and the Lipper Equity Income Index, which was up 3.82% and 10.35% respectively. The S&P 500 Index was up 4.48% in Q3 and 14.24% YTD.

Boeing (BA) was our top-performing stock, increasing nearly 30% in the quarter. Investors have become believers in the cash flow generation story, near-term trends in the business have improved and estimates have moved higher. While we continue to like the outlook for Boeing, we thought it prudent to book some profits on the recent spike and chipped our position. Health Care was our biggest contributing sector, led by a strong move in Bristol-Myers Squibb (BMY). We also saw positive contributions from the Consumer Discretionary and Energy sectors.

The key detractor in the quarter was Altria (MO). Altria was hit by an announcement from the Federal Drug Administration, which is reviewing tobacco and nicotine regulations. The uncertainty caused by this announcement led the entire sector to sell off. Altria has been through this heightened scrutiny many times before, and note the company has been adept at navigating changes in the past. With a 4.2% dividend yield, we feel comfortable with our position in the name.

Our Real Estate Investment Trust (REIT) holdings were also a detractor in the quarter, including shares of Lamar Advertising (LAMR). We took advantage of the weakness to add to our position. Lamar is the leader in outdoor advertising (billboards), and we are attracted to the company's earnings visibility, solid (and growing) dividend, and well-located assets. Additionally, we think the increasing digitalization of billboards will be a secular tailwind for LAMR. The

stock currently yields 4.6% and trades at a discount to other REITs.

We initiated a new position in TE Connectivity (TEL), a global leader in the design and manufacturing of connector and sensor solutions serving a variety of end markets. With more than 500,000 SKUs, TE's products are highly engineered and mission critical. Key end markets include automotive, industrial equipment, aerospace and defense, data, and devices. TE has undergone significant portfolio transformation over the past five years, focusing on products designed for "harsh environments" (extreme temperatures, pressures, etc.) which are more specialized and garner higher margins.

We see three primary long-term secular growth drivers for TE. The first is in autos where cars are becoming safer, greener, and more connected. Hybrid/electrical cars have more than 1.5x the connector content of a normal vehicle. In total, TE is growing its automotive content 4% - 6% per year. The second is factory automation, where smart factories are leading to ~3% content growth per year. Lastly is the increase in connected devices, whether cars, the "Internet of Things," smart appliances, aircraft, etc. TE estimates that these devices will grow from 8 billion today to 20 billion in 2020. In total, we believe these factors may help TE grow its earnings and dividend on an annual basis. To fund the purchase of TE, we decided to sell our position in Time Warner (TWX), which is being acquired by AT&T (T).

We remain pleased with the Value & Income Fund's results, especially in a year where, market-wide, growth stocks have dramatically outperformed value stocks. We continue to strive to find 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 Russell 1000® Value Index, the Fund's primary benchmark, and the S&P 500 and Lipper Equity Income Indices for the periods ended September 30, 2017.

	Q3 2017	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Value & Income Fund (DVIPX)	4.28	15.64	9.72	12.71	12.87
Russell 1000® Value Index	3.12	15.12	8.53	13.20	12.09
S&P 500 Index	4.48	18.61	10.81	14.22	13.22
Lipper Equity Income Index	3.82	15.90	8.35	11.91	11.11

30-Day SEC Yield: 1.73%; Expense Ratio in current prospectus: 0.89%

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\*Returns greater than one year are annualized. The **Russell 1000® Value Index** measures the performance of the Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. 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. 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

## DVIPX

### Recent Purchases

**iShares MSCI Europe Financials ETF (EUFN)**—European financial returns have been weak due to low (and negative) interest rates, a relatively weak economy, and onerous regulations; however, the European economy appears to be strengthening and yields are beginning to rise. As the European economy improves and rates rise, banks should be major beneficiaries.

**Lamar Advertising Co (LAMR)**—As shares of LAMR pulled back slightly since our chip in February, we decided to increase our position in this high-quality name. We are attracted to the company's earnings visibility, solid (and growing) dividend, and well-located assets.

**TE Connectivity Ltd (TEL)**—We initiated a position in this \$28 billion global leader in the design and manufacturing of connector and sensor solutions. The company dates back 75 years and spun off from Tyco in 2007.

### Top Ten Holdings\* - % of Net Assets

as of 9/30/2017

FNF Group	3.27
Johnson & Johnson	3.11
Citigroup Inc	2.91
Capital One Financial Corp	2.90
Markel Corp	2.86
JPMorgan Chase & Co	2.81
Watsco Inc	2.68
Royal Dutch Shell PLC**	2.62
Diageo PLC**	2.44
Merck & Co Inc	2.31

### Recent Sales

**Boeing Co (BA)**—Management continues to expect gradual improvement in operating margins through the decade and backlog continues to grow (despite investor fears of a peaking cycle). We continue to like BA, but we thought it prudent to book some profits in light of the recent spike.

**Time Warner Inc (TWX)**—As a reminder, we sold AT&T (T) last October on news of the TWX acquisition, as we were skeptical of the strategic benefits. With the company looking more fully valued at this time and speculation the deal could be in jeopardy, we decided to move on and redeploy the proceeds into opportunities exhibiting a better risk reward profile.

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# Davenport Equity Opportunities Fund

DEOPX

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ASSET MANAGEMENT

The Equity Opportunities Fund posted solid third quarter results. The fund gained 7.33% as compared to a 3.47% gain for the Russell Midcap® Index. This brought our year to date gain to 16.51%, nicely ahead of the Russell Midcap at 11.74% as well as the S&P 500 Index at 14.24%. We started the year thinking a number of our holdings looked timely. It took some patience, but recent results indicate this was indeed the case.

Consumer stocks have been particularly friendly to us of late. During the quarter, Live Nation Entertainment (LYV), CarMax (KMX) and Dollar Tree (DLTR) were our top contributors. LYV has been a steady performer as concert attendance has reached new records and the company's advertising and ticketing businesses have grown. KMX and DLTR, on the other hand, have faced a healthy dose of investor skepticism for much of the year. In both cases, it has paid to exercise patience. KMX doubters were fixated on deteriorating loan performance and new competition. The company's recent strong results, which indicate healthy same-store sales growth and credit metrics, have disproved these fears. DLTR shares had been pressured by sluggish results at acquired Family Dollar stores and the heightened threat of Amazon (AMZN). More recently, flagship Dollar Tree locations have turned in better than expected results and Family Dollar is showing some signs of improvement. As far as Amazon goes, we recognize its impact on Main Street retail; however, we believe this threat has been vastly overstated.

This leads us to a new position: auto parts retailer O'Reilly Automotive (ORLY). We know this company well and have enjoyed past success with it, driven by robust same-store sales growth (a function of both market share gains and the rising age of cars on the road), significant profit margin expansion, and stock buy-backs. This year, the stock has pulled back sharply as the company lowered near-term growth expectations due to cyclical headwinds (mainly mild winter weather and more difficult comparisons) and investors fixated on the potential threat of Amazon aggressively entering auto parts retail. Even after recovering somewhat, the stock's valuation stands at 16x next year's earnings estimate versus 25x just 12 months ago. We think the shares adequately reflect prevailing

risks and view this as an attractive price for a best-in-class operator. We look for growth to re-accelerate next year. There has been scant evidence of AMZN taking meaningful share from the incumbents and the top selling auto items on Amazon have very little overlap with ORLY. Furthermore, car parts require immediate availability and many parts require professional assistance. We suppose Amazon could buy its way into the industry with a splashy acquisition, but that's a risk we'll accept at ORLY's current valuation.

Our worst performers for the quarter were Martin Marietta Materials (MLM) and DISH Network (DISH). Shares of construction aggregates producer MLM declined following weather-plagued Q2 results and less optimism surrounding Washington's ability to pass infrastructure legislation. In our view, weather problems only defer shipments and the construction cycle remains in the early innings. We remain attracted to the aggregates industry given tremendous barriers to entry and consistent pricing power. Therefore, we have added to our position on recent weakness.

DISH has been a controversial story. We are still attracted to the company's giant trove of wireless spectrum. Demand for finite spectrum continues to rise alongside increasing wireless data and video consumption. However, DISH's plan for the spectrum remains unclear. This uncertainty has flummoxed investors and weighed on the stock. We believe the spectrum's value will continue to rise (perhaps substantially) and trust the company will make the right decision to maximize shareholder returns. We recently added to our position on weakness.

All told, we are pleased with recent results, especially when considering our relatively light exposure to "hot" areas such as technology. While we've enjoyed strong performance this year, we continue to think many of our holdings are timely and may possess attractive upside. This is particularly true for the names above that we've added to recently. While they may face headwinds or uncertainty in the near-term, they are run by shrewd capital allocators who have compounded investor wealth at above-average rates for many years.

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 September 30, 2017.

	Q3 2017	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Equity Opportunities Fund (DEOPX)	7.33	15.20	8.94	13.19	12.79
Russell Midcap® Index	3.47	15.32	9.54	14.26	12.28
S&P 500 Index	4.48	18.61	10.81	14.22	13.22

30-Day SEC Yield: -0.28%; Expense Ratio in current prospectus: 0.92%

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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

#### Recent Purchases

**DISH Network Corp (DISH)**—We continue to be focused on the value of the company's vast spectrum of holdings. All indicators (rising wireless data usage, mobile video, Verizon (VZ) running short on spectrum in some markets, new iPhone features etc.) point to spectrum rising in value.

**Martin Marietta Materials Inc (MLM)**—While weather can have a near-term impact on quarterly results, we think the underlying fundamentals of the construction industry remain positive, and any movement on a federal infrastructure bill would be icing on the cake.

**O'Reilly Automotive Inc (ORLY)**—We believe the key issues behind the recent stock-price decline are company specific. Moreover, ORLY has already reported earnings for the same period and issued guidance contrary to what this report suggests.

**TripAdvisor Inc (TRIP)**—If the company shows progress on its goal of becoming the best one-stop shop to both research travel and book everything from hotels to attractions, the upside could be very meaningful.

#### Top Ten Holdings\* - % of Net Assets

as of 9/30/2017

CarMax Inc	6.07
Colfax Corp	6.05
WABCO Holdings Inc	5.80
American Tower Corp	5.79
Brookfield Asset Management**	5.50
Dollar Tree Inc	5.33
Capital One Financial Corp	5.07
DISH Network Corp	4.88
Live Nation Entertainment Inc	4.83
Markel Corp	4.42

#### Recent Sales

**Church and Dwight Co. Inc. (CHD)**—CHD has been a big stock over time and is one of the more innovative companies in the consumer products arena, however; we think we may see pricing pressure as competition intensifies and Wal-Mart, Amazon etc. put pressure on packaged goods providers.

**Live Nation Entertainment Inc (LYV)**—Despite our confidence in the company's long-term growth opportunity, barriers to entry and recent acceleration in revenue and profitability, we recently reduced the position to make room for a new idea.

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# Davenport Small Cap Focus Fund

## DSCPX

DAVENPORT  
ASSET MANAGEMENT

The Davenport Small Cap Focus Fund advanced 6.27% during the third quarter, outpacing the 5.67% return for the Russell 2000® Index. On a year to date basis, the fund is up 13.32%, relative to the 10.94% gain for the Russell 2000 Index.

Following two straight quarters of underperformance relative to large caps, small cap stocks outperformed in Q3 as the reflation trade garnered some momentum and optimism surrounding tax reform benefited the domestically oriented small cap indices. On a Year to date basis, the technology sector (led by semiconductors) and health care sector (led by biotechnology) have comprised a meaningful share of market gains. While being underweight in these areas has served as a headwind to more relative performance, we are pleased with the fund's ability to outperform in these conditions.

Gaming stocks Monarch Casino (MCRI) and Eldorado Resorts (ERI) were key contributors for the quarter. Each is showing strong growth and exposure in some of the best markets in the country (Reno, NV and Black Hawk, CO). Despite logging gains of 53% and 57%, respectively on a Year to date basis, we think there may be more upside for the stocks given improving results and rising takeout potential. Each company has very heavy inside ownership (fitting our owner-operator bias), so we can rest assured management has our best interests at heart. Speaking of owner-operators, leading pet insurance provider Trupanion (TRUP), which we highlighted last quarter, was a key contributor during the period. As a reminder, CEO Darryl Rawlings owns more than 10% of the shares outstanding and is focused on creating value on a per share basis. We remain confident that Trupanion's unique approach to growth and underwriting may allow the company to garner more than its fair share of a rapidly growing and underpenetrated market.

The return of the aforementioned "reflation" trade gave a lift to building product and materials names such as American Woodmark Holdings (AMWD), Builders FirstSource (BLDR) and recently purchased Summit Materials (SUM). While the devastation caused by hurricanes Harvey and Irma will result in disruption to

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 September 30, 2017.

	Q3 2017	1 Year	Since Incep* 12/31/14
Small Cap Focus Fund (DSCPX)	6.27	22.47	10.19
Russell 2000® Index	5.67	20.74	9.59

30-Day SEC Yield: 0.06%; Expense Ratio in current prospectus: 1.06%

*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.*

<sup>1</sup>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.

Q3 results, investors have looked past the near term implications and are emphasizing the demand lift from the necessary rebuilding efforts. This phenomenon has also benefited the trucking sector where holdings in Marten Transport (MRTN) and Knight-Swift Transportation (KNX) have surged to new highs.

We have recently been adding to our position in KNX, as we believe both market dynamics and company specific factors may combine to elevate the earnings power of the franchise well beyond prior peak levels. From an industry perspective, the hurricane rebuilding efforts have added incremental demand to freight markets that were already showing signs of tightness heading into the all-important "peak" holiday season. Furthermore, we believe the electronic logging of driver hours at the beginning of 2018 will serve to tighten capacity further. On top of this, the company just closed on its merger with Swift Transportation (SWFT), which doubles the company's size and gives Knight's best in class management team an opportunity to leverage fixed costs on a much larger asset base while also improving legacy Swift's below-average margin profile.

To close, we are encouraged by the fund's recent performance, and we remain committed to finding compelling ideas. Furthermore, we believe the asset class may continue to see momentum as "reflation" remains in vogue. While we are underweight some of the market's "hottest" areas, we are encouraged by our relative results and remain focused on producing compelling risk-adjusted returns without chasing momentum.

## Top Ten Holdings<sup>1</sup> - % of Net Assets

as of 9/30/2017

Monarch Casino & Resort	5.14
American Woodmark Corp	3.32
Genesee & Wyoming Inc	3.09
Liberty TripAdvisor Holdings	3.02
Colfax Corp	3.00
Live Nation Entertainment Inc	2.99
Towne Bank	2.98
FRP Holdings Inc	2.83
Seaboard Corp	2.76
Kinsale Capital Group Inc	2.76



# Davenport Balanced Income Fund

## DBALX

DAVENPORT  
ASSET MANAGEMENT

The Davenport Balanced Income Fund gained 2.81% in the quarter, versus a 3.12% increase for the Russell 1000® Value and 4.48% for the S&P 500 Index. Year to date, the fund was up 6.97%, compared to the Russell's 7.92% and the S&P's 14.24%. The Fund performed well relative to the blended 60% Russell 1000 Value and 40% Bloomberg Barclays Intermediate Government/Credit Index returns of 2.11% and 5.69% for the quarter and year to date respectively.

The equity portion of the fund performed well during the quarter with Health Care leading the sector performance, driven by strong returns from Bristol-Myers Squibb (BMY) and Gilead (GILD). Additionally, our largest contribution came from Boeing (BA), which increased 30% during the quarter as near-term business trends have improved and earnings estimates have moved higher. Real estate was our weakest sector, with Lamar Advertising (LAMR) and Tanger Factory Outlet (SKT) the leading detractors. Despite the recent weakness, we still favor the sector from a long-term perspective, and chose to add to our position in Lamar.

During the quarter, we initiated a position in Blackstone Group (BX), the largest and most diversified of the alternative asset managers, focused in four segments: real estate, credit, private equity, and hedge funds. The company has been a fundraising machine, and recently has begun expanding into two additional segments: infrastructure and long-only Master Limited Partnerships (MLPs). Alternative investments have gained share versus traditional investments, and we believe Blackstone's product innovation, fund-raising track record, and large global distribution could fuel faster growth in assets under management. The company pays a \$2.29 dividend (about a 6.9% yield) based on trailing twelve-month distributions. Furthermore, the firm boasts a strong management team with a large vested interest, giving us additional confidence for the future of the stock. Given the favorable outlook and potential catalysts, we elected to initiate a position on the heels of a recent pullback.

The following chart represents Davenport Balanced Income Fund (DBALX) performance and performance of the Fund's primary benchmark, the Russell 1000® Value Index, along with the S&P 500 Index for the period ended September 30, 2017.

	Q3 2017	1 Year	Since Inception* 12/31/15
Balanced Income Fund (DBALX)	2.81	9.20	9.26
Russell 1000® Value	3.12	15.12	14.44
S&P 500	4.48	18.61	15.10
60% Russell 1000® Value/40% BBIGC	2.11	5.69	9.68
30-Day SEC Yield: 1.68% Expense Ratio in current prospectus: 1.13%			

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. *Holdings subject to change without notice.* \*\*Foreign Holding. 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 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 blended 60% Russell 1000 Value/40% Bloomberg Barclays Intermediate Government/Credit (BBIGC) Index is included as an additional comparative index because it is representative of a balanced portfolio consisting of 60% equity and 40% fixed income securities. The BBIGC 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. Intermediate maturity bonds include bonds with maturities of 1 to 9.999 years. An index is not available for direct investment; therefore its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio.

The bond market treaded water during the recent quarter as investors looked for indications of what the next Federal Reserve move might be. Chair Janet Yellen said the Federal Reserve would start reducing their \$4.5 trillion in assets in the fall, and anticipates raising rates at their December meeting. She considers the economy to be in good shape and expects the rate of inflation, which remains low, will gradually rise. Her view of a solid economy was reinforced with the last quarter GDP growth at 3.1%, and inflation remains around 1.5%.

Ten year U.S. Treasury yields, the global benchmark, were unchanged for the quarter, closing at 2.33%. The 3 month Treasury bill yield was 1.1% vs. 1.0%, 2 Year notes were 1.5% vs 1.4%. Rates for the year tell a different story with short term Treasury rates up by 0.6%, 2 Years up 0.3%, and 1 Year lower by 0.1%.

Our bond structure remains defensive, consistent with a conservative bias in what continues to be a low rate environment. The portfolio consists of 41 high quality corporate issues spread across 10 economic sectors with the top allocation of floating rate notes at 27.5%, consumer discretionary at 19.2%, and 16.1% to industrials. A new position in Capital One was initiated during the quarter. The bond portfolio is "A" rated, has an average coupon of 3.2%, an effective maturity of 4.6 years, and a duration of 3.52 years.

We are pleased with our performance this quarter given the continued outperformance of growth strategies, and see value in a balanced approach as we continue through uncertain market conditions. Our allocation to more cyclical equities 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<sup>1</sup> - % of Net Assets as of 9/30/2017

FNF Group	1.75
Johnson & Johnson	1.66
Citigroup Inc	1.55
Capital One Financial Corp	1.55
Markel Corp	1.53
JPMorgan Chase & Co	1.50
Watsco Inc	1.43
Royal Dutch Shell PLC**	1.38
Diageo PLC**	1.30
Merck & Co Inc	1.23

**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.**