The Davenport Funds
Quarterly Update | Q2 2020

DAVENPORT ASSET MANAGEMENT 1863

Equity markets find themselves in a much different place than a quarter ago. When we penned our first quarter update, coronavirus fears gripped financial markets around the world and stocks had retreated sharply from their highs. Since then, we've witnessed an astounding recovery for equities. In the second quarter, the S&P 500® Index gained 20.54% (its best quarter since 1998) while the Russell 2000® Index advanced 25.42%. Year-to-date, the S&P finished the period down 3.08%, a manageable decline that flies in the face of the dire predictions from just a few months ago. The Russell finished year-to-date down 12.98%, clearly a meaningful decline but much better than negative 30.61% at the end of March.

Why the Q2 surge for stocks? For one, virus data started to improve and investors started to discount the re-opening of America. As we write this, consumer facing businesses around the country are opening their doors using safety protocols and social distancing guidelines. For the harder hit areas of the economy, investors seem to be looking past 2020 results and assuming business levels in 2021/2022 can recover to something in the ballpark of pre-virus levels. We are sure to see fits and starts with this re-opening effort. Already, there are worrisome reports of rising infection rates in many states. However, we at least transitioned from a total lockdown to something more closely resembling normalcy.

The other big factor behind the market's strength has been massive government stimulus. The scale of this effort is unprecedented and involves everything from lowering interest rates to asset purchases, loans to small businesses and checks for many Americans. This government backstop encouraged risk taking and a willingness to look past dismal economic news. It has also put money in the pockets of the unemployed. Credit Suisse recently noted that earnings and other income have fallen by $3,900 per person on an annual basis, but government transfer payments have risen by $9,300. Meanwhile, expenditures are down sharply for the average person ($9,000 annualized according to Credit Suisse). While government assistance might wane, the result of all this is a significant increase in the household savings rate and plenty of pent up firepower for consumers ready to reopen their checkbooks.

Market Returns	Q2 2020	YTD
U.S. Large Caps	20.54	-3.08
U.S. Mid Caps	24.61	-9.13
U.S. Small Caps	25.42	-12.98
International Developed Markets	14.88	-11.34
Emerging Markets	18.08	-9.78
Intermediate Term Bonds	2.81	5.28

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

While we hope for ongoing signs of economic improvement and expect the government to remain very accommodating, stocks now look more fairly valued. Furthermore, there are notable risks on the horizon that could present obstacles for the market and make its recovery bumpy. For one, there seems to be a real chance of the virus resurging this fall and winter. While the economy may not shut down again, this would pose meaningful challenges to many businesses. Two, we have a presidential election looming. This has the potential to be especially contentious and comes at a time of significant societal unrest. We have a long way to go, but polls currently suggest a Biden victory. We don't express political opinions, but consensus thinking is that a Democratic President and/or Congress could mean higher taxes and greater regulation for some industries. We point out that presidential election outcomes have tended to be poor predictors of market performance.

In terms of our funds, we are pleased to have broadly participated in second quarter market strength. As you will read in our fund- overviews, we opportunistically made a number of purchases that we feel further position us for long-term success. As virus news waffles between negative and positive, we expect investors may continue to jump back and forth between "recovery" plays and "stay at home" stories. This may create significant short-term trading volatility. While we recognize some of our holdings will be caught up in the fray, we are choosing to focus on businesses that are supported by long-term tailwinds irrespective of virus news and politics.

Please refer to page 12 for important disclosures, risk considerations, and index definitions.

Davenport Core Fund

DAVPX

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The Davenport Core Fund (DAVPX) bounced back strongly in the second quarter, recouping most of the losses suffered in the first quarter. The Fund rose 18.81% in Q2 and finished June down 5.32% year-to-date. This compares to the S&P 500® Index's 20.54% advance and Q2 and loss of 3.08% for the year thus far. Stimulus measures from the government and the Federal Reserve, combined with the reopening of the economy, provided a needed boost to the equity markets during the quarter.

As with last quarter, being underweight in the Information Technology sector modestly weighed on relative performance, as Tech stocks continue to lead the market higher. A larger drag was our overweight position in the Financials sector, which lagged in the recovery. Insurers Markel Corp (MKL) and Berkshire Hathaway Inc. (BRK/B) were notable laggards as investors fretted over potential COVID-related payouts. We feel these concerns are a bit too draconian and that the stocks fail to reflect a strong pricing backdrop that is likely to persist post COVID-19. Based on our analysis and industry checks, we think strong performance out of reopening beneficiaries such as CarMax Inc. (KMX) and Marathon Petroleum Corp (MPC), and tech names Adobe Inc. (ADBE) and Accenture Plc (ACN) provided positive contributions.

Our actions taken in Q1 proved fruitful thus far with strong performance out of new additions Moody's Corp (MCO) and Abbott Laboratories (ABT), as well as names we added to: Microsoft Corp (MSFT), Amazon.com Inc. (AMZN) and T-Mobile US Inc. (TMUS). We made further adjustments to the Fund in Q2. In Healthcare, we sold Merck & Co Inc. (MRK) to buy Medtronic Plc (MDT). With Merck, we were fortunate to capture gains as immuno-oncology drug Keytruda captured the market for lung cancer, the largest cancer type in the US. With Keytruda now well understood, we elected to move into Medtronic, a medical device maker with a more diversified portfolio, a stronger growth outlook and a great track record, having grown the dividend for 43 consecutive years.

Within Industrials, we sold General Dynamics Corp (GD) to purchase Lockheed Martin Corp (LMT). General Dynamics remains a first-class defense contractor, but through its Gulfstream business jet segment, has outsized cyclical exposure. We reduced cyclicality by moving into Lockheed Martin, which also looks better positioned with current defense priorities given its focus on aeronautics (primarily the F-35 fighter jet program). In addition, new CEO Jim Taiclet, who comes from American Tower Corp (AMT), has impressed us immensely with his value creation there, and we are excited to see what he can bring to LMT.

Within more cyclical names, we exited our position in oil & gas producer EOG Resources Inc. (EOG). While we see the Energy sector continuing to rebound from economic shutdown lows in March in the near term, we are less optimistic on the longer-term outlook for oil & gas producers with increasing governmental and societal pressure on fossil fuels.

We purchased Aon Plc (AON), the global insurance broker. Based on our industry checks, increased industry payouts due to the COVID pandemic is accelerating an already rising price environment for insurers. As a broker, Aon has no direct underwriting risk and stands to benefit disproportionately from a rising premium environment, as the commissions it earns are directly tied to premiums. AON is also working to close its announced acquisition of Willis Towers Watson Plc (WLTW), which should result an improved margin profile with $800mn in announced synergies. These two factors could result in a powerful multi-year earnings growth profile.

In sum, we were pleased to capture most of the S&P 500's gains in such a strong rally this quarter. After such a strong snapback in Q2, we would not be surprised to see a more modest return environment for stocks as we move into the second half of the year. As the dust settles somewhat, stock picking may become more meaningful from this point, and we believe the transactions taken in the first half of the year improve the Fund's positioning.

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, 2020

	Q2 2020	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 1/15/98
Core Fund (DAVPX)	18.81	3.78	8.51	8.58	12.51	6.93
S&P 500 Index	20.54	7.51	10.73	10.73	13.99	7.42
30-Day SEC Yield: 0.00%; 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

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Recent Purchases

Aon PLC (AON) - We initiated a position in AON. Insurance and reinsurance brokerage is the company's primary business, which we believe offers an attractive combination of defense in the current uncertain environment and offense in the following years.

Amazon.com Inc (AMZN) - The outlook for AMZN remains bright both in the short-term, as customers stay home and buy more online, and in the long term, as the pandemic likely accelerates current trends towards e-commerce shopping and cloud computing.

Charles Schwab Corp (SCHW) - Shares of SCHW have struggled recently following the Fed's decision to cut interest rates. While we acknowledge this near-term headwind, we believe this is reflected in the current stock price and which offers an attractive buying opportunity compared to its long-term average multiple in the low-to-mid 20s, therefore, we elected to add to our position.

iShares NASDAQ Biotechnology Index ETF (IBB) - We are attracted to the biotech industry given secular tailwinds such as an aging population, increasing availability of healthcare, and M&A potential. These companies are on the forefront of innovation in important areas like immuno-oncology, gene therapy, and more recently the race to cure and treat the coronavirus. As such, we initiated a position in IBB.

Lockheed Martin Corp (LMT) - LMT is the largest U.S. defense contractor with a market cap of ~$110B and revenue of ~$63B. We think there will be a very limited impact from coronavirus, something not many companies, especially in the industrial sector, can say.

Medtronic PLC (MDT) - We initiated a position in MDT as shares remain over 20% off their high recorded earlier this year as earnings may be under pressure in Fiscal Year 21 due to COVID-19; however, we believe that these headwinds will be short-lived and anticipate earnings momentum will recover into Fiscal Year 22.

T-Mobile US Inc (TMUS) - TMUS just closed its merger with Sprint. We think the combined company represents an attractive investment opportunity given continued market share gains in the U.S. wireless sector and ample synergy opportunities between the two companies.

Recent Sales

American Tower Corp (AMT) - AMT has been a tremendous performer year-to-date, outperforming the S&P by double-digit percentage points. AMT has been a key beneficiary of the secular growth story surrounding mobile connectivity and the build out of 5G infrastructure. As such, we elected to take some profits and chipped the position.

CarMax Inc (KMX) - Despite KMX making a rapid recovery, nearly doubling from its low in mid-March, we feel the stock has a more balanced risk/reward at current levels and elect to trim the position a bit.

Danaher Corp (DHR) - We continue to like the long-term stories for DHR; however, following the stocks' recent outperformance, the position has become a bit outsized relative to fund norms and we elect to chip the position on strength.

EOG Resources Inc (EOG) - We have decided to sell our position in EOG as the longer-term outlook for the energy sector has weakened with the global push away from fossil fuels. Renewables continue to take share and the ESG push has made the sector unappetizing to a wide swath of investors, thus limiting demand.

General Dynamics Corp (GD) - We elected to sell our position in GD and move the money into a more pure-play defense contractor. We also believe the company could be negatively impacted by the coronavirus.

Home Depot Inc (HD) - While we expect strong sales to continue in the near term, we do think that there has been some pull forward in demand and results are likely to cool somewhat into next year. We continue to believe that Home Depot is the best retailer in the world, but elect to take some profits in the stock.

Merck & Co Inc (MRK) - Since our initial purchase in 2015, MRK has delivered a total return of nearly 60%, well above the large pharma peer group average; however, the stock has lagged the group so far in 2020 as the company is facing increasing headwinds that we believe will remain overhangs for the near future. We elected to sell the position and redeploy the funds into the medical technology industry that offers a better growth profile.

Top Ten Holdings* - % of Net Assets

as of 06/30/2020

Adobe Systems Inc	4.66
American Tower Corp	4.17
Danaher Corp	3.81
Microsoft Corp	3.73
Amazon.com Inc	3.50
Accenture PLC**	3.41
Visa Inc	3.05
Apple, Inc	2.94
Berkshire Hathaway Inc	2.72
Brookfield Asset Mgmt Inc**	2.70

Holdings subject to change without notice. Foreign Holding*

The recent transactions profiled above represent securities purchased and/or sold during the quarter. Current and future portfolio holdings are subject to risk. 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

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The Davenport Value & Income Fund (DVIPX) increased 12.86% in the second quarter, but remains down 16.85% year to date. This compares to the Fund's primary benchmark, the Russell 1000® Value Index, which increased 14.29% in the second quarter and is down 16.26% year to date. The S&P 500® Index increased 20.54% in the second quarter and is down 3.08% year to date. The recovery in equity markets remains uneven and growth stocks continue to outperform, as evidenced by the S&P's year-to-date return. We are pleased with the Fund's absolute performance in the quarter and believe recent efforts to emphasize durability and income growth within the Fund leave it well-positioned for the long-term.

Recovery plays and technology stocks were the largest contributors to performance during the quarter. Shares of Lowe's Companies Inc. (LOW) rallied sharply as consumers found more time on their hands to engage in home improvement. As you may recall, we introduced LOW in Q1 at a point of peak pessimism and are pleased to see our opportunism pay off. Marathon Petroleum Corp (MPC) and Lamar Advertising Co (LAMR) were solid performers as states reopening led to improved demand for gasoline and increased travel on highways. Our key detractors in the quarter were Delta Air Lines Inc. (DAL), Philip Morris International Inc. (PM), and our three insurance stocks: Fairfax Financial Holdings Ltd (FRFHF), Berkshire Hathaway Inc. (BRK.B), and Markel Corp (MKL). The insurance holdings have been hurt by fears surrounding liability for COVID-19 and who may be responsible for paying claims that may arise. While it may take some time to gain clarity on this subject, we believe these stocks are discounting overly draconian loss scenarios, while getting little credit for the positive pricing response they are likely to experience on the other side. As such, we are inclined to stick with these positions, although we acknowledge that they may require some patience.

Our trading in the quarter can be summarized as taking advantage of durable growth stories that were on sale. We believe that the proven stability of dividend aristocrats, growing dividends where we can find them and durable growth at a reasonable value are the right combination for the Fund. We did not run from risk, but tried to add holdings that we feel are likely to fare better in an uneven recovery and those with longer-term tailwinds that should be stronger in a post-COVID world. We sold positions that we felt would take longer to recover and/or positions that face significant headwinds. These sales include our positions in Delta Air Lines Inc. (DAL), Wells Fargo & Co (WFC), Royal Dutch Shell plc (RDS.B), and Exxon Mobil Corp (XOM). We used the proceeds to fund new positions in Qualcomm Inc. (QCOM), Starbucks Corp (SBUX), and NextEra Energy Inc. (NEE).

Qualcomm is one of the world's largest semiconductor companies and the dominant leader in wireless communication technologies. The company has a strong patent portfolio covering 3G, 4G, and emerging 5G technologies, which it licenses to smartphone companies. We believe the buildout of 5G networks will continue (and may even accelerate), thus leading to strong growth for QCOM's products. Starbucks is well known as the leading coffee shop chain, with 30,000 stores globally. The company has a great brand, which allows them to charge premium prices and drives high returns on capital. We are attracted to SBUX's first mover advantage in the digital area, which should position the company well on the other side of the pandemic. The balance sheet is in solid shape and the company has grown its dividend at a 20%+ annual rate over the last five years. NextEra Energy is a best-in-class utility that operates a regulated business in Florida and a renewable division, which is the largest private producer of wind and solar power in the world. We think renewables have a bright outlook and NEE projects 15% generation grown in renewables per year over the next decade. The company has been growing its dividend 10% per year and is expected to continue at that rate given highly visible growth in both divisions.

In sum, we are pleased with the Fund's performance despite the continued struggle of traditional value stocks. We continue to look for opportunities to improve the Fund's risk profile while maintaining exposure to attractive businesses with strong and growing dividend streams.

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, 2020.

	Q2 2020	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Value & Income Fund (DVIPX)	12.86	-8.58	1.10	3.88	8.88
Russell 1000® Value Index	14.29	-8.84	1.82	4.64	8.72
S&P 500 Index	20.54	7.51	10.73	10.73	12.28
30-Day SEC Yield: 1.95%; Expense Ratio in current prospectus: 0.89%					

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Davenport Value & Income Fund Quarterly Transactions

DVIPX

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Recent Purchases

Bunge Ltd (BG) - Despite the headline noise, BG's operational efficiency is improving and margins for its core soybean crushing assets remain attractive. The company is seeing some COVID-related demand declines in its Edible Oils business, but that is expected to improve as economies (and restaurants) reopen. As such, we decided to add to our position.

Diageo PLC (DEO) - While we believe DEO's sales will likely decline this year, the hit should be relatively modest as customers shift most of their spirit consumption to the home. Spirits remain "on trend" and it is reasonable to expect a ~5% top line growth rate on the other side of this. We decided to add to our position.

Fidelity National Financials Inc (FNF) - In addition to benefiting from improvement in home purchases (as well as a surge in refinance transactions), the shares offer an attractive dividend and incremental capital return via buybacks, we elected to add to our position.

Nextera Energy Inc (NEE) - We initiated a position in NEE. NEE is a best-in-class utility and the largest by market cap in the U.S. NEE has been very efficient at managing costs and customer's bills have declined despite rate base increases, helping to cement a positive relationship with regulators.

Norfolk Southern Corp (NSC) - We remain attracted to this business model, as NSC has solid pricing power operating in a duopoly with peer CSX (they also compete against trucks, but shipping by rails is usually cheaper by a wide margin) and elected to add to the position.

Philip Morris International Inc (PM) - Despite volume declines in cigarettes, we elect to add to our position as PM continues to grow its top line through mix shift to premium products and price increases on cigarettes.

Qualcomm Inc (QCOM) - We initiated a position in QCOM as we believe that the buildout of 5G networks will continue (and may even accelerate), thus leading to strong growth for QCOM's products. Stocks remained reasonably priced after our purchase, thus deciding to add to QCOM after seeing a strong balance sheet and solid free cash generation.

Starbucks Corp (SBUX) - We initiated a position in SBUX. SBUX has a great brand, which allows them to charge premium prices for their products. It has been a first mover in the digital area, with a widely used app that customers can order and pay through. These digital investments should position SBUX well for a rebound after the coronavirus pandemic subsides.

Recent Sales

Delta Air Lines, Inc (DAL) - Shares of DAL are down significantly in the face of one of the worst crisis the industry has ever seen. While we believe that DAL continues to represent best-of-breed in the airline sector, and could see significant appreciation over the longer run, the prospects for the industry have worsened dramatically and we think it could be some time before things recover.

Exxon Mobil Corp (XOM) - The Energy sector has suffered tremendously, affecting everyone. That being said, XOM shares have rebounded nicely and are up ~75% from the March lows. Given this rebound and an underwhelming forward outlook for the company, we elected to sell our position.

Lowe's Companies Inc (LOW) - We continue to like LOW and see further upside from its mid-2018 management change which is driving store improvements, enhancements to the online offering and increased efficiencies. However, given the shares are up 67% in a month and a half, we elect to chip the position to take some profits.

Royal Dutch Shell PLC (RDS'B) - Although we think RDS'B dividend is sustainable, we elect to sell the position in an effort to reduce our overweight in the energy sector, which remains challenged in the wake of the coronavirus pandemic.

Wells Fargo & Co (WFC) - Shares of WFC and its banking peers have struggled in the declining interest rate environment. With the Fed Funds rate now at near zero, bank earnings are expected to decline over the near-term due to net interest margin compression, in addition to slower economic activity and the temporary suspension of share repurchases among all major banks. As such, we elected to sell our position.

Top Ten Holdings* - % of Net Assets

as of 06/30/2020

Johnson & Johnson	3.66
Comcast Corp	3.31
Brookfield Asset Management Inc	3.28
Watsco Inc	3.18
Dominion Energy Inc	3.03
Diageo PLC	2.97
JPMorgan Chase & Co	2.90
Fidelity National Financial Inc	2.87
Microsoft Corp	2.80
PepsiCo 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) enjoyed a strong bounce back in the second quarter, advancing roughly 23.48%. While this slightly lagged the 24.61% gain for the Russell Mid Cap® Index, the Fund's year-to-date decline of 4.44% is still nicely ahead of the 9.13% decline for the Index. We have been pleased with the Fund's resiliency during downturns and encouraged to see opportunistic actions taken during the teeth of the crisis pay off amid the market's most recent rally.

Etsy Inc. (ETSY) was by far the Fund's top performer during the quarter, with the shares more than doubling from depressed lows. We added to this position in the mid $30s in March and the stock closed the quarter at $106.23. While we have trimmed the position a few times along the way, we remain confident in the company's long-term prospects and believe the pull forward in consumer adoption caused by shutdowns surrounding COVID-19 is here to stay. Dish Network Corp (DISH) was another top performer as the shares rallied in response to greater enthusiasm around the company's acquisition of the Boost Mobile assets alongside the closing of the T –Mobile US Inc. (TMUS) acquisition of Sprint.

Insurance holdings Fairfax Financial Holdings Ltd (FRFHF) and Markel Corp (MKL) were laggards during the period as uncertainty surrounding losses associated with COVID-19 continue to weigh on investor's minds. Ultimately, we feel these concerns are a bit overblown and the stocks fail to reflect a strong insurance pricing backdrop that could persist post COVID-19. Additionally, we were encouraged to see Fairfax Chairman Prem Watsa purchase $150 million worth of the company's stock with his own money, calling the shares "ridiculously cheap".

We introduced a few new holdings during the quarter, two of which we would describe as compelling growth companies with large growth opportunities and another we believe to be a dislocated value story/special situation. Align Technology Inc. (ALGN) and DraftKings Inc. (DKNG) fit the former characterization and Cannae Holdings Inc. (CNNE) fits the latter. Align is the maker of InvisAlign and is the global leader with dominant market share in clear teeth aligners. The company has pioneered "clear braces," taking share from wires and brackets over the last twenty-three years. Despite Align's success, clear aligner penetration remains modest at less than 10% of global orthodontic case starts, indicating a long runway for future growth. The company is focused on increasing penetration in teens as well as in international markets, and targets 20-30% revenue growth per year.

DraftKings is the leading U.S. provider of online sports betting. The company was founded in 2012 with a focus on daily fantasy sports (DFS) and then pivoted to online sports betting following the Supreme Court overturning the federal ban on sports betting in 2018. The company has since added additional capabilities with online casino gambling (known as iGaming). We believe sports betting and mobile gaming can grow at a 25-30% rate for the next decade, making this one of the more powerful new investing themes we have seen emerge in recent years. DKNG seems well position with a leading brand, strong balance sheet (net debt free) and attractive unit economics at scale.

Cannae Holdings (CNNE) a holding company with interests in the Health Care services, Data & Analytics, and Human Resources software industries. Led by legendary investor, Bill Foley, the company's strategy is to invest in data-driven platform businesses where Mr. Foley can apply his access to top talent and deep operational expertise to drive shareholder value. Despite "home run" investments such as HR software provider, Ceridian HCM Holding Inc. (CDAY – 8x original investment) and corporate data and analytics provider Dun & Bradstreet Holdings Inc. (DNB - nearly 3x initial investment), the stock continues to trade at a discount to the liquidation value of its holdings. Furthermore, the company has significant dry powder and a litany of looming catalysts. On the catalyst front, the company has announced that after building a meaningful position alongside activist hedge fund Senator Investment Group, it has offered to acquire real estate data company Corelogic Inc. (CLGX). We think this deal makes a lot of sense in that the business seems ripe for the Bill Foley playbook. We also note CNNE has committed capital to two Bill Foley sponsored special purpose acquisition companies (SPACs) that will focus on acquiring private data and analytics companies. Though no targets have been announced, we like the optionality these vehicles provide.

In summary, we are pleased with to have caught most of the market's rebound while maintaining a diligent focus on risk. Ultimately, we believe recent actions highlight the flexibility, conviction and opportunism that drives our process and helps sets us apart. As always, we thank you for your trust and support.

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, 2020.

	Q2 2020	1 Year	3 Years*	5 Years*	Since Inception* 12/31/10
Equity Opportunities Fund (DEOPX)	23.48	3.11	10.84	6.99	11.70
Russell Midcap® Index	24.61	-2.24	5.79	6.76	10.13
S&P 500 Index	20.54	7.51	10.73	10.73	12.28
30-Day SEC Yield: -0.24%; Expense Ratio in current prospectus: 0.91%					

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Davenport Equity Opportunities Fund Quarterly Transactions

DEOPX

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Recent Purchases

Align Technology Inc (ALGN) - We initiated a position in ALGN. Despite their success, clear aligner penetration remains modest at less than 10% of global orthodontic case starts, indicating a long runway for future growth.

Cannae Holdings Inc (CNNE) - Put simply, CNNE is complex and underfollowed, causing the shares to trade at a meaningful discount to the sum of its parts. While the company is a bit on the smaller side for this fund, we were able to use an equity offering (alongside a volatile day in the market) to initiate a position. However, in our short time of ownership, many developments have occurred which have increased our conviction in the name and added to the position as well.

Dish Network (DISH) - We added to our position in DISH. We think the value of DISH's spectrum position has been highlighted during these trying times. If anything, the importance of "connectivity" has increased dramatically. Case in point, DISH recently donated /provided spectrum to both AT&T Inc (T) and TMUS to help alleviate network capacity constraints.

DraftKings Inc (DKNG) - We purchased a new position in DKNG. Following the Supreme Court overturning the federal ban on sports betting in 2018, we think DKNG offers an attractive way to play the strong growth in sports betting and mobile gaming over the next several years.

Fidelity National Financial Inc (FNF) - We have been encouraged by recent signs of stabilization/bottoming in the housing industry and view FNF as a high quality way to participate in a recovery across the sector, therefore adding to the position.

Top Ten Holdings* - % of Net Assets

as of 06/30/2020

American Tower Corp	6.72
Dish Network Corp	6.02
Sherwin-Williams Co	5.04
Liberty Broadband Corp	5.04
Markel Corp	4.83
Etsy Inc	4.56
Brookfield Asset Management**	4.48
Watsco Inc	4.48
Fairfax Financial Holdings Ltd**	4.39
Take-Two Interactive Software Inc	4.31

Watsco Inc (WSO) - Put simply, we view WSO as the consummate "survive and thrive" story whose strong cash generation, market dominance and fortress balance sheet afford the company the unique ability to play defense and offense. As such, we elected to add to the position.

Recent Sales

Autodesk Inc (ADSK) - Though we believe the fallout from the virus may help pull forward digitization of certain elements of the construction value chain, we are also mindful of cyclical factors that may soften the growth outlook of the business in the near term. As such, we elected to take advantage of recent strength and chip the position.

Capital One Financial Corp (COF) - We elect to exit the position in COF in favor of emphasizing situations we perceive to have more attractive risk/reward profiles and better opportunities for long term compounded value creation (beyond multiple expansion and capital return).

CarMax Inc (KMX) - While the near-term environment may prove challenging for KMX, we believe the proactive steps taken by management and strong liquidity position should leave the company well positioned for the long-term, and thus we are comfortable chipping and continuing to hold a smaller position.

Etsy Inc (ETSY) - With multiple chips to ETSY this quarter, we remain attracted to the company's long-term growth opportunities and advantaged near term positioning, the position had become outsized relative to a more balanced risk/reward profile, thus we decided to take some profits.

Intuit Inc (INTU) - Though we consider INTU to be a predictable grower and a long-term compounder, we feel the risk/reward is balanced at best at current levels considering a valuation at the high end of historical ranges in spite of new economic uncertainties and elected to chip the position.

Live Nation Entertainment Inc (LYV) - With multiple trims to LYV this quarter, we continue to view LYV as a survivor that is capable of compounding over the long term. We have been encouraged to see this shift in sentiment and applaud the company's actions to obtain increased financial flexibility as credit markets opened back up. As such, we thought it prudent to trim the position, thus creating more dry powder to take advantage of future volatility and feel the shares carry a more balanced risk/reward profile.

Holdings subject to change without notice. Foreign Holding*
The recent transactions profiled above represent securities purchased and/or sold during the quarter. Current and future portfolio holdings are subject to risk. 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 1863 ASSET MANAGEMENT

The Davenport Small Cap Focus Fund (DSCPX) experienced a strong rebound during the second quarter, advancing 33.62%. This significantly outpaced the 25.42% gain for the Russell 2000® Index. Year-to-date, the Fund is down roughly 3.84%, nicely outpacing the 12.98% decline for the Russell.

We were pleased to see names we added to in the depths of the crisis rebound sharply during the quarter. Etsy Inc. (ETSY), Monarch Casino & Resort Inc. (MCRI) and Builders FirstSource Inc. (BLDR) are examples. While we remain confident in Etsy's long-term prospects, we trimmed our position as it continued to grow. Likewise, we took advantage of optimism surrounding the re-opening of the economy to take profits in Monarch Casino, which at a point had more than tripled from its March lows. Builder's FirstSource was one of several housing exposed positions that we built throughout the quarter. Our optimism surrounding these names is based on sustained tightness in supply/demand dynamics alongside historically low interest rates. Other plays in this area include title insurers Stewart Information Services Corp (STC) and First American Financial Corp (FAF), cabinet maker American Woodmark Corp (AMWD), and real estate data solutions provider Corelogic Inc. (CLGX).

While top performers from Q1 such as Cable One Inc. (CABO) and Shenandoah Telecommunications Co (SHEN) took a bit of a breather and provided a drag to results, the Fund's biggest detractor was its high cash balance, which averaged just over 12%. Though we are always looking for way to put cash to work, we like the optionality the cash balance provides in this volatile and uncertain time and we are pleased to be able to produce strong absolute results in spite of it.

Cannae Holdings Inc. (CNNE) has been a very solid performer for the Fund over the past two years and remains our top position given increased conviction in management's execution and enthusiasm around several looming catalysts. On the execution front, just after quarter end, the company successfully completed the IPO of corporate data and analytics giant Dun & Bradstreet Holdings Inc. (DNB), realizing a return north of 2x on its original investment. We were encouraged to see the company increase their investment by another $200 million, illustrating their confidence in the longer-term outlook for the business.

On the catalyst front, Cannae has announced that after building a meaningful position alongside activist hedge fund Senator Investment Group, it has offered to acquire real estate data company Corelogic (CLGX) for $65 per share. We think this deal makes tremendous sense as the business seems ripe for the Bill Foley playbook. Over his 32 year investing career, Mr. Foley has led four multi-billion dollar platforms (FNF, FIS, BKI, CDAY etc...) through more than 100 acquisitions where he has applied his access to top talent and deep operational expertise to drive shareholder value. We have personally witnessed and participated in this value creation via holdings in Fidelity National Financial Inc. (FNF), Black Knight Inc. (BKI) and more recently through Cannae's monetization of Ceridian HDM Holding Inc. (CDAY – 8x initial investment) and Dun & Bradstreet.

Finally, we note that Cannae has committed capital to two Bill Foley sponsored special purpose acquisition companies (SPACs) that will focus on acquiring private data and analytics companies. We have established positions in Foley Trasimene Acquisition Corp (WPF'U) and Trebia Acquisition Corp (TREB'U). While a bit outside of our normal procedure (these are blind pools of capital that have not identified acquisition targets yet,) we like the optionality these vehicles provide. Given our elevated cash balance, we felt it was a good way to put idle capital to use given little downside (SPAC shareholders have the opportunity to redeem shares at NAV if they do not wish to own the new company) and the opportunity to invest alongside Bill Foley on the ground floor. Stay tuned for more updates on these vehicles as targets are announced.

To close, we are pleased to have exhibited such strong upside in the quarter while focusing on risk and maintaining optionality through cash. Though we have no idea what awaits in the back half of 2020, we feel well positioned to participate in further market appreciation and take advantage of new opportunities.

Top Ten Holdings[1] - % of Net Assets

as of 06/30/2020

Cannae Holdings Inc	6.91
Monarch Casino & Resort Inc	5.66
Evoqua Water Technologies Corp	4.21
Diamond Hill Investment Group Inc	3.63
Seaboard Corp	3.60
Fortuna Silver Mines Inc	3.53
Colfax Corp	3.44
Watsco Inc	3.42
Stewart Information Services Corp	3.39
Switch Inc	3.25

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, 2020.

	Q2 2020	1 Year	3 Year*	5 Year*	Since Inception* 12/31/14
Small Cap Focus Fund (DSCPX)	33.62	7.09	9.14	8.88	8.89
Russell 2000® Index	25.42	-6.63	2.01	4.29	4.77
30-Day SEC Yield: -0.07%; Expense Ratio in current prospectus: 0.98%					

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. Current and future portfolio holdings are subject to risk.* *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. 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 10.40% during the second quarter of the year outperforming the 9.67% increase for the blended 60% Russell 1000® Value Index and 40% Bloomberg Barclays Intermediate Government/Credit Index. Year-to-date, the Fund decreased 10.11% compared to the 7.59% decrease for the blended benchmark.

Since the market bottoming earlier in the year, the recovery has been uneven with Growth stocks outperforming Value stocks; however, the Fund benefited from recovery-themed names and technology-oriented stocks. In our last quarterly letter, we mentioned we initiated a position in Lowe's Companies Inc. (LOW), a global home retailer whose stock price had suffered amidst COVID-19 fears. Our favorable view on the home improvement retail landscape proved to be true and the stock was our leading contributor to equity performance for both the year and quarter to date. Additionally, Marathon Petroleum Corp (MPC) and Lamar Advertising Co (LAMR) were top contributors to performance as states began reopening and led to increased demand for gasoline and elevated highway travel. Some of our biggest detractors to performance during the quarter were our insurance holdings such as Fairfax Financial Holdings Ltd (FRFHF) and Berkshire Hathaway Inc. (BRK'B), which were hurt by uncertainty around COVID-19 claims and liabilities. While these impacts remain to be seen, we believe potential loss scenarios have been reflected in the stock prices and current valuations are not reflecting the potential for positive pricing response on the other side and are thus comfortable holding on to the names.

The previously mentioned dichotomy between Value and Growth stock performance during the quarter allowed us to introduce new names to the Fund with durable growth stories and strong dividends at attractive prices. These names include Qualcomm Inc. (QCOM), Starbucks Corp (SBUX), and NextEra Energy Inc. (NEE). Qualcomm is a global semiconductor company yielding 3.7% at the time of our purchase and a key beneficiary of the global 5G build-out. Starbucks is a well-known leading coffee shop chain with an excellent brand, allowing the company to charge premium prices and drive high returns on capital, as well as grow the dividend at a 20%+ annual rate over the last 5 years. NextEra Energy is leading utility operating a regulated business in Florida as well as a renewable division, which is the largest private provider of wind and solar power in the world. We believe renewable energy has a positive outlook in the near and long-term, and are attracted to the company's 10% annual dividend growth. To fund these purchases, we elected to sell positions that we felt would take longer to recover or are facing longer-term headwinds. These sales included Delta Airlines Inc. (DAL), Wells Fargo & Co (WFC), and Exxon Mobil Corp (XOM).

The bond allocation of the Balanced Income Fund consists of 27 high-quality bonds across eight sectors with the top allocations to Consumer Discretionary at 23.83%, U.S. Treasuries at 22.53%, and Energy at 18.87%. The credit quality of the Fund is at A/A- with an effective maturity of 4.08 years and a duration of 3.59.

In June our AT&T floating rate note (FRN) matured, reducing our floating rate exposure to 16.95%. We began the year with 18.17% in floating rate notes. As the Fed has cut rates essentially to zero, we are slowly decreasing our FRN exposure and are not outright buyers. Transaction-wise, during the quarter we exited our small position in Occidental Petroleum Corp (OXY) due to the volatile nature of the credit story. On a positive note, the second quarter of 2020 rewarded our underweight to Treasuries as they pretty much traded flat after a strong first quarter. Corporate spreads tightened dramatically, especially within our Energy positions Occidental Petroleum Corp (OXY), Boardwalk Pipeline Partners (BWP), MPLX MP (MPLX) and Halliburton Co(HAL), as well as our Sherwin Williams Co (SHW) notes, which helped us to outperform our fixed benchmark during the quarter. Looking forward, we continue to be neutral on floating rate notes, sellers of Treasuries at low yields, and seek solid corporate credit positions to enter at a decent concession.

In closing, after a tough first quarter, we are pleased with the Fund's performance during the second quarter. Given the volatility and dispersion of asset returns recently, we continue to see value in a balanced portfolio. Our allocation to dividend-paying value-oriented equities with strong balance sheets that can weather economic uncertainty and defensive positioning in fixed income should continue to provide a volatility buffer in the near-term as well current income and long-term capital appreciation.

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

as of 06/30/2020

Johnson & Johnson	1.90
Comcast Corp	1.78
Brookfield Asset Mgmt Inc**	1.77
Watsco Inc	1.65
Diageo PLC	1.58
Dominion Energy Inc	1.57
Brookfield Renewable Partners LP**	1.55
JPMorgan Chase & Co	1.51
Fidelity National Financial Inc	1.49
Microsoft Corp	1.45

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, 2020.

	Q2 2020	1 Year	3 Year	Since Inception* 12/31/15
Balanced Income Fund (DBALX)	10.40	-3.77	1.70	4.04
60% Russell 1000® Value/40% BBIGC Index	9.67	-2.02	3.29	5.42
30-Day SEC Yield: 1.29%; 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. Current and future portfolio holdings are subject to risk.* *Returns greater than one year are annualized. The blended **60% Russell 1000 Value/40% Bloomberg Barclay's Intermediate Government/Credit (BBIGC) Index** is included as an additional comparative index because it is representative of a balanced portfolio consisting of 60% equity and 40% fixed income securities. Equities are represented by the **Russell 1000® Value Index**, and fixed income is represented by the **Bloomberg Barclays Intermediate Government/Credit (BBIGC) Index**. The **Russell 1000® Value Index** measures the performance of the Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The **BBIGC** measures the non-securitized component of the U.S. Aggregate Index. It includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities. Intermediate maturity bonds include bonds with maturities of 1 to 9.999 years. An investor cannot invest in an index and its returns are not indicative of the performance of any specific investment.

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