The Davenport Funds
Quarterly Update | Q1 2019

DAVENPORT
ASSET MANAGEMENT

Equities surged higher to start 2019. The S&P 500 Index gained 13.65% while the Russell 2000 Index was up 14.58%. Of note, this was the best quarter for the S&P since 2009 and the best first quarter since 1998. Clearly, this advance represented a dramatic turn of events from Q4 2018, when stocks declined and the S&P experienced its worst December since 1931.

What sparked this turn? For one, by late 2018 it appeared investors had generally accepted signs of moderating economic growth. Shares of many companies, especially those senstive to economic pressures, seemed to be discounting a full blown recession. With market expectations reset, it only took decent fourth quarter earnings reports from corporate America for stocks to rally. Also, fears of a trade war with China diminished as the Trump Administration seemed to make progress with Chinese leadership.

Perhaps most notable, the Federal Reserve backed off its tightening agenda. The Fed had been raising interest rates and appeared intent on continuing to do so in response to low unemployment, economic growth (prompted in part by fiscal stimulus/tax cuts) and the threat of inflation. As signs of slowing growth became apparent, many feared the Fed's agenda was misguided and Fed Chairman Jerome Powell gained some vocal critics. Ultimately, Powell acknowledged the case for raising rates had weakened and noted rate hikes were less likely. Investors promptly cheered a continuation of the "cheap money" environment that has buoyed stock valuations for much of the last decade. Many investors are going so far as to predict the Fed's next move may potentially be an interest rate cut.

As described in our year-end letter, we continue to expect more moderate equity returns when compared to the heady returns of 2013-2017. However, as shown by the wild swings of Q4 2018 and Q1 of this year, this clearly won't happen in a smooth fashion. Our outlook is based on a fairly balanced risk/reward profile for the market. Although we think the odds of a recession are low, we remain mindful of slowing earnings growth (partly a function of lapping corporate tax reductions) and "peakish" conditions for gauges such as unemployment and consumer credit. On the other hand, it appears the Fed still "has the market's back" and valuations aren't unreasonable. The S&P's current P/E of 17x on 2019 earnings is only slightly above the average of the last 25 years.

In terms of our funds, we were pleased with both absolute and relative performance in the first quarter. We continue to find new ideas, although the market's impressive bounce has made it a little more difficult to find value. We are currently carrying some cash in our funds and look to take advantage of any market pullbacks. Thank you for your trust and read on for a discussion of fund themes and ideas.

Market Returns	Q1 2019	2018
U.S. Large Caps	13.65	-4.38
U.S. Mid Caps	16.54	-9.06
U.S. Small Caps	14.58	-11.01
International Developed Markets	9.98	-13.79
Emerging Markets	9.91	-14.58
Intermediate Term Bonds	2.32	0.88

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 put up a strong showing in the first quarter of 2019, returning 14.31, ahead of the benchmark S&P 500 Index's Index 13.65% increase. We were pleased to see such a sharp snapback after a difficult fourth quarter. Top performers in the quarter include Danaher (DHR), American Tower (AMT), Monster Beverage (MNST), Brookfield Asset Management (BAM) and Southwest Airlines (LUV), which were all up >20%. Detractors include insurers Markel (MKL) and Berkshire Hathaway (BRK.B), who continue to suffer from lackluster underwriting results, CME Group (CME), which suffered from the lack of volatility vs 1Q18, and CVS Health (CVS), which has experienced increasing headwinds in its pharmacy and pharmacy benefit manager (PBM) businesses.

Amidst all the volatility, we were more active transacting in the Fund during the first quarter. Early in the quarter, we sold Starbucks (SBUX) after the stock had a massive move higher in the second half of 2018 due to a modest increase in same-store sales. Midway through the quarter we had a timely sale of Southwest Airlines (LUV) as the stock had bounced off of its December lows and we wanted to reposition into a higher quality business, Air Products & Chemicals (APD – more below). Another timely sale was MNST, which we sold after an earnings spike. Competitive threats and valuation caused us to take profits. Towards the end of the quarter we sold our position in Facebook (FB). FB has become a controversial name due to its disregard for properly managing customer data. While we continue to appreciate the excellent financial characteristics of the business, after a large move up in the share price in Q1, we elected to take profits given the increased regulatory risk.

As former owners of Praxair, we have long been impressed with the global industry dynamics of industrial gas, characterized by limited competition and high customer switching costs. While we sold Praxair a couple years ago due to a complex merger with a European peer, we have continued to monitor the industry and in Q1 bought a position in Air Products (APD). APD historically was an industry laggard, but in 2014 a management change led to a dramatic change in operations that resulted in a ten percentage point increase in margins. In late 2017 APD announced a large $15 billion capital investment program, which is centered around "gasification," a new (but related) business line that converts low quality feedstocks such as coal or refinery residue into synthetic gas, which can be used to create chemicals or diesel. Gasification is already a well-established technology and reminds us of the gas processors' step out into helium in the 1980s, which created substantial shareholder value. Early results have been encouraging. Should the investment work out as expected, earnings should grow by 50% over the next five years. The stock was also trading at a discount to its peer group despite industry leading margins, returns on capital and expected growth rate.

We also bought a stake in DIS. DIS is known throughout the world for its creative and (often) family-friendly entertainment content. We have owned DIS in the Core Fund in the past but sold it over a year ago as the company was entering an investment cycle. While the company continues to invest in new initiatives, numerous uncertainties have cleared up since our sale, such as the terms for the Twenty-First Century Fox (FOX) acquisition as well as the initial outline for DIS's direct streaming offering, Disney+. We have long viewed DIS as a core holding and have been particularly impressed with Michael Eisner's stewardship and the execution of outstanding deals including Pixar, Marvel and Lucas Films. Now that some of the risk regarding new investments has declined, we decided to reinstate DIS into the Fund.

In addition to APD and DIS, we added to numerous Fund holdings that appeared particularly attractive during the quarter, such as Home Depot (HD), Anheuser-Busch Inbev (BUD), CVS, Becton Dickinson (BDX), CarMax (KMX), and EOG Resources (EOG). Despite these additions, we still have an above-average level of cash, which we hope to deploy should attractive opportunities present themselves in the second quarter.

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, 2019.

	Q1 2019	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 1/15/98
Core Fund (DAVPX)	14.31	8.21	12.00	9.04	14.43	6.87
S&P 500 Index	13.65	9.50	13.51	10.91	15.92	7.29
30-Day SEC Yield: 0.25%; 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 **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

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ASSET MANAGEMENT

Recent Purchases

Air Products and Chemicals Inc (APD) - The global industrial gas industry is currently a global oligopoly with three main players (Air Liquide, Linde, Air Products) and many local players, depending on end market and geography. We initiated a position in APD, the #3 player in the global industrial gas industry.

Anheuser-Busch InBev NV (BUD) - BUD struggled last year, and we took the opportunity to add to our position. We note the stock is trading at a sharp discount to historical norms even after a nice rally this year.

Becton Dickinson & Co (BDX) - We added to our position as we continue to believe BDX is a high quality company that has been an excellent value creator over time within the healthcare space.

CarMax Inc (KMX) - We took the opportunity to initiate a position in KMX, a business with plenty of room for internally funded store growth (and further market share gains), with a buyback program to boot.

EOG Resources Inc (EOG) - We saw an attractive entry point due to recent weakness, and added to our energy exposure in a company with low-risk assets.

CVS Health Corp (CVS) – We added to our position in CVS as we think there should be a resolution to the Aetna integration and growth could improve significantly over the next several years, as CVS becomes an integrated health care company.

Home Depot Inc (HD) - We added to our position as HD remains a best-of-breed retailer with strong returns on capital, high free cash flow conversion, and scale/network advantages.

Walt Disney Co (DIS) - We initiated a position in DIS, a controversial stock given significant competition from the likes of Netflix and other over the top (OTT) content providers that have promoted additional cord cutting. In response, DIS is in the midst of a significant investment spend related to its own direct-to-consumer (DTC) offering, DIS+, which is set to launch late 2019 - early 2020. While we wait, Disney's parks and resorts continue to grow nicely, and post the closing of the Fox deal, the company will control over 50% of the domestic box office.

Recent Sales

Ecolab Inc (ECL) - The stock has performed very well and the valuation has expanded to record levels. As such, we elected to take some profits.

Electronic Arts Inc (EA) - We continue to believe in the positive outlook for the video game industry, but believe EA's near-term headwinds may outweigh the longer-term positives. We elected to sell our position as shares rallied off their December lows.

Facebook Inc (FB) - Despite having been a solid performer for us over our 2.5-year holding period, we sold our position in FB. While we continue to respect and admire the financial performance of this business model, regulatory risk to this profit stream is increasing, and ultimately we feel it is enough of a risk to take profits in the name.

iShares U.S. Home Construction ETF (ITB) - While we continue to have a constructive outlook on the housing industry, we elected to sell our exposure given the recent run.

Monster Beverage Corp (MNST) - MNST has been a great stock for us since our purchase last May. While we remain positive on the outlook for MNST, we took the opportunity to take profits and reduce the risk of the portfolio.

Southwest Airlines Co (LUV) - While we continue to like the prospects for LUV, we decided to sell one of our cyclical stocks to fund more appealing risk/reward opportunities.

Starbucks Corp (SBUX) - We sold the rest of our position, as the stock seemed fair-to-fully valued. Given the mixed performance at the operating level, we are more price sensitive than usual with this name and elected to take profits after a period of multiple expansion.

Top Ten Holdings* - % of Net Assets

as of 03/31/2019

American Tower Corp	4.06
Visa Inc	3.80
Danaher Corp	3.47
Brookfield Asset Mgmt Inc**	3.38
Adobe Systems Inc	3.30
Berkshire Hathaway Inc -B	3.19
Accenture PLC**	3.18
Markel Corp	2.96
Johnson & Johnson	2.71
Union Pacific Corp	2.70

Holdings subject to change without notice. Foreign Holding*

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

Davenport Value & Income Fund

DVIPX

The Value & Income Fund enjoyed a strong start to the year, increasing 11.05% in the first quarter. This was slightly behind the Fund's primary benchmark, the Russell 1000 Value Index, which increased 11.93%. The S&P 500 increased 13.65% in the first quarter. We are encouraged to be in close proximity to the Russell given its strong run to start the year and our slightly higher than normal cash balance, which created some drag in a strong period.

Consumer Staples and Financials were the biggest contributors to performance in the first quarter. Staples stocks performed well as interest rates declined and their strong dividend yields became more attractive. Philip Morris International (PM), Anheuser-Busch InBev (BUD), and Mondelez International (MDLZ) all increased more than 25% during the first quarter. Within Financials, Brookfield Asset Management (BAM) and Fidelity National Financial (FNF) performed well. BAM is one of our largest positions and seems to be firing on all cylinders. The company's fundraising continues to exceed expectations and management is finding attractive new investments. FNF has benefited from lower rates as mortgage applications have improved to start the year.

Key detractors in the quarter were CVS Health (CVS) and Bristol-Myers Squibb (BMY). Shares of CVS have struggled as headwinds in the company's core business have overshadowed the attractive opportunity from the Aetna acquisition. We continue to believe that CVS is building a premier integrated healthcare company and that near-term issues are more than priced into the stock at the current valuation. BMY shares sold off on news it was acquiring Celgene (CELG) as investors worried about the debt necessary to complete the deal. We believe the massive cash flow from the combined company will allow for quick de-leveraging and that several drugs in CELG's pipeline have significant potential.

We initiated a new position in Allstate (ALL) in the quarter. ALL is the second largest personal lines insurer in the US and the 18th largest life insurer. The company has an excellent long-term record of underwriting at profitable levels and has rewarded shareholders through thoughtful capital allocation. Since 2012, the company has reduced shares outstanding by 35%, and the dividend has compounded at a 13% growth rate over the past five years. Additionally, we are attracted to the company's strong brand and scale in a highly competitive industry. Lastly, we felt shares of ALL were attractively valued vs. peers and at a discount to its own trading history.

We had minimal Fund turnover in the first quarter as the only other trades included adding to our position in Marathon Petroleum (MPC), reducing our stake in W.P. Carey (WPC), and selling our position in Equity LifeStyle Properties (ELS). The latter two are REITS, which enjoyed very strong performance once the market realized that the Fed was unlikely to raise interest rates in 2019. We elected to take advantage of the strength as both names were close to our view of fair value.

In summary, we were pleased with the strong performance in the first quarter. While we don't expect 10% returns on a quarterly basis going forward, we do think the environment sets up well for value/income investing with moderate growth and low interest rates. Our cash balance remains modestly higher than normal, which we think puts us in an attractive position should the market's recent run cool off. In the meantime, we continue to scour the investment universe for attractive opportunities to put capital to work.

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, 2019.

	Q1 2019	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Value & Income Fund (DVIPX)	11.05	2.96	8.98	7.60	11.16
Russell 1000® Value Index	11.93	5.67	10.45	7.72	10.84
S&P 500 Index	13.65	9.50	13.51	10.91	12.69
30-Day SEC Yield: 1.75%; 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

Allstate Corp (ALL) - ALL is the second largest personal lines insurer in the U.S. and the 18th largest life insurer. We believe the current valuation is attractive for a company with a strong brand and scale in a very competitive industry.

Comcast Corp (CMCSA) - Now that CMCSA has closed the acquisition of Sky and the Twenty-First Century Fox (FOX) deal is off the table, we believe that investors can again focus on CMCSA's stable business fundamentals.We view the current valuation of the company as attractive and elected to increase our position.

Marathon Petroleum Corp (MPC) - A longtime favorite, we believe expectations could be far too low for MPC's refining segment over the next few years. We added to our position.

Recent Sales

Equity Lifestyle Properties Inc (ELS) - Though we view these assets as high quality and predictable, we feel the shares are fully valued and elected to take profits.

W.P. Carey Inc (WPC) - WPC has made a nice move over the past year and we elected to reduce the position some as the valuation looks fairer at these levels. We remain attracted to WPC's portfolio of "mission-critical" assets and its appealing dividend yield.

Top Ten Holdings* - % of Net Assets

as of 03/31/2019

Brookfield Asset Mgmt Inc**	3.24
Johnson & Johnson	3.14
Microsoft Corp	3.02
Royal Dutch Shell PLC**	2.98
Cisco Systems Inc	2.97
Fidelity National Financial Inc	2.89
Merck & Co Inc	2.81
JPMorgan Chase & Co	2.80
Dominion Energy, Inc	2.57
Markel Corp	2.50

Holdings subject to change without notice. Foreign Holding*
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Davenport Equity Opportunities Fund

DEOPX

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ASSET MANAGEMENT

The Equity Opportunities Fund got off to a strong start in 2019. After proving resilient amid a significant marketwide drawdown to end 2018, we were pleased to see the Fund's first quarter return of 18.55% come in nicely ahead of the 16.54% gain for the benchmark, the Russell Mid Cap Index. Whereas our valuation discipline and avoidance of momentum have made it difficult to keep up during previous periods of intense market appreciation, the more broad-based nature of the first quarter rally allowed our roster of companies to shine.

Latin American e-commerce leader, MercadoLibre (MELI), was our top performer during the quarter, advancing nearly 75%. While the stock started the year with a nice bounce from oversold levels, the company's late February earnings report sent the shares into overdrive as the market latched on to a meaningful acceleration in the company's payments business (think PayPal of South America). Other key contributors included cyclical entities such as cabinet maker American Woodmark (AMWD) and trucking equipment manufacturer Wabco (WBC), which struggled during 2018 but rewarded our patience with sharp rallies to start the year. AMWD advanced nearly 50% during the quarter in response to better housing sentiment and a solid earnings report. WBC announced it had agreed to be acquired by a competitor near quarter end, resulting in a 23% premium to the 90 day trading average prior to the deal speculation. While the deal will not close until early 2020, we elected to take profits due to the stock's close proximity to the takeout value in addition to the low likelihood of another bidder emerging.

The Fund's two largest positions, American Tower (AMT) and Brookfield Asset Management (BAM) were also top performers during the period, each advancing north of 20%. While the stock remains a top position, we elected to trim our exposure to AMT. Elsewhere, we trimmed positions in high fliers such as Live Nation Entertainment (LYV) and Autodesk (ADSK), which have been significant contributors and grew to be above-average positions. This allowed us to continue to build positions in Fidelity National Financial (FNF) and Watsco (WSO), two high quality names highlighted last quarter that failed to fully participate in the market's initial rally. In addition, we added a new position in video game publisher and developer Take-Two Interactive (TTWO), a company we have followed for some time that we believe has become quite cheap amid industry volatility.

TTWO is a leading video game developer and publisher, best known for its wholly-owned labels Rockstar Games and 2K. The company is known for putting out the fewest annual releases with the least consistent release cadence, instead choosing to only produce high quality intellectual property (IP) and continuing to monetize games long after initial release. We believe TTWO's strategy of "fewer, bigger, better" releases has led the company to release strong, immersive, and sticky franchises which is borne out in higher average review scores compared to peers. These blockbuster titles continue to provide a long revenue tail well after initial release thanks to online modes that include downloadable content such as bonus levels and "micro-transactions" such as purchasing cosmetic items to personalize characters. TTWO has a debt-free balance sheet and ample cash on hand to invest in the business and repurchase shares. The stock has weakened alongside the video game publishers of late and is significantly off its highs. When adjusting for the company's ~$14 per share of cash on hand, the stock now trades at a multiple of free cash flow comparable to legacy media companies, who don't enjoy the same structural industry tailwinds as TTWO. We believe this represents a meaningful misevaluation given the company's leading franchises, rich pipeline, and a history of successful game launches. Lastly, we believe the company is the most attractive publisher for a takeout given its size and valuable intellectual property.

In sum, we are pleased with the start to the year and remain confident in the Fund's positioning. As discussed above, we were quite active during the quarter with respect to reallocating funds from top performers/larger positions to better risk/reward opportunities. This process along with the takeout of a meaningful position (WBC) allowed the Fund to build a slightly above-average cash balance during the quarter. While we never intend to make "market calls" with our cash balance, we like having a bit more dry powder around to take advantage of new opportunities should they present themselves.

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, 2019.

	Q1 2019	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Equity Opportunities Fund (DEOPX)	18.55	11.02	10.67	8.00	12.01
Russell Midcap® Index	16.54	6.47	11.82	8.81	11.52
S&P 500 Index	13.65	9.50	13.51	10.91	12.69
30-Day SEC Yield: -0.25%; 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

DEOPX

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Recent Purchases

Fidelity National Financial Inc (FNF) - The position size is slightly below average and recent weakness afforded us the opportunity to continue building our stake. FNF appears to offer significant value in a market where deals have recently been harder to come by.

Take-Two Interactive Software Inc (TTWO) - We initiated a position in TTWO and added to the position during the quarter. The company is a leading video game developer and publisher, and we feel it may be prime candidate for a takeout- given its leading franchises, strong pipeline and history of successful game launches.

Watsco Inc (WSO) - We added to WSO as it appears to offer significant value in a market where deals have been harder to come by. We also like the stock's yield. We note that the company fits the "owner-operator" theme given material inside ownership.

Top Ten Holdings* - % of Net Assets

as of 03/31/2019

Brookfield Asset Management**	6.63
American Tower Corp	6.33
Live Nation Entertainment Inc	4.93
CarMax Inc	4.62
Martin Marietta Materials Inc	4.54
Sherwin-Williams Co	4.52
Markel Corp	4.49
Intuit Inc	4.02
Autodesk Inc	3.98
Dish Network Corp	3.92

Recent Sales

American Tower Corp (AMT) - We really like the long-term outlook here, but the valuation is full relative to history and the stock could take a breather.

Autodesk Inc (ADSK) - With the stock hitting new all-time highs, we used the recent strength to peel back the position. We still love the Autodesk story and believe the on-going shift to a subscription model will continue to drive annual recurring revenue (ARR) and annual revenue per subscriber (ARPS) to new highs.

Dollar Tree Inc (DLTR) - The stock had a recent lift from news of involvement by activist investor Starboard. We are holding on to the majority of our position as activist involvement should put a floor on the stock and modest improvement in results could drive the shares higher.

Genesee & Wyoming Inc (GWR) - With the shares seemingly fairly valued, we chipped our position and may look to continue to wind the position down amid further appreciation.

Live Nation Entertainment Inc (LYV) - LYV has been an excellent performer over the past couple years and has added to gains this year. We are maintaining a sizeable position because we think the company's dominant position in live events may yield many years of growth for ticketing volume, ticket pricing, advertising/sponsorship and venue management.

O'Reilly Automotive Inc (ORLY) - We chipped our position in ORLY after the stock posted a sharp move higher and seemed fully valued at estimates for next year. We love ORLY's management and consistent growth, but upside has become more limited.

WABCO Holdings Inc (WBC) - We sold our position following the announcement that the company had agreed to be aquired. WBC was a solid performer for the Fund, and while we preferred a better outcome, we are still pleased to receive liquidity at a meaningful premium to our average cost.

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 Small Cap Focus Fund

DSCPX

DAVENPORT
ASSET MANAGEMENT

The Davenport Small Cap Focus Fund (DSCPX) enjoyed a strong first quarter. The Fund gained 17.99% relative to a 14.58% advance for the Russell 2000. Small caps rebounded impressively from their fourth quarter swoon, and outsized gains from a few key positions allowed us to outperform the benchmark. We are pleased with how we fared during this upswing, especially when considering the Fund's relative resilience during Q4's selloff.

A rather eclectic mix of names supported our first quarter performance. A few of these names were holdings that struggled last year and bounced back very sharply. The most notable example is cabinet-maker American Woodmark (AMWD), which gained 48% alongside a recovery in deeply depressed housing-related stocks. We added to our position during the stock's late year swoon and are pleased our resolve paid off. Another example is Eldorado Resorts (ERI). Shares of the casino operator dropped sharply to finish 2018. Here again, we added to our stake at very attractive prices and have seen the shares stage an impressive recovery. In both of these cases (as well as a few others), we have used recent surges to slightly reduce our positions.

As our investors know, we have a concentrated approach (currently only 33 holdings) and love to find unique and underfollowed situations that appear to offer uncommon value. One recent example is OneSpaWorld (OSW), which has gotten off to a strong start for us and is currently our top position. OSW operates spas and fitness centers on cruise ships. The company has a 90%+ market share and exclusive contracts with all major cruise lines. We view the cruise industry as attractive with passenger counts growing consistently over the past 20 years and capacity projected to expand at a mid-single-digit rate over the new few years. OSW financials are enviable given low capital requirements (the cruise lines fund the buildout of the spas) and a very low tax rate. This leads to significant free cash flow generation, which we think may ultimately lead to an attractive dividend stream. There are several initiatives underway that could drive double-digit EPS growth including price increases, targeted marketing and additional "medi-spa" services (Botox, CoolSculpting etc). When we began looking at the stock in late 2018, it was a confusing situation (due to an acquisition) that was under the Street's radar. Since then, we've been pleased to see the stock get some support.

Asset manager Diamond Hill (DHIL) is another name we've been emphasizing. This relatively unknown (no analyst coverage) company appears to offer tremendous value following the stock's recent weakness. DHIL manages roughly $21 billion for individuals and institutions across a suite of value-oriented mutual funds. While the company has an admirable long-term track record, recent results have been less impressive and DHIL has seen a modest decline in assets under management (AUM). The stock has traded down sharply and seems to have disconnected from company fundamentals. DHIL is generating $15/share of free cash flow (relative to a $138 stock price), has no debt and has roughly $60/share of cash & investments. Furthermore, it is actively returning capital to shareholders via a special dividend ($8/share last year) and a recently announced $50 million stock buyback (more than 10% of the total market cap). We also note employees own 20% of the company; hence, it squarely fits our owner-operator bias. We acknowledge that fund outflows may pressure near-term results, but a slight uptick in performance could produce solid upside and we are being paid nicely while we wait.

In sum, we are pleased with first quarter gains as well as our performance since inception. That said, we recognize the magnitude of Q1 gains is a bit unusual and not likely to be sustained. We anticipate returns will moderate and have raised cash alongside recent gains. We think this cash will come in handy if markets cool. We also aim to demonstrate less risk than our benchmark should turbulence resume. Our concentrated approach can yield substantial deviations from our benchmark, but our value bias and focus on profitable companies should dampen risk over time as has been the case so far.

Top Ten Holdings[1] - % of Net Assets

as of 03/31/2019

OneSpaWorld Holdings Ltd**	4.78
Diamond Hill Investment Group Inc	4.14
American Woodmark Corp	4.00
Colfax Corp	3.71
Trupanion Inc	3.67
Kinsale Capital Group Inc	3.66
Black Knight Inc	3.52
Evoqua Water Technologies Corp	3.32
Lamar Advertising Co	3.30
Monarch Casino & Resort Inc	3.29

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, 2019.

	Q1 2019	1 Year	3 Year*	Since Inception *12/31/14
Small Cap Focus Fund (DSCPX)	17.99	3.90	14.17	8.08
Russell 2000® Index	14.58	2.05	12.92	7.43
30-Day SEC Yield: 0.05%; Expense Ratio in current prospectus: 1.00%				

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 3,000 index, representing approximately 8% of the total market capitalization of the Russell 3000. 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 (DBALX) increased 7.96% during the first quarter of the year, versus an 11.93% return for the Russell 1000® Value Index and 13.65% for the S&P 500 Index. The Fund just lagged the blended 60% Russell 1000® Value Index and 40% Bloomberg Barclays Intermediate Government/ Credit Index returns of 8.05% for the quarter.

After a volatile end to 2018, equities returned to favor and wiped out the losses seen in the previous quarter. Financials and Consumer Staples were the greatest contributors to the equity portion of the Fund during the quarter. As interest rates declined, Consumer Staples regained popularity because their dividend yields became more compelling. Of our holdings within the sector, Philip Morris International (PM), Anheuser-Busch InBev (BUD), Mondelez International (MDLZ) all posted returns greater than 25% during the period. Within our Financials exposure, Brookfield Asset Management (BAM) and Fidelity National Financial (FNF) were our top contributors to performance. BAM'S fundraising continues to thrive and allows them to find attractive investment opportunities. FNF is a provider of various services to the real estate and mortgage industry, and has benefited from lower interest rates and an uptick in mortgage applications so far this year. Our two biggest detractors to performance fell within the Health Care sector. CVS Health (CVS) struggled as investors focused on the disappointing results from the core business that overshadowed the potential opportunities born from the Aetna acquisition. We believe these near-term issues have been fully priced into the stock. Bristol-Myers Squibb (BMY) shares came under pressure during the quarter following the news it would be acquiring Celgene (CELG) as investors worried about the level of debt that would be needed to fund the purchase. We believe the combined entity will generate significant cash flow and allow for rapid de-leveraging.

During the quarter, we initiated a position in Lazard Ltd (LAZ), a leading financial advisory and asset management firm. Lazard's advisory activities are relatively more stable than capital markets activity directed towards raising equity or fixed income capital. Additionally, the restructuring segment provides stability during tougher economic times. The company is managed by a top-notch team focused on long-term margin improvement and returns to shareholders through dividends and stock repurchases.

After a volatile ending to 2018, the bond market settled down, posting positive returns across the majority of U.S. bond indices for Q1 19. After a more dovish message from the Fed in March, U.S. Treasuries caught a bid ending the quarter with yields lower (prices higher) than where we began the year. The yield on the 2-yr treasury fell 23bps, while the rates on the 10-yr Treasury and the 30-yr treasury fell 28bps (2.41%) and 20bps (2.82%) respectively. The Bloomberg Barclays Intermediate Government/ Credit returned 2.32% and the Bloomberg Barclays US FRN <5-yr index recouped Q4 '18 losses posting a 1.47% gain for Q1 '19.

The bond allocation of the balanced fund consists of 29 high-quality bonds across eight sectors with the top allocations in U.S. Governments at 28.62%, Consumer Discretionary at 21.86%, Energy at 16.43%, and Financials at 15.68%. The credit quality of the portfolio has improved to A+/A while having an effective maturity of 4.12 years and a duration of 3.15 years. During the quarter, we took advantage of strong corporate credit demand to exit Becton Dickinson, Anheuser-Busch InBev, and Verizon locking in gains while we could. With the proceeds we initiated and added to our Treasury exposure in the two- six- and ten-year maturities and bought Citigroup 3.3 2025. Our transactions during the quarter are consistent with our theme of trading up in credit quality while remaining defensive, taking our U.S. Treasury exposure to 28.62% up from 18% at the end of 2018. Our floating rate exposure decreased to 34% from 39% due to positions maturing. 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 Q1 at 2.6% down from 2.8% in 2018 due to the decrease in Fed hike expectations. Going forward, we will gradually decrease our floating rate exposure, but we are not outright sellers at the moment.

We were pleased with our performance to start the year and continue to see value in taking a balanced approach given a turbulent market with continuous headlines surrounding trade negotiations, interest rates, and Washington policy uncertainty. We believe our allocation to value-based equity 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 March 31, 2019.

	Q4 2018	1 Year	Since Inception* 12/31/15
Balanced Income Fund (DBALX)	7.96	3.35	6.06
Russell 1000® Value Index	11.93	5.67	10.16
S&P 500 Index	13.65	9.50	12.88
60% Russell 1000® Value/40% BBIGC Index	8.05	5.40	7.13
30-Day SEC Yield: 2.06% Expense Ratio in current prospectus: 0.97%			

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

as of 03/31/2019

Brookfield Asset Mgmt Inc**	1.76
Johnson & Johnson	1.72
Microsoft Corp	1.66
Royal Dutch Shell PLC**	1.63
Cisco Systems Inc	1.63
Fidelity National Financial Inc.	1.57
Merck & Co Inc.	1.54
JPMorgan Chase & Co	1.54
Dominion Energy Inc	1.44
Markel Corp	1.38

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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.

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 2,000 smallest companies in the Russell 3,000 index, representing approximately 8% of the total market capitalization of the Russell 3000. 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.