The Davenport Funds
Quarterly Update | Q3 2018

DAVENPORT ASSET MANAGEMENT

Equity markets enjoyed surprisingly strong returns in the third quarter. The S&P 500 Index gained 7.71% and posted its best quarter in nearly five years. Year-to-date the S&P 500 Index finished the quarter up 10.56%. On another bullish note, the Nasdaq Composite Index gained 7.41% and was up for the ninth consecutive quarter.

Such impressive results flew in the face of many negative headlines. Indeed, there was plenty to worry investors in the third quarter. Trade war fears lingered alongside President Trump's protectionist talk. Monetary policy continued to tighten as the Fed again raised interest rates. And, areas of the economy such as autos and housing showed evidence of slowing. Next up, we will have to contend with a midterm election cycle that is sure to be contentious and may result in the balance of power shifting in Congress.

Still, equities once again managed to climb the proverbial "wall of worry". So what gives? Perhaps most perceive Trump's trade barbs with China as bombast meant to secure a more favorable negotiating position. Recent agreements with Mexico and Canada do indeed suggest a resolution with China is more possible than headlines portray. Maybe rising interest rates are manageable given they remain low by historical standards and increases are accompanied by strong economic growth. And, maybe once the elections are over we will see the chicanery of partisan politics cool a bit (this one is doubtful but who knows). Interestingly, Barron's recently noted the S&P 500 Index has not declined in the 12 months following midterm elections since 1946.

Above and beyond these considerations, however, is the health of the U.S. economy. GDP growth seems poised to reach almost 3% for 2018 versus 2.2% last year and only 1.6% in 2016. Meanwhile, unemployment sits near a record low at 3.9%, wage growth is strong and consumer confidence surged to nearly an 18-year high in August. This should bode well for consumer spending and make for robust holiday retail sales. One can certainly argue this economic expansion is long in the tooth and certain industries are showing signs of weakening. However, the consumer certainly appears healthy enough to power further gains.

We came into the year expecting more modest returns than what we witnessed from 2013-2017. Thus far, we have been pleasantly surprised by the market's ongoing momentum. At 17.3x forward earnings estimates for the S&P 500 Index (just slightly above the 25 year average of 16.5x), we would continue to characterize the market as being fairly valued (i.e. not overvalued or undervalued). Robust economic growth is a plus, but offset in part by the specter of rising interest rates. We continue to find attractive investment opportunities in our Funds, but still encourage investors to expect more moderate returns in coming years. Thank you for your trust and read on for a discussion of Fund themes and ideas.

Market Returns	Q3 2018	YTD
U.S. Large Caps	7.71	10.56
U.S. Mid Caps	5.00	7.46
U.S. Small Caps	3.58	11.51
International Developed Markets	1.35	-1.43
Emerging Markets	-1.09	-7.68
Intermediate Term Bonds	0.21	-0.76

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 strong performance during the quarter, returning 6.25%, and modestly lagged the S&P 500 Index's 7.71% advance. The Core Fund is now up 8.03% year-to-date, versus the S&P 500 Index's 10.56% advance. Industrial concerns Southwest Airlines (LUV) and Union Pacific (UNP) had great quarters for us, as did Marathon Petroleum (MPC), Visa (V) and Starbucks (SBUX). On the other side of the ledger, our aggregates companies Martin Marietta (MLM) and Vulcan (VMC) weighed on performance, as did brewer Anheuser-Busch InBev (BUD). While not quite keeping up with the S&P 500 Index's torrid ascent, we are pleased the Fund was able to participate and capture the bulk of the market's gains this quarter.

We added to MPC early in the quarter, when the shares had pulled back amidst general macro anxieties. The add proved timely, as MPC reported standout Q2 results and progressed on its merger with Andeavor, which was completed October 1 of this year. We are positive on this $30 billion deal as it gives MPC exposure to cheaper crude feedstocks from the Permian Basin and provides $1 billion+ of annual synergies. In addition to the deal, we think MPC is well positioned to benefit from new sulfur regulations on shipping fuel that are set to take effect in 2020. Finally, the company is fully integrating two refineries across the street from each other on the Gulf Coast, which should result in a world-class refining complex and a nice boost to earnings in 2021.

We sold our position in Glencore (GLNCY) during the quarter. While we remain attracted to the electric vehicle theme and appreciate the company's cash generative asset base, this position did not work out for us. Shortly after our purchase, GLNCY ran into political difficulties in one of its key mining geographies, the Democratic Republic of the Congo. Onerous new taxes will bite into GLNCY's new projects in the country. Even more importantly, the slowdown in the Chinese economy linked to ratcheting U.S. tariffs has taken the starch out of commodity prices. We retain meaningful exposure to global trade in the Fund and elected to part ways with GLNCY, in case the geopolitical situation worsens.

We initiated a new position in Electronic Arts (EA), a company closer to home. EA is the industry leader in the sports video games genre, offering games licensed from the NFL, NHL, FIFA, etc. Additionally, EA produces other successful franchises including Star Wars Battlefront, Battlefield, Titanfall, and The Sims. Many of the company's gamers elect to purchase the new installment of FIFA or Madden every year, generating visibility into revenue. New products provide an opportunity to grow on top. In addition, the company is benefitting from a mix shift as more consumers download games directly from EA, cutting out the retailer and increasing margins. In-game purchases are another high-margin revenue opportunity. With the shares down off their highs and trading at a discount to peers, we liked adding exposure towards this long-term trend of increased gaming.

In sum, the Core Fund generated strong absolute performance in Q3, capturing the bulk of the S&P 500 Index's gains. While we would not count on many quarters being this strong, we remain excited about the prospects for our Fund companies, including the new positions discussed above.

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, 2018.

	Q3 2018	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 1/15/98
Core Fund (DAVPX)	6.25	13.32	13.80	11.40	10.78	7.08
S&P 500 Index	7.71	17.91	17.31	13.95	11.97	7.42
30-Day SEC Yield: 0.15%; 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

Electronic Arts Inc (EA) – Headquartered in Redwood City, CA, EA is a leading video game publisher and boasts a large array of owned and licensed console, mobile and PC games. We initiated a position in the company following a recent sell off in the shares, which we attributed to a lack of forward-looking guidance from management.

Marathon Petroleum Corp (MPC) – We took the opportunity to add to our position during the quarter, encouraged by a number of positive drivers which should enhance their base business, strong asset footprint and consistent execution.

Starbucks Corp (SBUX) – We elected to add to the shares on weakness, as we remain attracted to this highly profitable, durable consumer franchise which has taken on a number of new sales initiatives.

Recent Sales

Glencore PLC (GLNCY) – Given the amount of negative news flow in such a short period of time and GLNCY's vulnerability to "trade wars", we elected to exit the position.

Liberty SiriusXM Group (LSXMK) – Given the recent strong performance in the shares, increasing competitive pressures from streaming services and current valuation, we decided to take some profits and deploy the proceeds into names with greater growth prospects.

Top Ten Holdings* - % of Net Assets

as of 09/30/2018

Visa Inc	3.53
Markel Corp	3.38
Berkshire Hathaway Inc	3.25
Adobe Systems Inc	3.22
Brookfield Asset Management Inc**	3.07
Accenture PLC**	2.93
American Tower Corp	2.85
Danaher Corp	2.72
Capital One Financial Corp	2.64
Johnson & Johnson	2.55

Holdings subject to change without notice. Foreign Holding*
The recent transactions profiled above represent securities purchased and/or sold during the quarter. The securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients and the reader should not assume that investments in the securities identified and discussed were or will be profitable.

Davenport Value & Income Fund

DVIPX

Davenport
Asset Management

The Value & Income Fund enjoyed a strong third quarter, increasing 5.45% and bringing the year-to-date gain to 1.80%. The Fund was close to its benchmark in the quarter with the Russell 1000 Value Index increasing 5.70% (3.92% year-to-date). The S&P 500 Index increased 7.71% in the third quarter and is up 10.56% year-to-date.

For the quarter, our industrial stocks were the big winners as strong economic growth continued and raw material costs declined. Shares of Eaton (ETN), Delta Airlines (DAL), and Boeing (BA) were among our top contributors. CVS Health (CVS) was another standout performer as investors warmed to the company's planned combination with Aetna (AET). Key detractors during the quarter included Anheuser-Busch Inbev (BUD) and Synchrony Financial (SFY), the latter of which we sold. In the case of BUD, the strong U.S. Dollar took a bite out of earnings as international markets represent nearly three quarters of the business. Additionally, the currency headwind slowed the pace of debt paydown, raising additional concerns in the market. We continue to have a positive view on the stock as global beer volumes remain robust and significant synergies from the 2016 acquisition of SABMiller continue to be realized. While currency headwinds can impact near-term results, we believe these are transitory and that BUD has ample liquidity. We continue to think that BUD can grow earnings at a double-digit rate, which should drive solid capital appreciation in the shares along with a 3.8% dividend yield.

We initiated two new positions during the quarter, in DXC Technology (DXC) and Las Vegas Sands (LVS). DXC is an information technology (IT) consulting firm with operations around the world. The company was formed in 2017 as a merger between Computer Sciences Corp. and HP's Enterprise Consulting business. CEO Mike Lawrie turned around Computer Sciences (improving operating margins by 500 basis points) and presided over a 5x increase in the stock price. We expect him to repeat the playbook at DXC. The company is midway through a $2.3 billion cost-cutting program, which we think can drive earnings per share (EPS) to $10 in 2020. The stock currently trades at 10x earnings compared to peers at 14-15x. As DXC cuts costs and improves revenue growth, we think the stock can re-rate towards peers. DXC has a solid balance sheet with strong cash flow and we expect the company to return meaningful cash to shareholders once the current restructuring program concludes.

LVS is a global casino operator and is a name we have owned in the past. The shares are down 25% from their highs as investors fear that macro factors negatively impacting China will weigh on LVS's profits (60% of EBITDA is generated in Macau). We believe the stock is discounting a great deal of future uncertainty as it is currently trading at 10.5x EV/EBITDA, towards the low end of its historical trading range of 10-14x. LVS should be a beneficiary from long-term structural factors such as a rising middle class in China and shifting consumer preferences toward travel. The company generates significant cash flow, which allows it to pay a strong dividend (4.9% yield) and repurchase stock. We also think there are potential opportunities in new markets such as Japan, which formally legalized casino gambling this summer.

In summary, we were pleased with the strong results in the third quarter, especially with the continued outperformance of growth vs. value stocks. While we don't know when this phenomenon will reverse, we expect it eventually will and have continued to take advantage of areas of the market where we see favorable risk/reward dynamics.

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 September 30, 2018.

	Q3 2018	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Value & Income Fund (DVIPX)	5.45	8.50	12.91	10.54	12.29
Russell 1000® Value Index	5.70	9.45	13.55	10.72	11.74
S&P 500 Index	7.71	17.91	17.31	13.95	13.81
30-Day SEC Yield: 1.61%; 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 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 Asset Management

Recent Purchases

Brookfield Asset Management Inc (BAM) – We added to this position during the quarter, believing the current share price offers an attractive entry point given the company's fundraising momentum, NAV disconnect, and the hedge-like characteristics the shares offer in the event of a downturn.

Carnival Corp (CCL) – We added to CCL during the quarter, as concerns around industry overcapacity, rising fuel costs and the approaching hurricane season weighed on the shares. We feel those concerns could be overblown and remain attracted to longer-term favorable demand demographics (aging baby boomers, increased travel and increasing demand from emerging markets).

Dominion Energy Inc (D) – While our sector exposure to utilities remains underweight, we elected to add to our position in D, seeing attractive total return potential if recent issues surrounding DM, the Atlantic Coast Pipeline and pending Scana deal are resolved.

DowDuPont Inc (DWDP) – We added to the position during the quarter, as the company continues to track toward its planned breakup in 2019 and shares remain significantly undervalued on a sum-of-the-parts basis.

DXC Technology Co (DXC) – We initiated a position in DXC, who offers IT consulting, outsourcing, and support services across infrastructure, applications, and business processes. We view DXC as a value stock with the ability to implement a meaningful dividend after the current restructuring program concludes.

Fidelity National Financial Inc (FNF) – With the stock struggling year-to-date, we added to the shares during the quarter, believing the company should continue to benefit from a generally constructive backdrop in housing, its leverage to purchase transactions and several company specific drivers.

Las Vegas Sands Corp (LVS) – We initiated a position in this global casino operator during the quarter, attracted to long-term structural factors such as a rising middle class in China, increased domestic consumption, shifting consumer preferences toward travel and the recent legalization of casino gambling in Japan. Recent macro concerns surrounding emerging markets provided an attractive entry point in the shares.

Recent Sales

General Motors Co (GM) – Despite improving profitability at GM and a nice dividend, we elected to sell our position, as we believe the overhang of declining global auto production will likely continue to weigh on the stock.

iShares MSCI European Financials ETF (EUFN) - As growth in Europe has slowed a bit, and several unforeseen events have increased the risk profile, we have decided to redeploy the capital into more timely situations.

Synchrony Financial (SYF) – Due to the recent loss of business with Walmart Inc and increasing concerns around other large accounts that are up for renewal over the next several years, we believe the risk profile of the stock has increased and elected to sell our position.

Top Ten Holdings* - % of Net Assets

as of 09/30/2018

JPMorgan Chase & Co	3.07
Fidelity National Financial Inc	3.05
Johnson & Johnson	3.05
Brookfield Asset Management Inc**	3.04
Markel Corp	2.93
Microsoft Corp	2.88
Royal Dutch Shell PLC**	2.70
CVS Health Corp	2.67
Citigroup Inc	2.65
Cisco Systems Inc	2.63

Holdings subject to change without notice. Foreign Holding*

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Davenport Equity Opportunities Fund

DEOPX

DAVENPORT
ASSET MANAGEMENT

The Equity Opportunities Fund enjoyed a gain of 4.99% during the third quarter, roughly matching the advance of the Russell Mid Cap Index. Year-to-date, the Fund is up 4.70% relative to the 7.46% gain for the Russell Mid Cap Index.

For the second quarter in a row, auto parts retailer O'Reilly Automotive (ORLY) was a lead contributor to results. This stock has continued to charge higher amid strong same-store sales growth, expanding margins and aggressive buybacks. Recently, we elected to trim the position back with the valuation looking more reasonable. Another key contributor was Sherwin Williams (SHW), where company specific factors such as strong organic growth, synergies from the Valspar deal and the prospect for more aggressive capital return have allowed the shares to set new highs despite negative investor sentiment related to the housing/construction cycle. Two names that have failed to escape housing/construction related woes included American Woodmark (AMWD) and Martin Marietta Materials (MLM). The former responded to a slowdown in housing data surrounding mortgage applications and existing home sales over the summer months. While we acknowledge signs of slowing home purchases, we believe these issues are primarily related to a lack of inventory and that demand concerns seem overblown. In fact, we note that housing starts are up mid-single-digits year-to-date and that company guidance for core revenue growth has actually increased this year. As such, we added to the position and remain confident in the health of the company's core business and its opportunity to unlock significant earnings power from its recent acquisition of RSI Home Products.

We added to our position in Brookfield Asset Management (BAM), a proven capital allocator that currently seems overlooked. BAM is a leading global alternative asset manager, and one of the largest investors in what the company refers to as "real assets." BAM's primary areas of focus include real estate, infrastructure, renewable power and private equity. The company invests in these areas through listed issuers (BPY, BIP, BEP and BBU), private funds and parent company capital. With a contrarian mindset and intense focus on shareholder returns, CEO Bruce Flatt and his team have grown AUM from $14 billion to $287 billion over the last 20 years and the share price has compounded at an annualized clip of 19% (including dividends) over that same period. Despite strong momentum in third-party fund raising efforts, an inflection in the cash generation of the asset management franchise and record levels of liquidity, the stock is down modestly this year. We feel this has resulted in a significant disconnect between the price of the stock and the intrinsic value of the business.

More recently, we attended BAM's investor day in New York. While the long-term framework for value creation has not changed, we came away with a better appreciation of the impending cash generation of the asset management franchise. CEO Bruce Flatt conveyed the company's belief that its current structure is sufficient to facilitate its strategic plan for the next decade (i.e. no need for expansion into new asset classes, geographies or business structures). Essentially, the company has spent the last several decades laying the groundwork for cash generation and is now ready to reap the rewards. Whereas we find the nearly $2 billion in free cash the franchise plans to generate this year to be compelling, management sees that more than doubling over the next five years. Furthermore, the company anticipates roughly $60 billion in cumulative cash generation over the next 10 years, which is more than the market cap today. While the company's target of $118 per share in 2023 equity value (a ~24% compounded annual return) will require investors to value fee stream from the private funds business more favorably than they have in the past, we still believe the numbers are compelling even if management falls a little short of the long-term target.

To sum it all up, we feel good about both the timeliness and quality of the Fund. Further, we feel our emphasis on solid franchises run by proven capital allocators could work well in a world where rising interest rates may make capital a bit more scarce.

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, 2018.

	Q3 2018	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Equity Opportunities Fund (DEOPX)	4.99	8.55	11.07	9.58	12.24
Russell Midcap® Index	5.00	13.98	14.52	11.65	12.50
S&P 500 Index	7.71	17.91	17.31	13.95	13.81
30-Day SEC Yield: -0.29%; Expense Ratio in current prospectus: 0.91%					

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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

American Woodmark Corp (AMWD) – We elected to add to our position on weakness during the quarter, as shares of AMWD continue to fight negative sentiment surrounding housing. With the RSI integration well underway, core growth acceleration, margin expansion and continued delevering of the balance sheet, we believe patience will be rewarded in this high-quality growth stock.

Brookfield Asset Management Inc (BAM) – After a period of shares trading sideways, we believe BAM should be poised for another leg of upside, and thus added to our position during the quarter. We believe BAM could be differentiated in a weaker market environment and its liquidity position enhances the company's ability to take advantage of investment opportunities.

Liberty Broadband Corp (LBRDK) – We added to the stock on weakness during the quarter, as the market seemed to overreact to disappointing subscriber numbers from cable concern Charter Communications Inc., a trend that should abate over the next year as the integration of Time Warner Cable and Brighthouse progresses.

Recent Sales

Live Nation Entertainment Inc (LYV) – While we remain encouraged by the health of the core concert business and overall momentum, we chipped our position following strong quarterly earnings and positive movement in the stock, deploying proceeds into a situation we feel has a better risk/reward profile.

O'Reilly Automotive Inc (ORLY) – We decided to chip our position in ORLY on two occasions during the quarter, as shares have rallied strongly from our purchase last year. While we like the combination of strong same-store sales growth, expanding margins and aggressive buybacks, we believe these positives are becoming more accurately reflected in the stock.

Top Ten Holdings* - % of Net Assets

as of 09/30/2018

Brookfield Asset Management Inc**	6.36
American Tower Corp	5.65
WABCO Holdings Inc	5.44
CarMax Inc	5.01
Sherwin-Williams Co	4.93
Live Nation Entertainment Inc	4.78
Autodesk Inc	4.62
Markel Corp	4.52
DISH Network Corp	4.44
Capital One Financial Corp	4.32

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

DSCPX

The Davenport Small Cap Focus Fund was up 0.37% for the third quarter versus the 3.58% gain for the Russell 2000 Index. For the year, the Fund is up 2.62%, relative to the 11.51% gain for the index.

Unfortunately, trends that plagued prior quarters' relative results continued in the third quarter. Industrial/housing related names as well as holdings in the transportation sector continued to struggle amid fears of peaking cyclical conditions. These headwinds, coupled with an underweight stance in more momentum-oriented sectors such as Technology and Health Care, combined to weigh on relative returns. Fortunately, we did benefit from the solid performance of a few names that we added to during periods of weakness. The best example of this is Cable One (CABO), which was the strategy's top performer during the period. As a reminder, we were adding to this position earlier in the year when the sector was extremely out of favor. Since then, the stock has gone on to make new highs and we have elected to trim the position. Billboard company Lamar Advertising (LAMR) is another example of a down and out stock we added to earlier in the year that has gone on to make new highs.

More recently, we have been adding to our position in Diamond Hill Asset Management (DHIL). We've made DHIL a top position after a meaningful decline for the stock. As a reminder, DHIL manages $25 billion and has a market cap of $580 million. At the end of the quarter, the stock traded for less than 10x what we think the company can earn this year. This looks even cheaper when considering that the company has no debt and roughly $60/share of cash and investments. Insiders own nearly 20% of the company and the Board recently approved a $50 million buyback that should support the stock. Furthermore, the company is likely to pay a meaningful special dividend before year end, which combined with the buyback could result in cash returned to shareholders representing nearly 15% of the current market cap. While we can't say when investors will wake up to this sleepy value story (the stock has no analyst coverage) we feel the shares are extremely cheap at current levels.

We initiated a new position in WW Inc (WTW) during the quarter. Formerly known as Weight Watchers International, WTW is a global wellness company with the world's leading weight management program. We are excited for the long-term growth prospects of this company as it continues to add subscribers and evolve its offering towards every day wellness as opposed to just weight management. With Oprah Winfrey as a top shareholder and leading spokesperson, we expect the company to achieve its goal of 5 million subscribers in 2020 (up from 3.2 million at the end of 2017) while also driving retention and engagement through further adoption of its mobile app. The powerful combination of more users, longer retention and a scalable mobile platform should result in above-average earnings growth and improving returns on capital through the end of the decade.

In sum, we believe the strategy is timely and remain confident that recent actions continue to plant the seeds for future returns. While our value bias has been a headwind, we think market dynamics will change at some point. As always, we thank you for your trust and patience and look forward to reporting back to you at year end.

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 September 30, 2018.

	Q3 2018	1 Year	3 Year*	Since Inception * 12/31/14
Small Cap Focus Fund (DSCPX)	0.37	8.56	15.96	9.75
Russell 2000® Index	3.58	15.24	17.12	11.07
30-Day SEC Yield: -0.11%; Expense Ratio in current prospectus: 1.00%				

Top Ten Holdings[1] - % of Net Assets

as of 09/30/2018

American Woodmark Corp	4.33
Diamond Hill Investment Group Inc	3.52
Knight-Swift Transportation Inc	3.44
Trupanion Inc	3.22
Kinsale Capital Group Inc	3.21
WABCO Holdings Inc	3.11
Eldorado Resorts Inc	3.09
Lamar Advertising Co	3.05
Monarch Casino & Resort Inc	2.93
Black Knight Inc	2.84

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

Davenport Balanced Income Fund

DBALX

Davenport Asset Management

The Davenport Balanced Income Fund increased 3.64% in the third quarter, lagging the 5.70% increase for the Russell 1000 Value Index and the 7.71% increase for the S&P 500 Index. The Fund outpaced the return of the blended 60% Russell 1000 Value Index/ 40% Bloomberg Barclays Intermediate Government Credit Index of 3.49% during the quarter. Year-to-date DBALX is trailing all three benchmarks at 0.32% compared to 3.92% for the Russell 1000 Value Index, 10.56% for the S&P 500 Index and 2.10% for the blended 60/40 Index.

Health Care was our top contributing sector in the third quarter as investors rewarded the stocks following stronger than expected earnings. CVS Health Corp (CVS), Johnson & Johnson (JNJ), and Merck & Co (MRK) were three of the top four contributors to overall performance. Anheuser-Busch InBev (BUD) was our biggest detractor, as U.S. results disappointed and increased volatility in international markets pressured earnings.

During the quarter, we initiated a position in DXC Technology (DXC), a provider of global IT services. We believe DXC offers a compelling value story lead by CEO Mike Lawrie, a CEO with a history of simplifying operations and increasing efficiencies. The company returns ample cash to shareholders through buybacks and is expected to grow its dividend meaningfully over the next several years. The stock currently trades at 10x earnings compared to peers at 14-15x. We also added to our position in Brookfield Asset Management (BAM), a global alternative asset manager with a focus on real estate, renewable power, infrastructure, and private equity. With limited future investment needed to grow the scale and scope of the franchise, we look forward to a period of significant cash generation for the company's asset management business. In fact, management expects free cash flow to more than double over the next five years as the asset class grows and its private funds business scales. We feel the shares fail to reflect this inflection and note that management has recently initiated a meaningful share repurchase program in response to the discrepancy in the share price relative to their view of intrinsic value.

The fixed income market continued to stabilize in Q3 slowly eating away at the losses incurred earlier in the year. The yield on the 2-year Treasury rose 29bps, while rates on the 10-year Treasury and the 30-year Treasury rose 20bps (3.06%) and 22bps (3.20%) respectively. Even in the face of continually rising Treasury yields, the income component of the market was able to eke out a positive return on the quarter. The Bloomberg Barclays Intermediate Government/Credit returned 0.21% in Q3 bringing its year-to-date return to -0.76%. Floating rate notes continue to be a bright spot in the market, as the Bloomberg Barclays US FRN <5yr index returned 0.77% in Q3 and 1.97% year-to-date.

The bond allocation of the Balanced Fund consists of 39 high-quality bonds across nine sectors with the top allocations to Consumer Discretionary at 29%, Financials at 18%, and Energy at 16%. The credit quality of the portfolio remains high (A-/A3) and has an effective maturity of 3.63 years and a duration of 2.62 years. Similar to the first half of 2018, we continue to be defensive by trading up in credit quality and decreasing our duration. During the quarter, we exited our Ford position due to deteriorating credit fundamentals and sold Apple as its spread had tightened substantially. With these proceeds, we increased our positions in Goldman Sachs and Morgan Stanley floaters. As rates have risen this quarter, we started opportunistically buying fixed and floating rate U.S. Treasuries up to 7% of the bond allocation. We also increased our floating rate exposure to 38.5%. Floaters continue to be our top performing positions year-to-date and quarter-to-date. The income levels for the floating rate notes change quarterly based on the level of 3 month LIBOR (London Inter-bank Offered Rate). This rate ended Q3 at 2.32 and we still feel comfortable with this trade, as LIBOR should increase as the Fed continues to raise the Fed Funds rate.

We are very pleased with our performance during the quarter relative to the blended benchmark and continue to see value in a balanced approach in a market with many negative headlines surrounding trade negotiations, rising interest rates and mid-term elections. We believe our allocation to value based equities and defensive positioning in fixed income may 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 September 30, 2018.

	Q3 2018	1 Year	Since Inception* 12/31/15
Balanced Income Fund (DBALX)	3.64	4.21	7.39
Russell 1000® Value Index	5.70	9.45	12.60
S&P 500 Index	7.71	17.91	16.11
60% Russell 1000® Value/40% BBIGC Index	3.49	5.26	8.04
30-Day SEC Yield: 1.40% Expense Ratio in current prospectus: 0.97%			

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

as of 09/30/2018

JPMorgan Chase & Co	1.68
Johnson & Johnson	1.66
Brookfield Asset Management Inc**	1.66
FNF Group	1.65
Markel Corp	1.60
Microsoft Corp	1.57
Royal Dutch Shell PLC**	1.47
Citigroup Inc	1.44
CVS Health Corp	1.44
Cisco Systems Inc	1.43

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. [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.

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**. 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 **NASDAQ Composite Index** is a broad-based capitalization-weighted index of all common stocks listed on the Nasdaq. 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.