The Davenport Funds
Quarterly Update | Q1 2018

DAVENPORT ASSET MANAGEMENT

The first quarter brought some long overdue volatility to equity markets. Indeed, the S&P 500 Index's relatively modest decline of 0.76% belies the underlying tumult during the quarter. Markets started the year where they left off in 2017, with the S&P 500 Index gaining 5.73% in January and cruising to new all-time highs. However, things quickly changed in February as the S&P 500 Index declined 3.69% and snapped its longest monthly winning streak since 1959 according to CNBC.

At one point, the S&P 500 Index was down 10.30% (intraday) for the month in early February. On February 5th, the Dow Jones Industrial Average experienced its largest percentage decline since 2011 (down 4.60%). We suspect ground zero for this correction was money flows centered around volatility. Betting against volatility, mainly through derivatives, has been an increasingly popular "easy money" trade over the last few years as markets have steadily ascended. When volatility began to dramatically increase, it triggered margin calls and covering, ultimately creating a supernova moment for these levered players on Monday, February 5th. As we noted at year-end, some turbulence was to be expected following an extended period of uninterrupted calm. Still, the violence of this event was no doubt unnerving.

March wasn't quite as wild; however, stocks remained under pressure. The trifecta of tighter Fed policy (the Federal Reserve raised interest rates on 3/21), Trump-induced fears of a trade war and troubles in the momentum-fueled tech sector created more uncertainty and pushed the S&P 500 Index down 2.54%. Interest rates remain low, and while stocks have been floating on cheap money for years, we don't think we're at a point where rates threaten economic growth. On trade, history shows that trade battles and tariffs are negative for global economic growth. We aren't dismissive of recent headlines, but hope the President's bark is bigger than his bite (as has been the case on some other issues). Finally, on technology, the weakness was prompted by user privacy concerns at Facebook (FB) and more recently the President's comments targeting Amazon (AMZN). As noted in our last writing, tech stocks appeared somewhat overbought; hence, all it took was one misstep for the sector to crack.

So now what? With the recent weakness, stocks are trading at levels seen prior to tax reform. In fact, the S&P 500 Index is trading for 16x Earnings Per Share (EPS) estimates over the next 12 months, which looks quite fair in the context of low interest rates and improving growth. While wage inflation and rising transportation costs are partly offsetting the benefits of lower domestic taxes, corporate earnings are nonetheless improving and we continue to see signs that lower taxes may help prompt an uptick in corporate capital expenditures. We aren't dismissive of recent negative headlines and acknowledge an outright trade war would be very problematic, but we also don't think the economy is signaling a downturn.

All told, it may actually be a plus for the market to take a breather after last year's gains. This period of consolidation could be setting the stage for further gains given what now appear to be reasonable valuations. That said, we maintain our view that forward returns should be more moderate following annualized returns of 15.80% for the S&P 500 Index from 2013-2017. Thank you for your trust and please see our Fund letters for a discussion of recent investment ideas.

Market Returns	Q1 2018	2017
U.S. Large Caps	-0.76	21.83
U.S. Mid Caps	-0.46	18.52
U.S. Small Caps	-0.08	14.65
International Developed Markets	-1.53	25.03
Emerging Markets	1.42	37.28
Intermediate Term Bonds	-0.98	2.14

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

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ASSET MANAGEMENT

The Core Fund finished Q1 down 0.95%, roughly in line with the S&P 500 Index's 0.76% decline. Movements in the Fund this quarter were disparate without noticeable themes. Top attributors to performance were Adobe (ADBE), MasterCard (MA), Marathon Petroleum (MPC), CME Group (CME) and Danaher (DHR). Detractors included Brookfield Asset Management (BAM), Celgene (CELG), Southwest Airlines (LUV), Citigroup (C) and Nestle (NSRGY). Of these names, we sold CELG during the quarter and chipped MPC and ADBE.

The first quarter of 2018 was a very busy one for the Fund. The broader volatility in the market prompted significant price swings and we were more active than usual in an attempt to capitalize on some of these short-term price movements. We sold AmerisourceBergen (ABC), Disney (DIS), CELG and Priceline (PCLN). ABC has been a solid performer for us over the past few years as Walgreen's has taken an ownership stake in the company and expanded its growth prospects. We sold the shares on a spike as investors had baked in significant benefits to ABC from the corporate tax cuts. We have long admired DIS for its creative content and its ability to effectively monetize its characters and stories. Recently the company's cable division, led by ESPN, has been under "cord cutting" pressure and DIS' plan to buy 21st Century Fox appears to be a quality downgrade from its existing franchise. Given our less favorable outlook and a strong recovery in the stock, we elected to take profits. CELG has been a frustrating name with some drug failures and management missteps leading to a selloff. We elected to sell the position as we lost confidence in management. Finally, PCLN is facing incremental competitive headwinds, primarily from Google and the direct travel providers (hoteliers and airlines).

We used the proceeds from these sales to add to names in the Fund where we have higher conviction in the risk/reward setup. Examples include Sherwin Williams (SHW), Anheuser Busch Inbev (BUD) and FedEx (FDX). In addition to bolstering existing positions, we also added a few new names, including Glencore (GLNCY) and Alibaba (BABA).

GLNCY is one of the world's largest diversified commodity miners, based out of Switzerland. Relative to its diversified peers, GLNCY offers the highest exposure to electric vehicles (EVs), which appear poised to take significant market share from combustion engines in the 2020s and drive incremental metals demand for copper, cobalt and nickel, in particular. Unlike peers, GLNCY began as a commodities trading firm (remains 25% of EBITDA today) and therefore has a differentiated capital allocation perspective relative to traditional mining peers. In addition, management and insiders own nearly 30% of the firm, aligning their interests with public shareholders. We see room for EBITDA to rise 45% as GLNCY grows its volumes by 30% over the next three years. GLNCY is trading at a discount to peers and its historical average multiple, and we see room for valuation expansion as we get closer to mass adoption for EVs.

BABA got caught up in the tech sector's selloff in Q1, and we used the weakness in the stock to add this dominant Chinese e-commerce player. We think that BABA can sustain heady revenue growth (currently growing 50% per annum), which we view as the key driver of stock performance. Similar to Amazon, BABA's core marketplace e-commerce business is thriving, and the company is aggressively investing in promising new areas, such as digital payments, cloud computing and artificial intelligence. The Chinese consumer is the world's most embracing of digital technologies and we see a long runway for BABA.

All told, we believe the transactions taken in Q1 strengthen the Fund's positioning as we continue through 2018. We look forward to reporting back on our progress throughout 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 March 31, 2018.

	Q1 2018	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 1/15/98
Core Fund (DAVPX)	-0.95	11.38	8.22	11.56	8.43	6.81
S&P 500 Index	-0.76	13.99	10.78	13.31	9.49	7.03
30-Day SEC Yield: 0.20%; 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

Alibaba Group Holding Ltd (BABA) - We decided to use recent weakness in BABA to add this high-quality, Chinese, e-commerce player.

Anheuser Busch Inbev NV (BUD) – We remain confident in management's ability to extract synergies from the SABMiller deal, adding to the position during the quarter.

Berkshire Hathaway Inc (BRK.B) – We fortified our position in BRK.B during the quarter, reflecting our view that the company will continue to compound shareholder value at an attractive rate going forward.

Broadcom Ltd (AVGO) - We elected to initiate a position in this leading designer, developer, and global supplier of a broad range of semiconductor devices.

FedEx Corp (FDX) - We saw an attractive buying opportunity in this quality provider of high dollar value transportation.

Glencore PLC (GLNCY) – We initiated a position in GLNCY, one of the world's largest diversified commodities miners, based out of Switzerland.

Home Depot Inc (HD) - We decided to use recent weakness to start a position in this well-known, blue chip growth stock.

Honeywell International Inc (HON) – We took the opportunity to initiate a position in one of the highest quality, multi-industry, industrial companies in the world.

Oracle Corp (ORCL) – With high switching costs, a profitable business model, and strong free cash flow (FCF) generation, we took the opportunity to add to our position in this leading enterprise software provider during the quarter.

Sherwin-Williams Co (SHW) - SHW has demonstrated pricing power over the long-term. We continue to see solid earnings power and added to the name during the quarter.

Top Ten Holdings* - % of Net Assets

as of 03/31/2018

Markel Corp	3.68
Visa Inc	3.53
Berkshire Hathaway Inc	3.35
American Tower Corp	3.16
Brookfield Asset Mgmt Inc**	2.98
Capital One Financial Corp	2.95
Accenture PLC**	2.92
Adobe Systems Inc	2.85
FedEx Corp	2.77
Danaher Corp	2.71

Recent Sales

Adobe Systems Inc (ADBE) - ADBE has been one of the better tech performers since our ownership dating back to early 2016, and we elected to take some profits as the position had become a bit outsized.

AmerisourceBergen (ABC) - As fears around deflation and Amazon.com (AMZN) subsided and investors have appreciated the tax bill impacts on ABC's primarily domestic business, we felt ABC had become more fairly valued and sold our position.

Capital One Financial Corp (COF) – Although we remain confident in the consumer credit cycle and believe earnings should get a lift from lower reserve intensity as loan growth moderates, we elected to take some profits in COF during the quarter.

Celgene Corp (CELG) - We sold our position in CELG, as we think the stock will remain in the penalty box for quite some time until management can show progress to replace the looming revenue decline from several failed drug launches.

Johnson Controls International PLC (JCI) - While we continue to believe that the ultimate outcome of JCI's portfolio repositioning may result in a higher stock price, the transition has taken much longer than we originally anticipated. We elected to sell our position in the company.

Marathon Petroleum Corp (MPC) – Although we still see additional upside, driven by improving cash flows and new organic projects, we think the risk-reward for MPC is more balanced at the current share price and elected to trim the position.

Priceline Group (PCLN) – Now known as Booking Holdings (BKNG), shares have bounced nicely off their recent lows and while we continue to believe the company is likely to benefit from favorable long-term travel trends, we see the near-term as more challenging.

Walt Disney Co (DIS) - For reasons mentioned above along with concerns over recent transactions, we elected to sell the position.

Weyerhaeuser Co (WY) – We think lumber prices are unsustainably high given recent trade disputes with Canada and a decline could eventually pressure margins. With the potential for rising interest rates, we are also happy with one less real-estate-investment trust (REIT), and sold our position during the quarter.

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

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Davenport Value & Income Fund
DVIPX

DAVENPORT
ASSET MANAGEMENT

The Value & Income Fund declined 3.64% in the first quarter, lagging the 2.83% decline for the Russell 1000 Value Index. The S&P 500 Index declined 0.76%, with growth stocks continuing to outperform value stocks as they have the last several years.

For the quarter, our top two contributors were Cisco Systems (CSCO) and Marathon Petroleum Corp (MPC). CSCO benefited from the prospect of increased information technology spending, as well as the company's mix shift to software and recurring revenue. MPC continues to benefit from improving refinery fundamentals, including attractive export opportunities to Latin America. HVAC distributor, Watsco (WSO), was also a key contributor during the quarter. Shortly after quarter end, the company announced a 16% dividend increase, continuing a 40-year track record of dividend payments to shareholders. Over the last three years, the company has grown the dividend at a near 30% annual pace, helping to create the powerful combination of capital appreciation and income growth that we seek to emphasize in this strategy. Key detractors during the quarter were Enbridge (ENB) and Dominion Energy (D), whose shares were negatively impacted by a Federal Energy Regulatory Commission policy reversal that could modestly impair asset-level returns for certain master limited partnerships (MLPs). Note that while both ENB and D are traditional C-Corps, they do have ownership stakes in "daughter" MLPs which will feel the negative impact. Though these developments were surprising and disappointing, we believe each of these companies is equipped to weather industry challenges.

We exited positions in McDonald's (MCD) and VF Corp (VFC) during the quarter, two standout performers that experienced meaningful valuation lifts during our holding period. We reallocated the money to a few new positions with a more visible path to income generation and capital appreciation: United Parcel Service (UPS), Invesco (IVZ) and DowDuPont (DWDP). Shares of UPS, the world's largest parcel delivery carrier, declined dramatically as the company announced a ramp up in capital investment to improve its network. While we agree UPS has a lot of work to do to bring its network up to today's exacting standards (driven by increasing e-commerce demands), we see significant value in its infrastructure network that has been built up over decades. UPS' forward P/E multiple has been cut from 18x to just 14.5x today, a level we haven't really seen outside of the Great Recession. We think this is an attractive price to pay for a business with high returns on capital, high barriers to entry (DHL tried and failed to enter the US market in the 2000s), a long-term secular e-commerce tailwind and a sustainable 3.4% dividend yield.

IVZ is a diversified asset manager with close to $1 trillion under management, offering both active and passive strategies. IVZ has achieved nine consecutive years of positive net inflows alongside solid performance numbers. The share price came under pressure during the quarter due to organic growth fears, which presented an attractive entry point into this inexpensive asset manager with a 3.7% yield.

Lastly, we initiated a position in (DWDP), the world's largest chemical company. DWDP was formed in August 2017 following the merger of Dow Chemical and DuPont, and the company plans to split into three separate companies in 2019. CEO Ed Breen has had tremendous success with breakups in the past and is targeting a massive $3 billion synergy opportunity. We see the ultimate split of the company as a value enhancing move and see significant sum-of-the-parts upside in addition to continued capital return via share buybacks and the dividend (yields approximately 2.3%).

In summary, 2018 got off to a rockier start than we would have hoped. However, we continue to believe our focus on quality businesses with meaningful, growing dividends will deliver value in the long run. While we hesitate to predict when a shift in market leadership may occur, we remain confident that our value orientation can deliver differentiated returns as it has throughout a number of market cycles in the past.

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 Index for the periods ended March 31, 2018.

	Q1 2018	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Value & Income Fund (DVIPX)	-3.64	10.67	7.76	10.62	12.34
Russell 1000® Value Index	-2.83	6.95	7.88	10.78	11.56
S&P 500 Index	-0.76	13.99	10.78	13.31	13.14
30-Day SEC Yield: 1.63%; 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.

Davenport Value & Income Fund Quarterly Transactions

DVIPX

DAVENPORT
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Recent Purchases

Anheuser-Busch InBev NV (BUD) - We think investors may be overlooking a recovery in emerging markets and underestimating the synergy opportunity from the SAB Miller acquisition. We therefore added to our position during the quarter.

Brookfield Asset Management Inc (BAM) - We took the opportunity to beef up our position as we feel the shares are attractively valued relative to their net asset value and funds from operations (FFO). We think the shares may benefit as fees from the asset management franchise ramp and become a more meaningful component of the company's cash flow stream.

Delta Air Lines Inc (DAL) – We continue to take a longer-term view towards Delta and added to our position as we think it remains undervalued, for a solidly-profitable and growing business.

Dominion Energy Inc (D) - D's shares have sold off in the wake of its proposed announcement to purchase Scana (SCG). We think this creates an attractive buying opportunity in one of the nation's best regulated utilities

DowDuPont Inc (DWDP) - As the largest chemical company in the world (albeit temporarily), we've had our eye on DWDP for quite some time and felt that recent China-related weakness offered an attractive entry point in this high-quality stock.

Eaton Corporation PLC (ETN) - Encouraged by recent results at ETN, we added to our position during the quarter.

Fairfax Financial Holdings Ltd (FRFHF) - Considering the combination of underwriting profitability, rising interest rates, realized gains from affiliates and slightly better equity performance, we added the our position in FRFHF during the quarter.

iShares MSCI Europe Financials ETF (EUFN) - Akin to the "XLF of Europe," we added to our position in EUFN, which owns large European banks and insurance companies.

Invesco Ltd (IVZ) – We initiated a position in this international asset manager with close to $1T in Assets Under Management (AUM).

United Parcel Service Inc (UPS) - We initiated a position in UPS, an attractive contrarian value investment for a business with high returns on capital, high barriers to entry, a long-term secular e-commerce tailwind and a sustainable dividend yield.

Recent Sales

AmerisourceBergen (ABC) - We elected to take advantage of the recent strength in ABC to book some profits.

Capital One Financial Corp (COF) - We decided to take a bit off the table following the recent rebound in the stock.

General Electric Co (GE) - We sold the stock during the quarter and elected to use the proceeds to buy another beaten-up name with less business risk and greater visibility.

McDonald's Corp (MCD) – As one of our best performing stocks in 2017, we felt the shares were fairly valued and sold our position during the quarter.

VF Corp (VFC) - With the shares up over 40% since our purchase in March of 2017, shares had re-rated to the high end of its historical valuation, and we elected to take profits.

Wells Fargo & Co (WFC) – We sold our position as we think WFC has a long road going forward in regaining investor confidence.

Top Ten Holdings* - % of Net Assets

as of 03/31/2018

JPMorgan Chase & Co	3.16
Markel Corp	3.05
Johnson & Johnson	2.99
Watsco Inc	2.93
FNF Group	2.69
Capital One Financial Corp	2.67
Royal Dutch Shell PLC**	2.63
Citigroup Inc	2.63
Cisco Systems Inc	2.45
Diageo PLC**	2.44

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Davenport Equity Opportunities Fund

DEOPX

DAVENPORT ASSET MANAGEMENT

Following a strong 2017, the Equity Opportunities Fund got off to a more subdued start in the first quarter of 2018. After weathering significant market swings and a spike in volatility, the Fund posted a 1.77% decline for the period, lagging the 0.46% decline for the Russell Mid Cap Index.

Despite broader market declines, we had several stocks that performed quite well during the quarter. Leading the way was Zoetis (ZTS), the world's largest animal health pharmaceutical company. Sheltered from the regulatory focus on the human pharmaceutical space, ZTS has been successful in launching new products, improving its operations and participating in compelling secular themes such as the "humanization of pets" and increasing global protein demand. These factors have allowed results to exceed expectations and the stock to re-rate higher. One of our longest tenured positions, Intuit (INTU), was another key performer during the quarter as the stock responded to ongoing strength in QuickBooks online subscribers in addition to a solid start to the tax season. Following this strength, we elected to chip the position in order to add to a newly initiated position in Autodesk (ADSK), which we believe has similar long-term growth characteristics, but is in an earlier phase of this progression (See below for more). The consumer discretionary, industrial and financial sectors were key drivers of relative underperformance. Dish Networks (DISH), Colfax (CFX) and Brookfield Asset Management (BAM) were key detractors in these respective categories. The combination of weakness in these stocks and the continued outperformance of technology (where we are underweight) resulted in modest relative underperformance for the quarter.

As mentioned above, we initiated a new position in (ADSK), the leading design software and digital content provider for architectural design and a variety of other industries. Unlike many business models within tech that we tend to shy away from, ADSK has leading market share, pricing power, a sticky customer base and a clear path to significant cash flow generation. The company is currently in the midst of a transition to a subscription-based business model (much like that of Adobe-ADBE) which generates recurring and predictable cash flows, while increasing customer lifetime value due to the stickiness of the company's software. Quarterly results have yielded significant volatility in the stock amid this transition, allowing us to enter the name during a period of weakness. As mentioned above, we increased the position and were rewarded nicely with a strong earnings report that sent the shares meaningfully higher.

We added to our position in Fairfax Financial (FRFHF) during the quarter. FRFHF has been an underperformer over the past few years due mainly to an overly conservative investment stance that caused the company to miss much of the market's rally. While we have been disappointed in legendary CEO Prem Watsa's recent investment performance, we feel the stock has spent enough time in the penalty box and that there are several drivers of future upside for the shares. For one, the company's insurance franchises continue to operate profitably, producing inexpensive capital that the firm is beginning to invest more aggressively. We also believe that the company should benefit from the tailwind of rising interest rates in the investment portfolio given the short duration of the bond portfolio and a heavy cash weighting (nearly 50% of the investment portfolio is in cash). With the stock trading at roughly 1.1x book value, we think FRFHF is particularly timely and look for Watsa to regain some of the "mojo" that has resulted in compounded book value per share growth of 19.5% per year since the company's inception.

In sum, we remain as focused as ever on thoughtfully allocating funds to the most attractive risk/reward opportunities available. While we have yet to see the shift in market leadership that favors our opportunistic approach, we continue to believe the Fund carries an element of timeliness without taking on unnecessary risks.

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, 2018.

	Q1 2018	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Equity Opportunities Fund (DEOPX)	-1.77	13.49	4.30	9.98	12.14
Russell Midcap® Index	-0.46	12.20	8.01	12.09	12.22
S&P 500 Index	-0.76	13.99	10.78	13.31	13.14
30-Day SEC Yield: -0.20%; 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 Opportunities Fund Quarterly Transactions

DAVENPORT
ASSET MANAGEMENT

DEOPX

Recent Purchases

Autodesk Inc (ADSK) – We initiated a position in ADSK, the leading design-software and digital content provider for architectural design and land development, manufacturing, utilities, telecom, media, and entertainment companies.

Black Knight Inc (BKI) - We added to our position in BKI, the leading mortgage servicing and origination technology supplier.

CarMax Inc (KMX) - After a strong start to the year, the stock weakened considerably alongside a broad market pullback and we added to our position.

CBOE Global Markets Inc (CBOE) - We think the market's knee-jerk reaction to the spike in volatility presented an attractive entry point into CBOE, a highly profitable business with meaningful barriers-to-entry

DISH Network Corp (DISH) - Dish's spectrum assets are akin to a beachfront property in the world of increased mobility and wireless data usage, with a fixed supply of spectrum and ever-increasing demand. With the recent dip in the stock, we felt this to be an opportune time to increase our position.

Fairfax Financial Holdings Ltd (FRFHF) - We added to our position during the quarter, as we feel the stock has spent enough time in the penalty box and that there are several drivers of future upside for the shares.

Wabco Holdings Inc (WBC) - We added to our position as over the long term, we continue to have confidence in the company's ability to out-grow its end markets.

Recent Sales

Capital One Financial Corp (COF) - COF appreciated nicely into the new year and became an outsized position. We elected to use the recent strength to take some profits.

Colfax Corp (CFX) - We believe the risk/reward profile has become more balanced and thought it prudent to reduce the position size, following recent strength.

Dollar Tree Inc (DLTR) - As an improving consumer backdrop and continued execution with the integration of Family Dollar have resulted in higher earnings estimates and a more favorable valuation, we elected to take some profits and chip our position.

Intuit Inc (INTU) - While we continue to hold management in high regard and remain confident in the growth outlook for both the QuickBooks and TurboTax franchises, we elected to use recent strength to pare back an oversized position to more normal levels.

LKQ Corp (LKQ) - We sold our position, reducing our exposure to the automotive sector and freeing up cash to redeploy into opportunities with better risk/reward characteristics.

TripAdvisor Inc (TRIP) - We elected to take advantage of recent strength, selling our position and redeploying the funds into higher conviction opportunities.

Davenport Small Cap Focus Fund

DSCPX

After closing 2017 on a strong note, the Davenport Small Cap Focus Fund gave back some of its relative gains to start 2018. The Fund declined 3.06% during the first quarter, which lagged the 0.08% decline for the Russell 2000 Index.

Fund results benefitted from solid gains in FRP Holdings (FRPH), Etsy Inc (ETSY) and Kinsale Capital (KNSL). Unfortunately, what we did not own influenced relative results just as much as what we did own, with our underweight stances in healthcare and technology accounting for roughly half of our shortfall relative to the benchmark. While we do not ignore these sectors, our preference for investing in profitable companies with defensible business models run by thoughtful capital allocators precludes us from investing in many businesses in the small-cap software and biotechnology arenas. Hence, when these momentum-oriented areas are hot, we will likely lag. Instead of chasing the hot dot, we are inclined to double back on businesses that meet our investment criteria that we believe are facing temporary headwinds. One such example during the quarter is American Woodmark (AMWD). Following stellar performance in 2017,

Top Ten Holdings* - % of Net Assets

as of 03/31/2018

American Tower Corp	5.98
WABCO Holdings Inc	5.59
CarMax Inc	5.33
Brookfield Asset Management**	5.04
Markel Corp	4.71
Capital One Financial Corp	4.64
Live Nation Entertainment Inc	4.54
Sherwin-Williams Co	4.48
Martin Marietta Materials Inc	4.39
Intuit Inc	4.06

AMWD pulled back meaningfully to start the year as results showed a slight slowdown in organic growth. Generally negative sentiment towards the housing sector added further fuel to the fire and the stock erased all of the gains achieved following the announcement of its highly accretive takeover of stock cabinet maker RSI Holdings. While we had trimmed the position near all-time highs, we feel the sell-off is overdone and have rebuilt the position to a more meaningful weighting. Put simply, we remain sanguine on the housing theme and continue to believe the combination of modest organic growth and deal synergies can result in earnings power approaching $10 per share by the end of the

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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.

decade. Amid the selloff in housing related stocks, we took the opportunity to add a new housing-related name to the Fund: SiteOne Landscape Supply (SITE). As the largest (and only) national wholesale distributor of landscape supplies, the company has significant "white space" to consolidate smaller, local operations. SITE has a solid balance sheet and a proven track record of successful M&A, having completed 24 acquisitions since 2014, adding 157 branches and $630 million in revenue. The company targets another 250 acquisitions over the next 10-15 years, which should also be accompanied by organic growth in the mid-to-high single-digit range. In addition to impressive top line growth, we note that the company has made significant strides on profitability, taking earnings before EBITDA margins from 6.3% in 2014 to 8.4% in 2017. Going forward, management targets 10% EBITDA margins for 2019 (longer-term goal of 15%), which should help leverage top line growth even further. With the stock down alongside a negative housing tape, we took the opportunity to build a position in this quality compounder.

We also initiated a position in Evoqua Water Technologies (AQUA) during the quarter. We have followed the company since its IPO in November of 2017, and recently initiated a position after weakness from a follow-on equity offering. AQUA is the North American leader (with ~11% share) in industrial water treatment, offering systems, services, and technologies to industrial, commercial, and municipal customers. We believe AQUA operates in an attractive niche with distinct competitive advantages (their service network is nearly 4x that of their largest competitor). AQUA should be well equipped to take advantage of secular trends such as the continued outsourcing of water treatment. In addition to an attractive growth profile, the company has a highly recurring revenue model (82% of sales recurring or in backlog each year), a self-help opportunity (EBITDA margins have improved 600 bps since 2016) and takeout optionality.

To close, we continue to uncover what we believe to be differentiated, and relatively undiscovered ideas that can compound value for the long-term. While we would have preferred a better start to the year, we remain confident in the Fund's positioning and believe opportunistic actions taken in the quarter will bear fruit over time.

Top Ten Holdings[1] - % of Net Assets

as of 03/31/2018

Cable ONE Inc	3.85
Diamond Hill Investment Group Inc	3.64
American Woodmark Corp	3.51
Trupanion Inc	3.37
Knight-Swift Transport. Holdings Inc	3.17
Monarch Casino & Resort	2.96
Marten Transport Ltd	2.95
Cohen & Steers Inc	2.92
Black Knight Inc	2.90
Builders FirstSource Inc	2.84

This 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, 2018.

	Q1 2018	1 Year	3 Year*	Since Inception * 12/31/14
Small Cap Focus Fund (DSCPX)	-3.06	10.28	8.75	9.41
Russell 2000® Index	-0.08	11.79	8.39	9.13
30-Day SEC Yield: 0.22%; Expense Ratio in current prospectus: 1.06%				

Davenport Balanced Income Fund

DBALX

The Davenport Balanced Income Fund declined 3.43% in the quarter, versus a 2.83% decrease for the Russell 1000® Value Index and 0.76% decrease for the S&P 500 Index. The Fund lagged the blended 60% Russell 1000® Value Index and 40% Bloomberg Barclays Intermediate Government/Credit Index returns of -2.09% for the quarter.

After a year of relatively calm markets, equities witnessed the return of volatility during the first quarter of 2018. Industrials proved to be our best attributor to sector performance thanks to strong returns from the likes of Watsco Inc (WSO) & United Parcel Services Inc (UPS). Our overall top contributor to performance was

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.

Cisco Systems Inc (CSCO), which has benefited from the prospect of increased information technology spending, as well as the company's mix shift into software and recurring revenue. Our biggest performance detractor was Dominion Energy Midstream Partners LP (DM), a master limited-partnership (MLP) whose shares declined following the Federal Energy Regulatory Commission's policy reversal that could modestly impair asset-level returns for certain MLPs. Although these developments are disappointing, we believe DM shares are oversold and note the stock offers an attractive 8.4% yield.

During the quarter, we initiated a position in UPS, the world's largest parcel delivery carrier. UPS shares declined after the company announced a ramp up in capital investment to improve their distribution network. While many viewed the news negatively, we feel the capital investment will ultimately lead to strong capacity growth. Additionally, UPS is a business with high returns on capital, high barriers to entry and a long-term secular e-commerce tailwind. With a forward price-to-earnings (P/E) multiple falling to 14.5x, the stock trades at a level not seen since the recent recession, which we believe is an attractive price to pay for this high quality business with a sustainable 3.4% dividend yield.

The increase in market volatility weighed on the bond market as well in the first quarter. It proved to be a tough environment for almost all fixed income instruments, as yields across the entire treasury complex rose and corporate spreads widened, negatively impacting bond returns. Due to increased treasury issuance (a result of tax reform and fiscal deficit funding), and a rate hike expectation from the Fed, short-term rates rose more than longer-dated treasuries. The yield on the 2yr treasury rose 37 bps, while rates on the 10yr treasury and 30yr treasury rose 33bps and 23bps respectively. That being said, fixed income returns suffered with the Bloomberg Barclays Intermediate Government/Credit index down .98%. Shorter duration indices were less impacted but remain negative on the year. The only indices in the high-grade space that posted positive returns were short corporate floating rate bonds, where the Bloomberg Barclays US FRN <5yr index was up 0.47% to start the year.

The bond assets of the balanced fund consist of 43 high-quality corporate issues across eight industry sectors with the top allocations to consumer discretionary at 28%, financials at 21%, and energy at 16%. The credit quality remains high with an effective maturity of 4.15 years and a duration 3.02 years. During the first quarter, we increased the defensive nature of the bond allocation by lightening up on some of our longer positions, selling Applied Materials 2027, and initiating new positions in corporate floating rate notes. We bought Campbell Soup, CVS, Vulcan Materials, and ConocoPhillips floating rate notes. Overall, this took our floating rate exposure from 26% at the end of 2017 to 33% at the end of Q1 2018. In a rising rate environment, the income levels for the floating rate notes change quarterly based on the level of LIBOR (London Inter-bank Offered Rate). This rate closed out the quarter at 2.13%, up from 1.69% at the end of 2017, increasing the yield component of the Fund.

While we are disappointed in our underperformance during the quarter, we continue to see value in a balanced approach as we look to weather uncertain and potentially volatile market conditions. Our allocation to quality value stocks alongside defensive positioning in the bond portion of the Fund may continue to provide 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, the Russell 1000® Value Index, along with the S&P 500 Index for the period ended March 31, 2018.

	Q1 2018	1 Year	Since Inception* 12/31/15
Balanced Income Fund (DBALX)	-3.43	4.81	7.28
Russell 1000® Value	-2.83	6.95	12.22
S&P 500	-0.76	13.99	14.41
60% Russell 1000® Value/40% BBIGC	-2.09	4.31	7.90
30-Day SEC Yield: 2.05% Expense Ratio in current prospectus: 1.13%			

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

as of 03/31/2018

JPMorgan Chase & Co	1.68
Markel Corp	1.63
Johnson & Johnson	1.59
Watsco Inc	1.56
Fidelity National Financial Inc	1.43
Capital One Financial Corp	1.43
Royal Dutch Shell PLC**	1.40
Citigroup Inc	1.40
Cisco Systems Inc	1.30
Diageo PLC**	1.30

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*Returns greater than one year are annualized. [1]*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 Barclay's 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.

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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. 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**. Intermediate Term 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 **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 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 Capital US FRN < 5 Years Index** is a subset of the US Floating-Rate Note (FRN) Index, which measures the performance of USD denominated, investment-grade, floating-rate notes across corporate and government-related sectors. This index has a maximum maturity of 4.9999 years and is not part of the US Aggregate Index, which is a fixed coupon index.

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