The Davenport Funds
Quarterly Update | Q2 2019

DAVENPORT
ASSET MANAGEMENT

Stocks continued their hot streak in the second quarter. The S&P 500 Index advanced 4.30% while the Russell 2000 Index gained 2.10%. Year-to-date, the S&P 500 Index and the Russell 2000 Index have posted total returns of 18.54% and 16.98%, respectively. Interestingly, the S&P 500 Index had its best first half of a year since 1997. All 11 sectors of the Index rose and Technology led the way with a gain of over 26.12%. Health Care was the market's laggard with a 7.12% gain in the first half. Our funds posted strong absolute returns and most are generally outperforming their respective benchmarks on a year-to-date basis.

While stocks finished the quarter near record highs, there was some turbulence along the way. Fears of an economic slowdown, prompted in part by the ongoing trade skirmish with China, caused a sharp selloff in May. To wit, the S&P 500 Index and Russell 2000 Index declined 6.4% and 7.8%, respectively, for the month. While our funds declined as well, we were pleased to see them perform better than their respective benchmarks during this swoon. Then, markets roared back in June as the Federal Reserve once again vowed to ease monetary conditions should the economic weakness become an issue. Of note, the Dow Jones Industrial Average had its best June since 1938.

For now, macroeconomic conditions remain supportive of stocks. Unemployment is at its lowest level since 1969, we have seen a record monthly streak of job gains, inflation is subdued and interest rates remain very low. Let's face it, the 10 Year U.S. Treasury's paltry yield of 2.0% makes many other asset classes look more attractive. China relations have been an obstacle of late, but most seem to believe this may only be a short-term headwind. This makes sense given we are approaching an election year.

However, the torrid pace of recent gains is unlikely to be sustained. We are relatively late in a bull market cycle and returns have been goosed a bit by fiscal and monetary stimulus. With returns over the last 10 years coming in above historical norms (the S&P 500 Index has annualized at 14.70% over the last 10 years through June), it seems logical to think we could see some reversion to the mean over the next 10 years. This doesn't mean returns won't be attractive, it just implies we may see something more subdued like mid-to-high single-digit returns. We think a more moderate return environment could favor stock pickers like us who enjoy finding diverse and value-based ideas.

We are very excited about some recent purchases and our setup going forward. On a different note, we encourage you to review our recent presentation titled Navigating Negativity, which can be accessed on our website or provided by your Account Executive. This presentation is aimed at identifying key sources of negativity in our daily lives and anticipating how the political environment may serve to intensify negative news flow. While we are respectful of the world's challenges and do not want to come off as Pollyannaish or dismissive, we point out several ways in which the world is better off than it has ever been. We then identify a few exciting developments that will improve quality of life and may also yield investment opportunities. We hope this can be a tool to help maintain a long-term perspective in what is sure to be a noisy time leading up to the 2020 election.

Market Returns	Q2 2019	YTD
U.S. Large Caps	4.30	18.54
U.S. Mid Caps	4.13	21.35
U.S. Small Caps	2.10	16.98
International Developed Markets	1.21	11.60
Emerging Markets	0.61	10.58
Intermediate Term Bonds	2.59	4.97

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

DAVENPORT
ASSET MANAGEMENT

The Core Fund posted another strong result in the second quarter of 2019, following up on the first quarter's strength. The Core Fund returned 6.05%, ahead of the S&P 500 Index's 4.30% return. Year-to-date, Core is up 21.23%, ahead of the S&P 500's 18.54% advance.

Top performers included CarMax Inc (KMX), Walt Disney Co (DIS), Air Products and Chemicals Inc (APD), CME Group Inc (CME), Martin Marietta Materials Inc (MLM) and Vulcan Materials Co (VMC), which were all up 15%+. Detractors included FedEx Corp (FDX), which has stumbled in its integration of the TNT acquisition and has suffered due to the various ongoing trade disputes. Alibaba Group Holdings Ltd (BABA) was another holding negatively impacted by the trade war with China.

As the market continues to climb higher, we have continued to look for attractive investment opportunities not caught up in the "frothier" areas of the market (e.g., recent IPOs and certain subsets of Technology). Two recent examples of this are additions to our positions in Anheuser-Busch Inbev NV (BUD) and Marathon Petroleum Corp (MPC). We also added to BUD in Q1, and the larger position size reflects our conviction that the worst is behind the company after a terrible 2018 (largely driven by a hangover from the overpriced SABMiller deal). Reasons include: 1) after the 50% dividend cut announced in October, the company is in a much better position to de-lever, 2) BUD has termed out maturities, further reducing balance sheet risk (weighted average maturity of its debt is 14 years with a low cost 3.8% average coupon), 3) it remains the margin leader in its group by far, 4) volumes have been improving, returning to positive organic growth in 2018 and 5) the company has a more focused market "premiumization" strategy which has resulted in revenue growth well in excess of volume growth. In addition, the valuation remains subdued relative to peers on both a P/E and EV/EBITDA basis.

Marathon is another out-of-favor name that we continue to like. A variety of short-term factors, such as weak Q1 results and noise from the Andeavor integration, caused indiscriminate selling in Q2. We took advantage of the weakness to add to the position and see room for outsized appreciation over the next 18 months. Catalysts include: the summer driving season is in full swing and will provide a nice uplift to near-term results, synergy capture from the Andeavor deal is running at ~$400mn per annum, and new pollution regulations on ships go into effect at the start of 2020 that should increase profitability for the refining industry, in particular complex coastal refineries such as MPC's cost-advantaged North American assets. Trading at a 12% forward free cash flow yield with an investment-grade balance sheet, we view the stock as too cheap to ignore.

At the end of the quarter, we trimmed back a group of our winners, including Air Products and Chemicals Inc (APD), Ecolab Inc (ECL), Union Pacific Corp (UNP) and Visa Inc (V). We continue to love these wide-moat, high-return businesses, but elected to take some profits after big up moves in the stocks.

Overall, our transaction activity levels came down significantly from a particularly active Q1. We ended the quarter with a modestly elevated cash balance (just under 5%), and remain committed to uncovering further attractive investments with reasonable valuations. We are pleased with the performance of the fund in the first half of the year and look forward to reporting back in the second half.

The following chart represents Davenport Core Fund (DAVPX) performance and the performance of the S&P 500 Index, the Core Fund's primary benchmark, for the periods ended June 30, 2019.

	Q2 2019	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 1/15/98
Core Fund (DAVPX)	6.05	11.79	13.60	9.39	13.57	7.08
S&P 500 Index	4.30	10.42	14.19	10.71	14.70	7.42
30-Day SEC Yield: 0.33%; 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

DAVENPORT
ASSET MANAGEMENT

Recent Purchases

Anheuser-Busch InBev NV (BUD) - We continue to think the worst is behind the company after a terrible 2018, which was largely driven by a hangover from the overpriced SABMiller deal. While the stock has rallied off its lows, it is little changed from our last addition to it in March.

Halliburton Co (HAL) – As the world's second-largest oil services provider, HAL is more focused on the U.S. land market than its larger peer. We are positive on the outlook for U.S. oil production in upcoming quarters and think HAL is well positioned to benefit.

Marathon Petroleum Corp (MPC) - MPC's share price has suffered a 15% drop thus far in May. Of course, the entire market and Energy segment has been weak in May. Nevertheless, MPC shares have performed even worse.

Walt Disney Co (DIS) – We initially purchased a 1% position previously. The plan at the time was to wait until the upcoming April 11th Investor Day before deciding to add, but we became more confident going into the event.

Recent Sales

Air Products and Chemicals, Inc (APD), Ecolab Inc (ECL), Union Pacific Corp (UNP), Visa Inc (V) - These stocks represent some of the best durable growth stories in the Core Fund and we continue to have high conviction in their businesses and growth opportunities. That said, valuation for many durable growth stocks has expanded significantly and we felt taking some profits was the prudent move.

Top Ten Holdings* - % of Net Assets

as of 06/30/2019

American Tower Corp	3.92
Danaher Corp	3.54
Adobe Systems Inc	3.38
Brookfield Asset Mgmt Inc**	3.21
Berkshire Hathaway Inc -B	3.19
Accenture PLC**	3.14
Markel Corp	3.05
Visa Inc	2.93
Carmax Inc	2.87
MasterCard Inc	2.81

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 increased 2.50% in the second quarter and has increased 13.83% year to date. This was slightly behind the fund's primary benchmark, the Russell 1000 Value Index, which increased 3.84% in the second quarter and is up 16.24% year to date. As evidence of the continued value/growth divide, both our fund and the Russell 1000 Value Index lagged the S&P 500 Index, which increased 4.30% in the second quarter and is now up 18.54% so far in 2019.

Technology and Financial stocks were the key contributors to performance during the quarter. Microsoft Corp (MSFT) eclipsed $1T in market cap as technology stocks in general remained strong and MSFT specifically continued to post impressive growth and solid cash flow generation. TE Connectivity Ltd (TEL) enjoyed a good quarter as investor fears over the company's auto exposure waned. Somewhat surprisingly, given the call for the Fed to lower interest rates, our bank stocks performed nicely. JPMorgan Chase & Co (JPM), Citigroup Inc (C), and Capital One Financial Corp (COF) were among our top-ten contributors. While lower rates would normally not be a good thing for banks, we think the market may be viewing a rate cut in a positive light as it would help steepen the yield curve. Additionally, fears of a recession (bad for banks) seem to have calmed during the second quarter.

Our key detractors were an eclectic mix. Occidental Petroleum Corp (OXY) was punished following its announced acquisition of Anadarko Petroleum Corp (APC), and made worse by management's decision to seek expensive capital from Warren Buffett to help finance the deal. We sold our position in OXY during the quarter. Another laggard was DXC Technology Co (DXC), an IT services provider undergoing a turnaround, which we viewed as a bet on a seasoned management team and a value opportunity with the stock trading at 10x earnings. We did not appreciate the magnitude of the challenges the company faced in its turnaround and were additionally surprised when the company paid a very high price for an acquisition. We sold our position in DXC during the quarter and moved the proceeds into Intel. Lastly, 3M Co (MMM) was a notable detractor as the company's organic growth turned negative and a new concern surrounding environmental litigation emerged. We have decided to stick with 3M given its relative stability, strong global brands, and healthy dividend yield.

There were two new additions to the fund during the quarter. First was Dow Inc (DOW), the old Dow Chemical, which recently spun out of DowDuPont. DOW is a focused commodity chemical producer primarily exposed to the integrated ethylene value chain (i.e. plastics). We are attracted to DOW's sustainable cost advantage and favorable supply/demand dynamics given continued growth in e-commerce and continued increases in per capita plastics use in emerging markets. Cash flow is robust and management has committed to return 65% of net income to shareholders. Sentiment on the stock skewed negative and we believe we paid a below-average multiple for roughly mid-cycle earnings, along with a greater than 5% dividend yield.

Our second new addition was Intel Corp (INTC). Intel is a household name with an A+ balance sheet and a 2.9% dividend yield. Although still a dominant player in the semiconductor industry, Intel has fallen behind peers on the innovation curve over the past few years. The company recently changed management and we are encouraged by some of the early moves, including key hires at the engineering/product level and winding down the money-losing wireless modem business. While it may take some time for INTC to catch up, we think the bad news is priced in with the stock trading at less than 10x earnings, well below its long-term average.

While it is frustrating to lag our benchmark we remain committed to our value-driven process and believe our fund is set up to perform well in what could be a more moderate return environment. We also believe dividends will become increasingly important in such an environment and note the Value & Income Fund currently yields 3.1%.

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 June 30, 2019.

	Q2 2019	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Value & Income Fund (DVIPX)	2.50	5.34	8.42	7.32	11.14
Russell 1000® Value Index	3.84	8.46	10.19	7.46	10.99
S&P 500 Index	4.30	10.42	14.19	10.71	12.86
30-Day SEC Yield: 1.72%; 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

Anheuser-Bush InBev NV (BUD) - We continue to think the worst is behind the company after a terrible 2018. While the stock has rallied off its lows, it remains depressed relative to its historical valuation and current peer valuations.

Bristol Myers Squibb Co (BMY) - BMY shares have come under pressure in the wake of its pending acquisition with Celgene. We note that the free cash flow from the combined company will be ample enough to return debt levels to historical norms. We see limited downside risk from these levels and find the dividend yield attractive.

Carnival Corp (CCL) - CCL's share price declined significantly as they cut 2019 guidance. We remain attracted to the inexpensive valuation, attractive capital returns to shareholders and favorable demand demographics.

Dow Inc (DOW) – DOW was spun out of DowDuPont on April 1 and comprises most of the old Dow Chemical. New DOW is a focused commodity chemical producer primarily exposed to the integrated ethylene value chain.

Fairfax Financial Holdings LTD (FRFHF) - While investment results have been quite poor, the company's core underwriting operations have performed quite nicely. As such, the company continues to generate cost-free "float" that it is working hard to put to work at attractive returns. Ultimately, we think the stock could produce double-digit returns with solid underwriting results, slightly better investment performance and a modest re-rating.

Intel Corp (INTC) – Although INTC has fallen behind peers, with changed management we believe they are still a dominant player in the semiconductor industry. We acknowledge that we could be early to the name, but think the stock's recent selloff goes a ways towards discounting the company's current outlook.

Marathon Petroleum Corp (MPC) - MPC's share price has suffered a 15% drop in May. Of course, the entire market and Energy segment has been weak in May. Nevertheless MPC shares have performed even worse.

Recent Sales

Boeing Co (BA) – While we continue to have a positive outlook on aerospace, we have become increasingly concerned about their engineering issues. We think there is a non-zero chance that there is a bigger problem and the issues are more than a "software fix". Were that to be the case, the downside in BA shares could be significant.

DXC Technology Co (DXC) – We knew the business was challenged at the time of our original purchase, but we did not appreciate the magnitude of the challenges as the company attempts to morph from a legacy, on-premise IT consultant to a more digital player that can enable customers in their moves to the cloud.

Microsoft Corp (MSFT) - We remain very positive on the outlook for MSFT, which has undergone a tremendous transformation in its business and culture and is gaining market share in the critical public cloud space. We elected to take some profits after a great run.

Occidental Petroleum Corp (OXY) – We are disappointed with OXY's aggressive approach to an Anadarko takeover. We disagree with OXY's decision to seek excessively expensive capital from Mr. Buffett.

Top Ten Holdings* - % of Net Assets

as of 06/30/2019

Brookfield Asset Mgmt Inc**	3.26
Fidelity National Financial Inc	3.12
Johnson & Johnson	3.07
JPMorgan Chase & Co	3.04
Royal Dutch Shell PLC**	3.00
Cisco Systems Inc	2.95
Microsoft Corp	2.88
Merck & Co Inc	2.78
Markel Corp	2.68
Watsco Inc	2.60

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 strong second quarter, carrying our momentum from a hot start to the year. During the second quarter, the strategy advanced 8.83%, more than doubling the 4.13% gain for the Russell Mid Cap Index. For the year, the strategy/fund is up 29.02% versus the 21.35% gain for the Russell Mid Cap. As was the case last quarter, we are pleased to have performed well amid advancing market conditions while remaining steadfast in our adherence to core principles around valuation and quality.

We were fortunate to have several holdings that increased more than 20% for the period. Chief among these was CarMax Inc (KMX), which advanced leading up to and after reporting strong fiscal Q1 results which were highlighted by 9.5% same-store sales growth in addition to early signs of success with the company's omnichannel initiatives. Other notables included MercadoLibre Inc (MELI), which we pared back after a more than 100% year-to-date gain, and Take-Two Interactive Software Inc (TTWO), a name we highlighted last quarter that we are pleased has gotten off to a great start. Key detractors for the period included O'Reilly Automotive Inc (ORLY) and American Woodmark Corp (AMWD). ORLY disappointed lofty street expectations and was penalized. While the valuation leaves little room for error, we still view ORLY as a great compounding growth model with an exceptional management team. AMWD also reported disappointing results and was forced to reduce its outlook. While most of the guidance reduction was the result of items outside of managements control (i.e. tariffs, transportation and labor costs), we elected to trim this position given a strong year-to-date run (north of 40%) and a more balanced risk/reward profile.

We added to our position in Dish Network Corp (DISH) during the quarter, making it one of our top positions. Fortunately, this proved timely given the stock's >20% advance during the period. Despite a bounce from oversold lows to start the year, DISH has been an underperformer for the strategy as well as a controversial name in the media sector. While we admit to being early/wrong with respect to the timeline for value creation at our initial purchase, our conviction regarding the disparity between the stock's current value and the intrinsic value of the enterprise remains high. Whereas the last few years have yielded little in the way of visibility into the company's monetization plans for its wireless spectrum assets, we have observed industry trends, corporate actions and technological developments that lead us to believe that the value of this "real estate" has only grown. As we write this letter, the stock is responding favorably to rumors of the company's potential involvement in the Sprint (S)/T-Mobile (TMUS) merger. This could include buying assets and a network-sharing agreement, which could provide a clearer direction for the company.

We also added to our position in Fairfax Financial Holdings Ltd (FRFHF) during the period. FRFHF has underperformed of late and trades for less than 1.1x its year-end book value figure. While investment results have been quite poor, the company's core underwriting operations have performed nicely. As such, the company continues to generate cost-free "float" that it is attempting to put to work at attractive returns. At the moment, the firm's investment fund remains nearly 50% allocated to cash and short term investments (a balance of roughly $20 billion) giving it significant flexibility should opportunities arise. In the interim, returns should improve somewhat alongside the bounce back in public equity markets. On the company's recent conference call, we felt management did a much better job of articulating their investment philosophy while also suggesting that the company will be much more aggressive with share repurchases. Ultimately, we think the stock could produce double-digit returns with solid underwriting results, slightly better investment performance and a modest re-rating. In the meantime, we appreciate the defensiveness the stock should exhibit if market conditions deteriorate.

To conclude, we are pleased to report a strong first half of the year, although we acknowledge the pace of recent gains is likely to cool. Moreover, we are encouraged to have been able to produce solid absolute and relative results while avoiding momentum and other "crowded" areas of the market. As was the case entering the quarter, we maintain some flexibility with an above-average cash balance and have been putting money to work in new ideas we believe possess attractive risk/reward profiles.

The following chart represents Davenport Equity Opportunities Fund (DEOPX) performance and the performance of the Russell Midcap® Index, the Fund's primary benchmark, and the S&P 500 Index for the periods ended June 30, 2019.

	Q2 2019	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Equity Opportunities Fund (DEOPX)	8.83	19.01	14.17	8.92	12.75
Russell Midcap® Index	4.13	7.83	12.16	8.63	11.69
S&P 500 Index	4.30	10.42	14.19	10.71	12.86
30-Day SEC Yield: -0.16%; Expense Ratio in current prospectus: 0.91%					

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 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

Recent Purchases

Dish Network Corp (DISH) - We added to DISH several times during the quarter. Our rationale is supported by solid performance over the last couple of years (especially YTD). This action continues a trend of harvesting recent gains and redeploying the funds into more value oriented situations. The following add to DISH preceded news that T-Mobile and Sprint have agreed to concessions that would enable their proposed merger to go through. DISH is down on the news as some hedge funds appeared to be playing a deal failure, which would have brought renewed M&A attention to DISH.

Fairfax Financial Holdings Ltd (FRFHF) - With multiple adds to FRFHF this quarter, our rationale is supported by the following: Although the investment results have been quite poor, the company's core underwriting operations have performed quite nicely. As such, the company continues to generate cost-free "float" that it is working hard to put to work at attractive returns. We feel the risk/reward opportunity is quite compelling and the stock could produce double-digit returns with solid underwriting results, slightly better investment performance, and a modest re-rating.

Markel Corp (MKL) - We feel the company has weathered somewhat of a perfect storm of negativity to close 2018 amid significant catastrophe events, a severe equity market drawdown and challenges in its insurance linked securities business. We continue to believe that profitable underwriting operations and prudent investment decisions may continue to generate double digit returns for investors for years to come.

Recent Sales

American Woodmark Corp (AMWD) - The stock is up 42% YTD and 20% since we last added to it. We believe this to be a more balanced risk/reward profile, so we elected to trim the position modestly.

Genesee and Wyoming Inc (GWR) – With rumors of the company exploring strategic alternatives for certain assets, we elected to exit the position.

MercadoLibre Inc (MELI) - Due to another excellent top-line quarter from MELI, we decided to take some profits. We continue to believe MELI's business model holds significant long-term upside potential.

Top Ten Holdings* - % of Net Assets

as of 06/30/2019

Brookfield Asset Management**	6.15
American Tower Corp	5.95
Fairfax Financial Holdings Ltd	5.55
Dish Network Corp	5.21
CarMax Inc	5.20
Markel Corp	4.96
Martin Marietta Materials Inc	4.71
Live Nation Entertainment Inc	4.65
Sherwin-Williams Co	4.36
Liberty Broadband Corp	3.95

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 second quarter on both an absolute and relative basis. The fund gained 7.21% during the quarter, nicely outpacing the 2.10% gain for the Russell 2000 Index. For the year, the strategy is up 26.50% versus the 16.98% rise in the Russell 2000. Outsized gains from several key positions helped the Fund continue its momentum. We were also pleased to see the strategy hold up well in May, when the market took a tumble.

Richmond, VA-based specialty insurer, Kinsale Capital Group Inc (KNSL), was the Fund's top performer during the quarter. KNSL advanced more than 30% on the heels of strong results, which showed an acceleration in revenue growth as well as improved underwriting profitability. Given the stock's impressive performance and resulting large position size, we elected to trim our stake at the end of the quarter. Housing entities such as Builders FirstSource Inc (BLDR), SiteOne Landscape Supply Inc (SITE) and Watsco Inc (WSO) posted solid performance alongside a retreat in mortgage rates. We elected to trim exposure in this category after strong year-to-date performance. Cannae Holdings Inc (CNNE) and OneSpaWorld Holdings Ltd (OSW) were also key contributors to results during the quarter. As a reminder, we highlighted these two names in recent quarterly communications, having built both into meaningful positions as the year began. Despite year-to-date gains of 69% and 54% for CNNE and OSW, respectively, both stocks remain top positions given our conviction in their long-term prospects and our belief that each remains relatively underfollowed/misunderstood.

Key detractors for the period included Colfax Corp (CFX) and Shenandoah Telecommunications Co (SHEN), both of which we added to during the quarter. We began building our position in CFX at the beginning of the year as the company completed a meaningful portfolio overhaul, selling its deeply cyclical Air & Gas Handling business and buying DJO Global, a leading provider of orthopedic devices for both rehabilitation and surgery. This transformation will make for a much more stable earnings stream, and there is room to improve DJO via CFX's operational approach known as Colfax Business Systems (CBS). We think the company looks cheap relative to $2.50 per share in anticipated free cash flow and suspect the shares could re-rate as management executes on the integration of DJO. Shenandoah encountered weakness alongside increased skepticism around the Sprint (S)/T-Mobile (TMUS) merger's odds of consummation. As a refresher, SHEN operates Sprint-branded wireless territories in northwestern Virginia and parts of West Virginia. The company benefits in the event Sprint is acquired due to their contractual ability to buy/sell their sprint wireless territories from/to the acquirer (in this case TMUS) at attractive prices. While the S/TMUS saga will likely result in a few more ups and downs, we believe SHEN represents a solid risk/reward trading 25% below recent highs. Moreover, we think the company's mix of assets (also owns local cable systems and tower assets) is attractive regardless of the S/TMUS outcome.

We initiated a position in Switch Inc (SWCH), a leading data center operator that we think is well positioned to serve major corporations as more mission-critical computing workloads move to the cloud. We think the company's strategy of building fewer, larger, more advanced data centers in more cost-effective markets will allow it to be successful in attracting important workloads from the country's top businesses. In fact, we have already seen the company win a long-term contract with FedEx since we bought the stock. In addition to deriving a significant portion of revenues from recurring sources, we are attracted to the company's cash conversion metrics and development yields, which are among the highest in the industry. Ultimately, we think there is upside in the stock as the company attracts new customers and yields up its three newer facilities that should complement its core Las Vegas asset.

In closing, we are pleased to report another solid quarter and feel the fund is well positioned for the future. In addition to introducing some exciting names with significant long-term promise, we have also managed to maintain ample flexibility with an above-average cash balance. This should enable us to be opportunistic in the future as well as provide some cushion should the market hit a rough patch.

Top Ten Holdings[1] - % of Net Assets

as of 06/30/2019

OneSpaWorld Holdings Ltd**	4.61
Diamond Hill Investment Group Inc	4.19
Colfax Corp	4.08
Monarch Casino & Resort Inc	3.85
Kinsale Capital Group Inc	3.71
Evoqua Water Technologies Corp	3.56
Cannae Holdings Inc	3.43
Trupanion Inc	3.41
Watsco Inc	3.35
Black Knight 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 June 30, 2019.

	Q2 2019	1 Year	3 Years*	Since Inception* 12/31/14
Small Cap Focus Fund (DSCPX)	7.21	5.62	13.88	9.30
Russell 2000® Index	2.10	-3.31	12.30	7.49
30-Day SEC Yield: 0.15%; 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

The Davenport Balanced Income Fund (DBALX) increased 2.58% in the second quarter, lagging the 3.84% increase for the Russell 1000 Value Index and the 4.30% increase for the S&P 500. The blended index of 60% Russell 1000 Value Index/ 40% Bloomberg Barclays Intermediate Government Credit Index was up 3.47%% for the quarter. Year to date DBALX is trailing all three benchmarks at 10.75% compared to 16.24% for the Russell 1000 Value, 18.54% for the S&P 500 and 11.81% for the blended 60/40 index.

Financial stocks were the top contributors to performance this quarter, thanks to strong returns from names like JPMorgan Chase & Co (JPM), Fidelity National Financial Inc (FNF), and Capital One Financial Corp (COF) as investors may have embraced the possibility of a steepening yield curve should the Fed cut short-term rates while long-term rates remained unchanged. Additionally, fears of a recession appeared to calm. Energy stocks were some of our biggest detractors during the quarter. Occidental Petroleum Corp (OXY) shares declined significantly after the company announced its decision to acquire Anadarko Petroleum Corp (APC), financed in part by a costly investment from Berkshire Hathaway Inc (BRK.B). We elected to sell our position soon after the announcement, as we felt the deal and financing arrangement drastically altered the risk/reward profile of our investment in OXY.

During the quarter, we elected to initiate a position in AT&T Inc (T), a leading wireless carrier and provider of media and video services in the US. AT&T plans to launch the first nationwide 5G wireless network in 2020, which should help the company to increase its market share. Within its media division, AT&T will introduce its streaming media service featuring popular content from HBO, Turner, and Warner Media. These launches should drive significant boosts to revenue and earnings, while allowing the company to pay down its debt. At the time of purchase, shares were trading at a very cheap valuation and offered a compelling risk/reward profile. Additionally, the company offers a compelling yield of over 6%.

The bond market continued to show strength in the second quarter of 2019 as investors showed demand for safe haven assets and thirst for yield in the corporate market. With the Fed seemingly on hold or potentially considering a cut in the future, yields continued to fall throughout Q2. The yield on the 2-yr Treasury fell 51bps, while the rates on the 10-yr Treasury and the 30-yr Treasury fell 40bps (2.01%) and 28bps (2.53%) respectively. The Bloomberg Barclays Intermediate Government/Credit continued its rally posting 2.59% gain in the second quarter, 4.97% YTD and the Bloomberg Barclays US FRN (floating-rate note) <5yr Index increased 0.92% bringing its YTD return of 2.41%.

The bond allocation of the balanced fund consists of 30 high-quality bonds across nine sectors with the top allocations to US governments at 28.36%, Energy at 19.82%, Consumer Discretionary at 17.44%, and Financials at 14.59%. The credit quality of the portfolio remains at A+/A while having an effective maturity of 4.29 years and a duration of 3.43 years.

During the quarter, we continued adding to our Treasury positions, mainly in 2-yr maturities. As we mentioned in Q1 '19, we are slowly reducing our floating-rate exposure due to the reduced likelihood that the Fed will continue to hike the federal funds rate creating downside risk in 3-month LIBOR(London Inter-bank Offered Rate). The income levels for the floating-rate notes change quarterly based on the level of 3-month LIBOR. We sold one of our Treasury floating rate notes and CSCO FRN, taking our floating-rate exposure to 24.94% from 34%. With the proceeds, we initiated position in SHW, DE, and HAL. These positions are consistent with our theme of a defensive mindset, but allow us to pick up yield increasing our income as these corporates trade with a spread over Treasuries. We continue to see value in Treasuries on pullbacks and our Treasury exposure remains around 28%.

We continue to see value in a balanced approach, particularly if we enter a market with more moderate returns. While value-based equity has been out of favor of late, we believe our defensive positioning within equities and fixed income coupled with current income could provide a volatility buffer in the future, while focusing on long-term capital appreciation and income.

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

as of 06/30/2019

Brookfield Asset Mgmt Inc**	1.73
Fidelity National Financial Inc.	1.65
Johnson & Johnson	1.64
JPMorgan Chase & Co	1.62
Royal Dutch Shell PLC	1.60
Cisco Systems Inc	1.57
Merck & Co Inc	1.48
Microsoft Corp	1.45
Markel Corp	1.44
Dominion Energy Inc	1.39

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 June 30, 2019.

	Q2 2019	1 Year	Since Inception* 12/31/15
Balanced Income Fund (DSCPX)	2.58	5.76	6.38
Russell 1000® Value Index	3.84	8.46	10.59
S&P 500 Index	4.30	10.42	13.26
60% Russell 1000® Value/40% BBIGC Index	3.47	8.29	7.65
30-Day SEC Yield: 1.86%; Expense Ratio in current prospectus: 0.97%			

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Mutual Fund investing involves risk, principal loss is possible. An investor should consider the fund's investment objectives, risks and charges and expenses carefully before investing. The fund's prospectus contains this and other important information. You may obtain a copy of the fund's prospectus by calling (888) 285-1863. Investors should read the prospectus carefully and discuss their goals with a qualified investment professional before deciding to invest.

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Risk disclosures:

DAVPX - The fund may not achieve its objective and/or you could lose money on your investment in the fund. Stock markets and investments in individual stocks are volatile and can decline significantly in response to market, foreign securities, small company, exchange traded fund, investment style and management risks.

DVIPX - The fund may not achieve its objective and/or you could lose money on your investment in the fund. Stock markets and investments in individual stocks are volatile and can decline significantly in response to market, foreign securities, small company, exchange traded fund, investment style and management risks. There is no guarantee that a company will continue to pay a dividend.

DEOPX - The fund may not achieve its objective and/or you could lose money on your investment in the fund. Stock markets and investments in individual stocks are volatile and can decline significantly in response to market, foreign securities, small company, exchange traded fund, investment style and management risks. Small and mid cap company stocks may be more volatile than stocks of larger, more established companies.

DSCPX - The fund may not achieve its objective and/ or you could lose money on your investment in the fund. Stock markets and investments in individual stocks are volatile and can decline significantly in response to market, foreign securities, small company, exchange traded fund, investment style and management risks. Small and mid cap company stocks may be more volatile than stocks of larger, more established companies.

DBALX - Investments in debt instruments may decline in value as the result of declines in the credit quality of the issuer, borrower, counterparty, or other entity responsible for payment, underlying collateral, or changes in economic, political, issuer-specific, or other conditions. Certain types of debt instruments can be more sensitive to these factors and therefore more volatile. In addition, debt instruments entail interest rate risk (as interest rates rise, prices usually fall), therefore the Fund's share price may decline during rising rates. Funds that consist of debt instruments with longer durations are generally more sensitive to a rise in interest rates than those with shorter durations. Investments in below investment grade quality debt instruments can be more volatile and have greater risk of default, or already be in default, than higher-quality debt instruments. Investments in municipal instruments can be volatile and significantly affected.

Please see the prospectus for further information on these and other risk considerations.

Performance shown is historical and is no guarantee of future results. Investing in securities carries risk including the possible loss of principal. Performance is shown net of fees.

Index Definitions: U.S. Large Caps represented by the **S&P 500 Index**. U.S. Mid Caps represented by the **Russell Midcap Index**. U.S. Small Caps represented by the **Russell 2000 Index**. International Developed Markets represented by the **MSCI EAFE Index**. Emerging Markets represented by the **MSCI EM Index**. Intermediate Term Bonds represented by the **Bloomberg Barclays Intermediate Government/Credit Index**.

The **S&P 500 Index** is comprised of 500 U.S. stocks and is an indicator of the performance of the overall U.S. stock market. The **Russell 2000® Index** measures the performance of the 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. The **Dow Jones Industrial Average® Index** is a price-weighted measure of 30 U.S. blue-chip companies. The index covers all industries except transportation and utilities.

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