The Davenport Funds
Quarterly Update | Q4 2019

2019 was an extraordinary year for equity investors. The S&P 500® Index surged a whopping 31.49% while the Russell 2000® Index advanced 25.53%. For the fourth quarter, the S&P 500 and Russell 2000 gained 9.07% and 9.94%, respectively. Such impressive performance represented a sharp turnaround from year-end 2018, when markets retreated alongside fears of tighter monetary policy and slowing growth. Granted, there were a couple of disruptions during the year (namely May and August), but markets proved very resilient and repeatedly bounced back from adversity. Although we were a bit surprised by the magnitude of the 2019 rally, we participated nicely in market gains and were very pleased with our funds' performance.

The year's gains were prompted in large part by a return to accommodative policy from the Federal Reserve. When the market swooned in 2018 and the economy appeared to be on shakier ground, the Fed seemed to have gone too far with efforts to raise interest rates and back away from ultra "easy" policy. In August, the Fed lowered interest rates for the first time since 2008 and went on to lower rates two more times by year-end. While now hoping to pause for a little, the Fed has also made it clear that it stands ready to continue supporting the economy. In other words, policymakers once again appear to "have the market's back."

Low interest rates and cheap money policy supported equity valuations for most of the year even as economic growth remain muted. GDP growth was just above 2% through the first three quarters and corporate earnings grew only 1.5%. Calls for a near-term recession grew through the year and were exacerbated by an ongoing trade rift with China. Those companies that sell to China and/or rely on it for inputs saw their earnings pressured by tariffs. More recently, growth has improved, we've seen a "phase one" trade deal with China, quarterly earnings exceeded lowered expectations and recession talk has subsided. Most economic indicators look good. Perhaps most notable, the unemployment rate is hovering near a 50-year low at 3.5%, supporting strong consumer spending.

What are the offsets to all this good news? For one, valuations are much higher than this time last year. The forward P/E (price per earnings) multiple for the S&P 500 has expanded from roughly 15x to 19x over the last 12 months. Low interest rates (a 10-year Treasury currently yields only 1.9%) support a multiple above historical norms, but there is no doubt the opportunity for multiple expansion has diminished following the sharp rally. Not surprisingly, investor sentiment has also improved and there are signs of animal spirits*. As we write this, the CNN Fear & Greed Index stands at 92 (scale of 0-100 with 0 representing extreme fear and 100 showing extreme greed).

In sum, we think the market's risk/reward profile has become more balanced. We can't say what the near-term will bring, but valuations are fair and it makes sense to expect more moderate returns going forward. We are mindful that recent gains may have borrowed from the future and acknowledge that many asset classes, including stocks, have been floating on cheap money for a long time. We have become more cognizant of risk, yet are still finding attractive investment themes. One such theme is that of "connectivity." With wireless data usage exploding and video streaming services proliferating, we think it makes sense to own the pipes that are enabling these long-term trends. Hence, we own various cable, wireless and cell tower companies. Read on for a discussion of specific funds and we wish you all the best in the coming year.

Market Returns	Q4 2019	2019
U.S. Large Caps	9.07	31.49
U.S. Mid Caps	7.06	30.54
U.S. Small Caps	9.94	25.53
International Developed Markets	8.17	22.01
Emerging Markets	11.84	18.42
Intermediate Term Bonds	0.37	6.80

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

On a different note, we'd like to congratulate Investment Policy Committee (IPC) member Dave West on his year-end retirement. Dave has been a valuable resource for many years and will be missed. We are pleased to announce that Joel Ray will be joining the IPC. Joel has worked in Davenport's research department for just over 15 years and has nearly 38 years of investment experience. Welcome Joel!

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

Davenport Core Fund

DAVPX

The Davenport Core Fund (DAVPX) had an excellent year in 2019, returning 32.89%, ahead of the benchmark S&P 500® Index's 31.49% advance. For the fourth quarter, the Core Fund was up 6.62%, versus the 9.07% rise for the index. As mentioned last quarter, we had a modestly elevated cash position going into Q4, and some of our individual holdings failed to keep up with red hot market as we closed out the year. Nevertheless, we were pleased to see the Fund maintain its outperformance for the full year.

A few factors drove the bulk of performance for the year. Our significant overweight in the Materials sector paid off, as our diverse collection of quality businesses (rock quarries, gas handling, paint and industrial cleaning) attracted investment flows due to their high quality and relative defensiveness vs more economically sensitive companies. In Healthcare, Danaher Corp (DHR) had a banner year, bolstered by the purchase of GE Biopharma. Our "connectivity" theme paid off in the form of Liberty Broadband Corp (LBRDK) and American Tower Corp (AMT). On the negative side of the ledger, our underweight position in Apple Inc. (AAPL) was a drag on performance, as was FedEx Corp (FDX), which had another disappointing year after a poor 2018.

During the quarter, we purchased two new positions: Wells Fargo & Co (WFC) and T-Mobile US Inc. (TMUS). We previously owned WFC, but sold it in the wake of its 2016 scandal surrounding unauthorized account openings. Since then, the stock has underperformed, as the bank has struggled to appease regulators and suffered from management turnover and a lack of clear direction. With the October installment of new CEO Charlie Scarf, we see a credible path for WFC to once again capitalize on its strong franchise. At the time of our purchase, WFC paid a dividend yielding 4.1%, had a buyback program worth 10% of the market cap, and a P/E multiple below peers. As the new management teams focuses on cutting costs and returning to growth, we see room for earnings growth and multiple expansion.

TMUS represents another play on the connectivity theme, with Americans consuming more and more data on their cell phones. CEO John Legere has done a remarkable job turning around this wireless carrier. Brilliant marketing and key investments in the network have helped grow TMUS's market share from 11% to 17%. While Legere is moving on from the company in the spring, he has built a deep bench and we don't see deviation from the current successful strategy. We are hopeful the pending Sprint deal goes through (cost takeout and utilization of Sprint's spectrum hoard are powerful drivers), but even if it does not, TMUS has a bright standalone outlook. The upcoming rollout of 5G networks in the U.S. should be another opportunity for TMUS to take further share.

During Q4, we sold our position in Alibaba Group Holding Ltd. (BABA), which proved to be early as the stock has benefitted from its Hong Kong secondary listing and the improvement of US-China trade sentiment. We added to Anheuser-Busch InBev NV (BUD) late in the quarter, on weakness due to pricing missteps in Brazil. The stock is still trading at a discount to peers, but the balance sheet has improved dramatically and the company is executing on a familiar Consumer Staples algorithm: low-single-digit revenue growth and modest margin expansion driving high-single-digit earnings per share (EPS) growth.

In closing, we are quite pleased with the Core Fund's performance in 2019. With an eye towards the new year, we have continued to deploy capital, finding select opportunities despite the headline advance in the S&P 500 Index. Thank you for your trust and we look forward to reporting back when we exit the first quarter of 2020.

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 December 31, 2019.

	Q4 2019	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 1/15/98
Core Fund (DAVPX)	6.62	32.89	14.31	10.26	12.46	7.36
S&P 500 Index	9.07	31.49	15.27	11.70	13.56	7.75
30-Day SEC Yield: 0.28%; Expense Ratio in current prospectus: 0.89%						

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. Standard & Poor's Financial Services LLC, a division of S&P Global, is the source and owner of the registered trademarks related to the S&P 500 Index. 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

Recent Purchases

Anheuser-Busch InBev NV (BUD) - Shares with BUD have struggled after the company had a setback in Q3. We think this pullback presents a good opportunity to add to our position, as most of the shortfall appears temporary, driven by pricing missteps in Brazil. BUD remains the leading global brewer with best-in-class margins.

Honeywell International Inc (HON) – HON remains a best-of-breed industrial with multiple ways it could win in an uncertain macro environment. Organic growth remains solid (+4% - 5% this year) driven by favorable end market exposure (aerospace, non-residential construction, automation, e-commerce), new product development, and strong growth in connected software solutions. We view HON as one of the highest quality industrial stocks that should outperform regardless of the economic environment.

TJX Companies Inc (TJX) - As a reminder, TJX is a leading off-price retailer of clothing, accessories, and home fashions with more than 4,300 stores under the T.J. Maxx, Marshalls, and HomeGoods brands. We expect the company to be a winner in the changing retail landscape as customers love bargains and the "treasure hunt" experience at the company's stores is expected to drive market share gains. The company has posted positive same store sales growth for 23 consecutive years (1 down year in its more than 40 year history) and has ample opportunity to continue to expand its store base.

T-Mobile US Inc (TMUS) - T-Mobile is currently the nation's 3rd largest wireless provider behind Verizon (VZ) and AT&T Inc (T) and will vault to second should the proposed merger with Sprint Corp (S) be consummated. We have recently emphasized the theme of "connectivity," i.e. owning the pipes/infrastructure that enable the wireless revolution/5G and rising consumption of data/video. We think TMUS is going to be a market share winner in coming years with or without Sprint and the company seems poised for continued above average cash flow growth.

Wells Fargo & Co (WFC) - We believe that WFC offers an attractively valued long-term situation with a good balance sheet, strong capital return program, and significant upside potential as it emerges from multiple years of regulatory pressure. We believe that expectations for WFC remain low, and as the company continues to improve its reputation, we think the stock could continue to rerate higher to its former premium valuation relative to its peers.

Recent Sales

Alibaba Group Holding Ltd (BABA) - Alibaba has been a disappointing holding since our initial purchase in February 2018 as China's domestic economy slowed and the constant headlines with regards to trade kept the stock in a range. BABA continues to post impressive growth and its valuation in that context is not demanding. However, we felt the stock was one of our higher risk positions. With the recent move higher on China optimism, and given its small size in the context of the portfolio, we elect to take the small loss.

Top Ten Holdings* - % of Net Assets
as of 12/31/2019

American Tower Corp	4.00
Brookfield Asset Mgmt Inc**	3.53
Danaher Corp	3.45
Adobe Systems Inc	3.43
Accenture PLC**	3.25
Berkshire Hathaway Inc	3.08
Markel Corp	2.91
Visa Inc	2.88
MasterCard Inc	2.88
JPMorgan Chase & Co	2.69

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 Davenport Value & Income Fund (DVIPX) increased 7.12% in the fourth quarter and finished 2019 up 25.15%. The fund's primary benchmark, the Russell 1000 Value® Index increased 7.41% in the fourth quarter and 26.54% for 2019. The S&P 500® Index increased 9.07% in the fourth quarter and 31.49% in 2019.

We are pleased with the fund's performance in 2019, especially as it outperformed its benchmark during the two significant market declines in May and August. In a year where growth once again outperformed value, we are happy the fund returned north of 25%. Looking ahead, we continue to take a balanced approach with the fund, focusing on attractive stocks that are likely to benefit from improving global growth, while also increasing positions in more defensive and income-oriented ideas.

Health Care stocks led the way in the fourth quarter with Bristol-Myers Squibb Co (BMY), CVS Health Corp (CVS), and Johnson & Johnson (JNJ) among our top performers. The sector rallied as poll numbers for those in the Democratic primary who are proponents for "Medicare for All" dropped, indicating a more moderate candidate could win the nomination. Financials also rallied during the quarter as longer term interest rates ticked up and the Federal Reserve indicated that it would continue to support the economy. This helped our positions in JPMorgan Chase & Co (JPM), Bank of America Corp (BAC), and Capital One Financial Corp (COF). Anheuser-Busch InBev SA/NV (BUD) was the key detractor during the quarter as the company had some disappointments in its 3Q earnings report. We took the opportunity to add to our position, as BUD remains the leading global brewer with best-in-class margins, an improving balance sheet, and discounted valuation vs. peers. W.P. Carey Inc. (WPC) was another detractor as the more traditional REITs (i.e. bond-like) underperformed.

We initiated two new positions during the quarter. First was McDonalds Corp (MCD), whose shares fell precipitously following a weak earnings report and the resignation of its CEO. We felt the sell-off presented an attractive buying opportunity in a globally recognized company that we think is taking all the right steps to invest for the future. We believe the company has a deep bench and have confidence in the new CEO. Over the past several years, the company has shifted from a company-owned stores model to a franchise model, which provides a more predictable and steady income stream with lower operating costs and risks.

Secondly, we bought shares of Freeport-McMoRan Inc. (FCX), a global miner of copper and gold. FCX is a low-cost producer with very attractive assets and long mine lives. In addition to the potential to benefit from global growth, we think copper demand should increase driven by the infrastructure buildout in emerging markets, higher copper intensity of renewable power, and the electrification of the automotive fleet. With a much improved balance sheet and inexpensive valuation relative to its earnings power, we added exposure to commodities, albeit with a smaller than average position.

In playing with our "connectivity" theme, we increased our position in Comcast Corp (CMCSA). CMCSA remains a dominant franchise in the media industry as the largest cable TV provider in the U.S. as well as the largest internet service provider. We think the value of the pipes and infrastructure that are enabling the ongoing boom in data/video consumption should continue to increase.

We also elected to add to our positions in ExxonMobil Corp (XOM) and Fairfax Financial Holdings Ltd (FRFHF), two out-of-favor stocks with low volatility, attractive dividend yields, and well below normal valuations. To fund our purchases, we sold positions in Eaton Corporation PLC (ETN), and Mondelez International Inc. (MDLZ), two very strong performers over the years that we felt had approached fair value.

In summary, 2019 was a solid year and we are optimistic that our balanced approach for the fund should allow us to continue to participate in an up market, while also muting the downside should global risks increase.

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 December 31, 2019.

	Q4 2019	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Value & Income Fund (DVIPX)	7.12	25.15	9.75	8.12	11.65
Russell 1000® Value Index	7.41	26.54	9.68	8.29	11.39
S&P 500 Index	9.07	31.49	15.27	11.70	13.39
30-Day SEC Yield: 1.53%; Expense Ratio in current prospectus: 0.88%					

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. Standard & Poor's Financial Services LLC, a division of S&P Global, is the source and owner of the registered trademarks related to the S&P 500 Index. An investor cannot invest in an index and its returns are not indicative of the performance of any specific investment.

Davenport Value & Income Fund Quarterly Transactions

DVIPX

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Recent Purchases

Anheuser-Busch InBev NV (BUD) - The balance sheet continues to improve, with latest developments including raising $5 billion from the partial initial public offering (IPO) of its Asian brewing segment and the pending sale of its Australian business to Asahi Group for $11 billion. Results in the U.S. are beginning to improve with "premiumization" (such as the Michelob Ultra) now closer to offsetting the declines in Bud Light.

Comcast Corporation (CMCSA) - CMCSA remains a dominant franchise in the media industry as the largest cable TV provider in the U.S. as well as the largest internet service provider. The company fits nicely within our "connectivity" theme, where we think the value of the pipes and infrastructure that are enabling the ongoing boom in data/video consumption should continue to increase.

Fairfax Financial Holdings Ltd (FRFHF) - FRFHF has underperformed of late and trades for less than 1.0x its recently reported Q3 end book value per share figure. While investment results have been quite poor, the company's core underwriting operations have performed quite nicely. We think the stock could produce double-digit returns with solid underwriting results, slightly better investment performance and a modest re-rating.

Freeport-McMoRan Inc (FCX) - FCX is a global miner with key operations in Indonesia, Peru and Arizona. FCX has been a disappointing performer over the last decade as commodities have struggled, management entered and exited the oil business with abysmal timing, and the Indonesian government extracted more economics from its key Grasberg mine. A new agreement with the Indonesian government was inked in December 2018, after several years of negotiation. The new deal gives line of sight for FCX until 2040, when the agreement comes up for renewal.

McDonalds Corp (MCD) - Shares of MCD have fallen over 12% from their August highs, particularly following the company's Q3 earnings release that fell shy of analyst expectations. We feel the sell-off is overdone, and elect to initiate a position in a globally recognized company that we believe is currently taking all the right steps to invest for the future.

Exxon Mobil Corp (XOM) - XOM is a household name that has underperformed over the last decade. In March of this year, XOM laid out aggressive spending plans over the next 5+ years, in order to return to growth. Over the next couple of years, XOM's free cash flow should once again exceed its dividend, which could be a catalyst for the shares.

Recent Sales

Eaton Corporation PLC (ETN) – ETN has been a solid performer for the portfolio over our eight-year holding period. Management has done a tremendous job of creating value by restructuring operations and transforming its portfolio from a cyclical machinery company into a faster growth and more profitable multi-industry one. We continue to have a favorable view towards the company but believe that much of the good news is priced in and there is some cyclical risk looming in the company's hydraulic, truck, and auto end markets.

Mondelez International Inc (MDLZ) – MDLZ has been a good performer for us over the last year and a half. Over that time, the forward price earnings ratio (P/E) multiple has re-rated upwards from 15x to 20x. While we continue to like the prospects for MDLZ's differentiated brand portfolio (snack-based, international focused), the stock does not currently present the same valuation appeal as it did at our entry price. Please note we continue to hold the position in the Core Fund.

Top Ten Holdings* - % of Net Assets

as of 12/31/2019

Brookfield Asset Mgmt Inc**	3.65
JPMorgan Chase & Co	3.54
Fidelity National Financial Inc	3.34
Bristol-Myers Squibb Co	3.11
Johnson & Johnson	3.10
Anheuser Busch Inbev NV	2.75
Fairfax Financial Holdings Ltd	2.70
Markel Corp	2.69
Comcast Corp	2.66
Watsco Inc	2.65

Holdings subject to change without notice. Foreign Holding*

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Davenport Equity Opportunities Fund

DEOPX

The Davenport Equity Opportunities Fund (DEOPX) had a strong close to the year, advancing 4.00% in the fourth quarter. While quarterly performance lagged the 7.06% gain for the benchmark Russell Mid Cap® Index, the strategy's 39.22% 2019 gain nicely exceeded the 30.54% return for the Index. We are proud to have outpaced the market while also keeping a strict focus on quality and risk. Despite it being a banner year for most asset classes, the market suffered meaningful declines in in the months of May and August. We were pleased to see our strategy proved to be quite resilient during these periods.

Top contributors for the quarter included construction, architecture and design software developer Autodesk Inc. (ADSK) and media holding company Liberty Broadband Corp (LBRDK). ADSK advanced nearly 25% following a strong earnings announcement and a positive update to guidance. LBRDK, a holding company whose primary asset is a stake in cable giant Charter Communications Inc. (CHTR), appreciated north of 20% as CHTR reported strong results. Though the stock is up nearly 75% this year and trades near an all-time high, we remain attracted to the shares given that 1) the stock trades at a discount to underlying net asset value of its holdings in CHTR and 2) we continue to believe CHTR is a high quality way to access the powerful theme of connectivity - complimenting positions in American Tower Corp (AMT) and DISH Network Corp (DISH) that also touch this theme. With respect to the latter point, we view CHTR's network as mission-critical infrastructure for the connected economy. The company has done a commendable job integrating several large deals in recent years, realizing significant cost savings and dramatically improving cash generation. On top of this, the company's core business is growing nicely as it adds more profitable broadband internet subscribers at a pace that offsets modest declines in its video subscriber base. Finally, we note that the company has rapidly paid down debt, providing another layer of optionality for management (i.e. acquisitions or more aggressive capital return).

Sherwin-Williams Co (SHW) and Brookfield Asset Management Inc. (BAM) are two large positions and top contributors that we elected to trim during the quarter. We continue to view each as a high quality compounder with attractive long -term prospects. However, we elected to take advantage of recent strength that has resulted in a more balanced risk reward profile for each stock. In the case of BAM, we last added to the position in August 2018, making it our biggest position due to increased conviction that momentum in fundraising and fee streams from the company's asset management operation were not being appropriately reflected in the stock's valuation. Since our addition, BAM has gone on to produce a gain 3x the Russell Mid Cap Index. With the stock up more than 50% YTD, we elected to take some profits as we felt shares more accurately reflect the company's long-term prospects.

Key detractors for the quarter included Dollar Tree Inc. (DLTR) and Etsy Inc. (ETSY), each of which suffered declines following disappointing quarterly results. In the case of DLTR, we felt the stock's reaction to weaker than expected margins was overdone. However, we acknowledge the company's challenges (cost headwinds, tariff issues and deal integration complexities) may take more than a couple quarters to overcome. In the case of ETSY, we used weakness to add to the position as we viewed short term disruptions from the company's rollout of free shipping to be transitory. More importantly, we continue to have high conviction surrounding the achievability and conservatism of the company's long-term objectives and remain attracted to the ETSY's capital-light, high return business model.

In closing, we were very pleased with 2019 results and enter 2020 with optimism surrounding the positioning of the Fund. While we expect a more moderate return environment for equities in the near term, we continue to align ourselves with exceptional management teams who run defensible, quality businesses.

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 December 31, 2019.

	Q4 2019	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Equity Opportunities Fund (DEOPX)	4.00	39.22	15.65	9.33	12.95
Russell Midcap® Index	7.06	30.54	12.06	9.33	11.90
S&P 500 Index	9.07	31.49	15.27	11.70	13.39
30-Day SEC Yield: -0.23%; 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 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. Standard & Poor's Financial Services LLC, a division of S&P Global, is the source and owner of the registered trademarks related to the S&P 500 Index. 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

Etsy Inc (ETSY) - Shares of ETSY weakened substantially in response to quarterly results and guidance that fell short of analyst expectations. We view this phenomenon as a speed bump and note that the company has multiple levers to offset the impact.

Markel Corp (MKL) - This action makes MKL our third largest position, reflecting our conviction surrounding the company's long-term value creation potential, in addition to, a more favorable near term risk/reward setup. We feel the shares present an attractive opportunity at less than 1.5x year-end consensus book value estimates.

O'Reilly Automotive Inc (ORLY) - ORLY is one of the highest quality businesses we own, yet was one of our smaller positions after having pared the position back following a strong run. Now that the company has had some time to grow into its valuation, we elected to increase our exposure.

Recent Sales

Brookfield Asset Management Inc (BAM) - With the stock up more than 50% year-to-date, we elect to take some profits as the shares more accurately reflect the company's business momentum and long-term prospects. Despite our decision to trim the position, we continue to regard BAM as one of the highest quality companies we own.

Sherwin-Williams Co (SHW) – SHW has been a standout performer this year as the company's paint stores experienced accelerating comps from a favorable housing backdrop, raw material headwinds turned into tailwinds, and additional synergies from the Valspar acquisition were realized. We continue to be positive on the stock long-term and should expect double-digit earnings growth for the foreseeable future.

Top Ten Holdings* - % of Net Assets

as of 12/31/2019

American Tower Corp	6.39
Brookfield Asset Management**	5.87
Fairfax Financial Holdings Ltd	5.51
Markel Corp	5.49
Martin Marietta Materials Inc	4.94
Sherwin-Williams Co	4.86
CarMax Inc	4.85
Live Nation Entertainment Inc	4.82
Dish Network Corp	4.80
Liberty Broadband Corp	4.50

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

DSCPX

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The Davenport Small Cap Focus Fund (DSCPX) enjoyed a strong close to an exceptional year. The fund posted gains of 11.61% and 40.88% for the fourth quarter and full year, respectively. This compares to quarterly and full year gains of 9.94% and 25.53%, respectively, for the Russell 2000® Index benchmark.

We were pleased to experience strong absolute and relative performance despite market leadership from sectors where we are underweight (i.e. technology and healthcare/biotech). In fact, sector allocation was a slight drag on relative results as was our elevated cash balance. Fortunately, stock selection carried the day, with high conviction/heavily weighted names dramatically outperforming during the year. In addition to exhibiting strong upside during the year, we were also pleased the strategy proved more resilient in the downdrafts of May and August.

Cannae Holdings Inc. (CNNE) was the Fund's top contributor for the quarter and full year as the shares surged in response to Q3 results that showed remarkable progress with the company's turnaround of Dun & Bradstreet Corp (DNB). The results, which included a 53% year-over-year improvement in EBITDA and a 13 percentage- point improvement in EBITDA margins, surpassed expectations and pulled forward the monetization timeline for the asset. We believe CNNE remains attractive and view the impending monetization of DNB and future deal announcements as potential catalysts. After serving as a drag on results for the first three quarters of the year, pet insurer Trupanion Inc. (TRUP) made a dramatic move to the upside on a strong quarter that showed improvement in key categories such as new pet additions, claims ratio and adjusted operating margin. We were pleased to see our patience rewarded and continue to view TRUP as a long-term compounder.

Colfax Corp (CFX) was also a top contributor for the period. We have been building this position throughout the year and benefitted as the stock surged on a catalyst rich quarter that included strong results, the closure of the sale of the Air & Gas handling business and an upbeat investor day. Despite the stock's recent run, we remain comfortable with CFX as one of our largest positions as we feel the company has finally assembled the right mix of business platforms to execute its strategy around capital deployment and continuous improvement.

In bittersweet fashion, the fourth quarter was somewhat active in terms of profit taking as many holdings exceeded our expectations, resulting in large position sizes relative to our perception of their risk/reward profiles. While we like to let our winners run and maintain a long-term approach, we also pride ourselves on valuation discipline and risk management. As such, we reduced positions such as Kinsale Capital Group, Inc. (KNSL), Builders FirstSource Inc. (BLDR) and El Dorado Resorts Inc. (ERI), which have been dramatic outperformers. Likewise, we exited positions in SiteOne Landscape Supply Inc. (SITE) and American Woodmark Corp (AMWD), both of which appreciated north of 50% for the year and began to look stretched from a valuation perspective. While we continue to add opportunistically to high conviction names discussed in this and prior letters, we carried an above-average cash balance throughout much of the final quarter of 2019 (and for much of the year, in fact). Whereas we do not anticipate this moving much higher, we like the optionality this dry powder affords us; however, we assure you that we will be thoughtful and disciplined with respect to the way we put this capital to work.

In sum, we are pleased to celebrate the Fund's five-year anniversary on such a positive note and thank you for your support along the way. We are encouraged to see our differentiated process yield success and feel confident in the Fund's positioning moving forward. While we can't promise returns like 2019 every year, we can assure you that we will approach the next five years with the same intensity, dedication and focus as the last five.

Top Ten Holdings[1] - % of Net Assets

as of 12/31/2019

Cannae Holdings Inc	6.08
Colfax Corp	6.06
Diamond Hill Investment Group Inc	4.37
Eldorado Resorts Inc	4.22
OneSpaWorld Holdings Ltd**	4.11
Monarch Casino & Resort Inc	4.07
Etsy Inc	3.94
Seaboard Corp	3.72
Evoqua Water Technologies Corp	3.50
Trupanion Inc	3.42

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 December 31, 2019.

	Q4 2019	1 Year	3 Years*	Since Inception* 12/31/14
Small Cap Focus Fund (DSCPX)	11.61	40.88	12.97	10.68
Russell 2000® Index	9.94	25.53	8.59	8.23
30-Day SEC Yield: -0.23%; Expense Ratio in current prospectus: 0.95%				

Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Performance data, current to the most recent month end, may be obtained by calling 1-800-281-3217.

[1]*Holdings subject to change without notice.* *Returns greater than one year are annualized. The **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3000® index, 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 1863 ASSET MANAGEMENT

The Davenport Balanced Income Fund (DBALX) increased 4.47% in the fourth quarter compared to the 7.41% increase for the Russell 1000® Value Index and the 9.07% increase for the S&P 500® Index. The blended index of 60% Russell 1000 Value Index/ 40% Bloomberg Barclays Intermediate Government Credit Index was up 4.56% for the quarter. For the full year, DBALX returned 18.55% compared to 26.54% for the Russell 1000 Value Index, 31.49% for the S&P 500 Index and 18.55% for the blended 60/40 index.

The equity portion of the Fund closed out the year on a high note, with an eclectic group of stocks as our top contributors. Bristol-Myers Squibb Co (BMY) was our leading contributor as shares rose following strong earnings, the completion of the acquisition of Celgene Corp (CELG), and several positive trial results. JPMorgan Chase & Co (JPM) was our second leading contributor, with shares rallying with the financial sector as longer-term interest rates ticked up and the Federal Reserve indicated it would take the necessary steps to support the economy. Anheuser-Busch InBev SA/NV (BUD) was the fund's biggest detractor during the quarter as the company reported disappointing third-quarter earnings. We took advantage of the stock price weakness and added to our position in BUD, the leading global brewer with top-notch margins and improving balance sheet that trades at a discount to peers.

During the quarter we initiated a position in Freeport-McMoRan Inc. (FCX), a global miner of copper, gold, and molybdenum. Shares of FCX have struggled in recent years alongside commodities, but we believe the company is now in a position to capitalize on the proliferation of new technology and connectivity. Infrastructure buildouts in emerging markets, renewable power, and electric vehicles are just a few examples of growing technologies that should drive demand for copper. We feel FCX is well positioned to address this demand as a low-cost producer with attractive assets and long mine lives, and elected to initiate a position.

The bond market concluded a stellar 2019 with positive returns in the fourth quarter. Steady and reliable bond coupon payments largely drove the final quarter's performance, while bond prices slightly fell during the quarter due to rising interest rates. Recall the price of a bond and the yield of a bond have an inverse relationship. When interest rates rise, prices fall. A visual image of a seesaw is helpful distilling this concept. When one side of the seesaw goes up (interest rates), the other side goes down (bond price).

The bond allocation of the Balanced Income Fund consists of 32 high-quality bonds across eight sectors with the top allocations to U.S. governments at 25.16%, consumer discretionary at 21.47%, and energy at 18.64%. The credit quality of the fund remains at A2/A/A+ with an effective maturity of 4.19 years and a duration of 3.52 years. During the quarter, we increased our Boardwalk Pipeline Partners, LP, Fiserv Inc. (FISV), PayPal Holdings Inc. (PYPL) and Sherwin-Williams Co positions. Concurrently, we reduced floating rate exposure, which ended the quarter at 18.17% from 21.46% in Q3. We continue to manage the fund in a relatively defensive manner in light of rates again at relatively low levels.

In summary, after outsized returns in 2019, we feel the market's risk/reward profile has become more balanced and expect more moderate returns going forward. We remain cognizant of risk and believe our allocation to value oriented equities and defensive positioning in fixed income should provide a volatility buffer in the near future while also providing income and potential for long-term capital appreciation.

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

as of 12/31/2019

Brookfield Asset Mgmt Inc**	1.88
JPMorgan Chase & Co	1.81
Fidelity National Financial Inc	1.70
Bristol-Myers Squibb Co	1.63
Johnson & Johnson	1.54
Anheuser Busch Inbev NV	1.42
Fairfax Financial Holdings Ltd	1.40
Comcast Corp	1.38
Watsco Inc	1.37
Markel Corp	1.35

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 December 31, 2019.

	Q4 2019	1 Year	Since Inception* 12/31/15
Balanced Income Fund (DBALX)	4.47	18.55	7.37
Russell 1000® Value Index	7.41	26.54	11.55
S&P 500 Index	9.07	31.49	14.42
60% Russell 1000® Value/40% BBIGC Index	4.56	18.55	8.23
30-Day SEC Yield: 1.55%; Expense Ratio in current prospectus: 0.96%			

Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Performance data, current to the most recent month end, may be obtained by calling 1-800-281-3217.

[1]*Holdings subject to change without notice.* *Returns greater than one year are annualized. The **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3000® index, 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.

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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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*Term coined by John Maynard Keynes to describe the psychological and emotional factors that drive investors to take action when faced with high levels of volatility in the capital markets.

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. Standard & Poor's Financial Services LLC, a division of S&P Global, is the source and owner of the registered trademarks related to the S&P 500 Index. 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 **CNN Fear & Greed Index** measures on a daily, weekly, monthly, and yearly basis two of the primary emotions that influence howmuch investors are willing to pay for stocks.

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