The Davenport Funds
Quarterly Update | Q2 2021

DAVENPORT ASSET MANAGEMENT 1863

Equity markets remained strong in the second quarter with the S&P 500® Index and the Russell 2000® Index gaining 8.55% and 4.29%, respectively. Year-to-date, the S&P and Russell finished the quarter up 15.25% and 17.54%, respectively. Most Americans are vaccinated, the economic recovery from COVID has been in full swing and corporate earnings have generally exceeded expectations. More cyclical and value-oriented sectors such as energy and financials have been very strong; however, we've seen concurrent strength in durable growth sectors such as technology and communication services. It seems investors have migrated from stay-at-home plays to reopening plays to now buying everything.

Demand for many goods and services has been explosive as the economy has reopened. Government stimulus checks and elevated savings have left consumers flush with cash and ready to spend it. Businesses are also opening their wallets as they restock inventory and return to normalcy. This process has strained global supply chains and prompted a shortage of many goods and commodities. While toilet paper and hand sanitizer aren't problems anymore, short supplies of everything from cars to chicken wings are causing broad-based price increases. There also seems to be a shortage of workers in many industries as businesses are reopening faster than people appear to be willing to return to the workforce. This has put notable upward pressure on wages.

Not surprisingly, various supply/demand imbalances have given way to fears of runaway inflation. In fact, the consumer price index (CPI) rose roughly 5% in May, its biggest increase in 13 years. Excluding food and energy prices, the index had its biggest increase since 1992. The Federal Reserve has been targeting average inflation of 2% and is willing to temporarily accept something higher to ensure the economy is on sound footing. However, there are fears the Fed may have to tighten policy and raise interest rates if inflation gets out of hand. As we all know, accommodative policy has been an important crutch for stocks and other asset classes, so any change on this front could be disruptive.

At the moment, we seem to be stuck in limbo, waiting to see if inflationary pressures are lasting or not. For its part, the Fed views elevated inflation as "transitory" and a direct byproduct of short-lived supply/demand imbalances created by economic reopening. This view makes sense given that much of current economic data is distorted by the reopening phenomenon and may take time to normalize. Consumer demand should ultimately cool a bit, and supply chains will ultimately catch up. In other words, just as last year's economic data proved to be somewhat irrelevant as COVID wreaked havoc, the extreme strength we are seeing alongside COVID recovery could also be somewhat misleading.

Market Returns	Q2 2021	YTD
U.S. Large Caps	8.55	15.25
U.S. Mid Caps	7.50	16.25
U.S. Small Caps	4.29	17.54
International Developed Markets	5.17	8.83
Emerging Markets	5.05	7.45
Intermediate Term Bonds	0.98	-0.90

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

Our best guess is that we attain longer-term growth and inflation above pre-pandemic levels, but nothing so hot as to cause a dramatic or unexpected policy shift. The bond market seems to agree. To wit, a 10-year Treasury currently yields only 1.44%, a level investors surely would not accept if a CPI increase of 5% was viewed as sustainable (this would imply a "real" return of -3.56%). Reasonable inflation accompanied by solid economic growth should allow for only modest tweaks to monetary policy and be supportive of stock prices.

On the other hand, it's hard to imagine policy becoming incrementally accommodative from here. Further, the S&P's returns over the last 3 and 5-year periods have exceeded historical norms in large part due to "easy" Fed policy. Although somewhat justified by low interest rates, the S&P now trades at 21.5x earnings estimates for the next 12 months, above the 20-year average of 15.7x. For these reasons, we remain of the opinion that market returns should moderate from recent levels. We think returns can remain attractive, but the odds of repeating the turbocharged gains of the last few years seem low. We think our stock selection process should allow us to shine in this type of environment as company-specific fundamentals play a bigger role than macro factors that have dominated market sentiment for some time. We also are keeping our eye on emerging concerns such as new COVID variants and the potential for rising taxes, but remain optimistic about the companies we own in our portfolios.

Davenport Core Fund
DAVPX

DAVENPORT 1863 ASSET MANAGEMENT

The Davenport Core Fund (DAVPX) returned 7.68% in the second quarter and is up 11.77% midway through the year. We are pleased to provide these strong absolute returns, despite lagging the S&P 500® Index's 8.55% advance in Q2 and 15.25% advance year to date.

The Fund was propelled higher by strong gains in stocks across sectors. Names such as Adobe Inc. (ADBE), Alphabet Inc. (GOOG & GOOGL), Illumina Inc. (ILMN) and Moody's Corporation (MCO) were all up over 20% during the second quarter. Only a handful of our companies experienced declines in the quarter: Uber Technologies Inc. (UBER) Sony Group Corp (SONY) and FleetCor Technologies Inc. (FLT) were detractors.

We were active in repositioning the Fund during the quarter. In technology, we purchased leading growth companies ServiceNow Inc. (NOW) and Advanced Micro Devices Inc. (AMD) after a sustained period of underperformance by the pair. ServiceNow is a best-in-class enterprise software company, specializing in workflow software that ensures projects are seen through to completion at increased efficiency. NOW is a quickly growing, recurring revenue business model with excellent incremental margins. AMD has historically been a laggard in the central processing unit chip space, which is dominated by Intel Corp (INTC). Dr. Lisa Su has enacted an impressive turnaround over the last several years, and AMD's chips have now leapfrogged INTC's in performance due to superior design and outsourced manufacturing to the world's cutting edge foundry. As a result, AMD is taking share in the massive data center server market, and has an excellent earnings growth outlook. To help fund these positions, we sold our position in Uber after a nice rally in the stock, which had benefitted from the reopening trade since our purchase last year.

Across sectors, we sold Alibaba and put the proceeds into Pioneer Natural Resources Co (PXD). The Chinese government has continued to muddy the outlook for its internet giants, and the lack of a timely resolution on this issue has proven frustrating. We continue to maintain exposure to the promising theme of e-commerce with our ownership in Amazon.com Inc. (AMZN) and MercadoLibre Inc. (MELI).

PXD is an oil and gas producer and an industry leader in its own right, with one of the lowest production costs in the country, a strong balance sheet, and one of the longest inventory lives of U.S. producers. PXD is the largest producer in the prolific Permian Basin with over a million net acres. Starting next year, 80% of free cash flow will be returned to shareholders, which could equate to an 11% dividend yield on 2022 earnings (assuming current oil prices). Although the long-term (post 2030) outlook for fossil fuels is challenged, we think we are entering a period of strong returns for traditional Energy companies as strong oil demand post-COVID collides with underinvestment in supply.

Actions taken in Q1 were helpful for the Fund, as a new position in Facebook Inc. (FB) and additions to Microsoft Corp (MSFT), Amazon and MELI all proved timely as the market rotated back toward growth in Q2. Generally speaking the transactions we took this quarter served to reduce holdings with more uncertain outlooks and allocate capital towards high quality companies with improved visibility on earnings growth. We believe these actions should further improve the outlook for the Fund as we move into the second half of the year, and we look forward to reporting back.

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, 2021

	Q2 2021	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 1/15/98
Core Fund (DAVPX)	7.68	34.32	15.94	15.37	12.99	7.98
S&P 500 Index	8.55	40.79	18.67	17.65	14.84	8.67
30-Day SEC Yield: -0.06%; Expense Ratio: 0.89% Current Expense Ratio†: 0.87%						

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

DAVENPORT 1863 ASSET MANAGEMENT

Recent Purchases

Advanced Micro Devices Inc (AMD)- We elected to purchase a position in AMD as its financial metrics are impressive. AMD also has strong market share gains and exposure to the structural growth in cloud computing. Operating margins at 20% today are already solid and should rise materially in future years due to strong operative leverage in the business.

DISH Network Corp (DISH)- While we are adding on strength, we believe the market is still relatively early in pricing in the potential for DISH's 5G network and see the opportunity for additional upside from here, as the network buildout and customer signings continue.

Pioneer Natural Resources Co (PXD)- We purchased a position in PXD. We will remain watchful on the long-term pressures facing oil, but feel more confident that oil demand should remain relatively robust through the end of this decade, having witnessed a sharp rebound in demand already this year.

ServiceNow, Inc. (NOW)- NOW fits the mold as one of the long-term durable growth companies that we look for in this portfolio. Additionally, we think the pullback from highs hit earlier this year offers an attractive entry point, therefore elected to purchase the position. We'd also note that NOW's balance sheet is in great shape with a net cash position.

Sony Group Corp (SONY)- Given the current valuation and positive outlook for the company, we elect to add to our position.

TJX Companies Inc (TJX)- We elected to add to TJX as the company has a strong A rated balance sheet and appears poised to bounce back nicely from the pandemic. Apparel brand and retailer struggles have created an excellent buying opportunity for TJX to load up on inventory ahead of a return to in store shopping once consumers are vaccinated.

UnitedHealth Group Inc (UNH)- We purchased a position in UNH as it is the cream of the crop among the Managed Care Organizations (MCOs), having established itself as the dominant player across diverse managed care lines of business. The company's core health insurance business is by far largest amongst the publicly traded MCOs, with well-established market share depth that has created a strong competitive advantage.

Recent Sales

Alibaba Group Holding Ltd (BABA)- We elected to sell our position in BABA. BABA has been a disappointing performer for us since our purchase at the start of the year. At the time of our purchase its troubles with the Chinese government were already well known. Unfortunately, the government continues to remain focused on increased regulations for big tech, including Alibaba.

Danaher Corp (DHR)- We chipped our position in DHR. DHR has been one of our best stocks and continues to remain a top position. The company, like Abbott (ABT), has benefitted from COVID-19 diagnostic sales, and as those drop off, its growth may be pressured in the short term.

iShares NASDAQ Biotechnology ETF (IBB)- Since initially purchasing the ETF, we have added individual biotech names to the portfolio such as Vertex Pharmaceuticals (VRTX) and Illumina (ILMN), which are company-specific stories that we like within the industry. Both of these names make up nearly 10% of the ETF and thus we feel the IBB as a placeholder for biotech exposure is no longer necessary and elected to sell the position.

Liberty Broadband Corp (LBRDK)- The stock was a strong performer in 2020 and a key COVID beneficiary, but we do see incremental headwinds in the cable industry as the pandemic subsides, the emergence of competition in the form of fixed wireless, and the potential for a less favorable regulatory environment/price regulation. As such, we elect to sell the position, take some profits and look to deploy the cash elsewhere.

T-Mobile US Inc (TMUS)- We continue to like TMUS, and the stock has been a great performer for the portfolio since our October 2019 purchase. That being said, we elect to chip TMUS, reducing our position size slightly to fund an addition to DISH, which is making significant headway on its 5G network.

Uber Technologies, Inc. (UBER)- We sold our position in UBER. The stock appreciated much more quickly than we anticipated at the time of purchase and has also risen faster than earnings expectations, causing an already pricey multiple to expand further.

Vertex Pharmaceuticals Inc (VRTX)- VRTX had been a smaller position in the portfolio since its entry a half a year ago. With limited visibility at this juncture on pipeline of new products, the Committee elects to sell the position and recycle the funds into a name that has more visible re-opening upside.

Top Ten Holdings* - % of Net Assets

as of 06/30/2021

Microsoft Corp	4.20
Brookfield Asset Mgmt Inc**	3.85
Adobe Inc	3.65
Danaher Corp	3.37
American Tower Corp	3.23
Amazon.com Inc	3.22
Apple, Inc	2.94
Accenture PLC**	2.92
Visa, Inc	2.86
Mastercard Inc	2.75

**Holdings subject to change without notice. **Foreign Holding*

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Davenport Value & Income Fund

DVIPX

The Davenport Value & Income Fund (DVIPX) continued to perform well with a 6.23% increase in the second quarter, and is now up 14.86% year-to-date. This compares to the Fund's primary benchmark, the Russell 1000® Value Index, which increased 5.21% in the second quarter and is up 17.05% year-to-date. The S&P 500® Index increased 8.55% in the second quarter and is up 15.25% year-to-date.

Value stocks continued to perform well during the second quarter, although growth started to close the gap towards the end. As a reminder, we have taken a more balanced approach with the Fund, combining a good mix of traditional value and dividend paying stocks with a few less cyclical names that we think offer exceptional relative value (GOOGL, for instance). While this led to underperformance in the first quarter, where we didn't have enough exposure to the deep value/highly cyclical areas, we gained a significant chunk back in the second quarter as this dynamic normalized.

Performance in the quarter was led by an eclectic mix of names including Capital One Financial Corp (COF), United Parcel Service Inc. (UPS), Brookfield Asset Management Inc. (BAM), and Microsoft Corp (MSFT). Each of these companies benefited from very strong earnings reports. The two key detractors in the quarter were Sony Corp (SONY) and Cannae Holdings Inc. (CNNE), both stocks that we believe trade at significant discounts to intrinsic value. As such, we added to both of these stocks during the quarter.

We initiated two new positions during the second quarter in SL Green Realty Corp (SLG) and Cabot Oil & Gas Corp (COG). We perceive both of these to be unique and potentially overlooked value opportunities. SL Green is an office REIT (Real Estate Investment Trust) primarily exposed to New York City with ~94% office and 6% retail exposure. Occupancy drifted lower through 2020 but should bottom as 2021 progresses and we think a return to the office will prove to be a positive catalyst for the stock. The company's development pipeline is very strong, which should drive a meaningful inflection in results over the next two years. SLG has also been disposing of lower yielding (i.e. more expensive) buildings and using the proceeds to buy back its shares, which trade at a discount to the value of the underlying properties. The stock also trades at a discount to its office and broader REIT peers. Growth is poised to pick up as developments are completed and tenants return to the office in NYC, and we think the shares offer attractive value. Additionally, we like the 4.6% dividend yield while we wait.

Cabot Oil & Gas is a natural gas producer with assets in Pennsylvania's Marcellus shale. The company is very well run and has some of the lowest cost assets in the country, thus driving solid margins, excess returns on invested capital, and strong cash flow. While we acknowledge that ESG (Environmental, Social, Governance) concerns and fund flows out of traditional hydrocarbon stocks are likely here to stay, we also believe that capital flight from the space, together with improved discipline from producers, could have a significant inflationary impact on commodity prices. Additionally, COG recently announced that it will merge with Cimarex Energy Co (XEC), which owns oil assets in the Permian and Anadarko basins. We think the increased scale and diversification should drive strong free cash flow, of which 50% will be paid to shareholders in the form of dividends. If our favorable view of commodity prices is realized, the total yield could exceed 5%, which could be supplemented by meaningful share price appreciation.

In sum, we remain happy with the Fund's positioning and believe that our focus on unique value situations, irrespective of the economic cycle, will allow our stock picking process to prevail. While some of these stories may require patience, we are confident they should generate handsome returns over time.

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, 2021.

	Q2 2021	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 12/31/10
Value & Income Fund (DVIPX)	6.23	40.77	10.67	10.40	11.45	11.57
Russell 1000® Value Index	5.21	43.68	12.42	11.87	11.61	11.64
S&P 500 Index	8.55	40.79	18.67	17.65	14.84	14.73
30-Day SEC Yield: 1.37%; Expense Ratio: 0.89% Current Expense Ratio†: 0.87%						

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*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. 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

Cabot Oil & Gas Corp (COG)- We purchased a position in COG as the company is very well run and has some of the lowest cost assets in the region, thus driving solid margins, excess returns on invested capital, and strong cash flow.

Cannae Holdings Inc (CNNE)- We believe several catalysts remain that will serve to narrow the stock's discount to intrinsic value, which now stands at its widest level in history and elected to add to our position.

SL Green Realty Corp (SLG)- We purchased a position in SLG. With growth poised to pick up as developments are completed and tenants return to the office in NYC, we think the shares represent attractive value. Additionally, we like the 4.6% dividend yield while we wait.

Sony Group Corp (SONY)- Given the recent pullback, current valuation, and positive outlook for the company, we elect to add to our position.

Walgreens Boots Alliance (WBA)- We added to our position in WBA as our conviction level has increased and the company has benefited from the rollout of vaccines (WBA is going to do between 26MM - 34MM this year), better pharmacy margins, and strong international performance.

Top Ten Holdings* - % of Net Assets

as of 06/30/2021

Brookfield Asset Management Inc**	4.17
Watsco Inc	3.18
United Parcel Service Inc	3.06
Johnson & Johnson	3.03
Fidelity National Financial Inc	2.84
Comcast Corp	2.83
Berkshire Hathaway Inc	2.72
Anheuser Busch Inbev NV	2.68
Microsoft Corp	2.64
Bunge, Ltd	2.58

Recent Sales

Capital One Financial Corp (COF)- While we continue to like the long-term COF story, the stock has become a bigger position within the portfolio and we believe the shares have become more reasonably valued when compared to historical multiples. As such, we elected to chip the position, take some profits and look to redeploy the funds into names with more favorable risk/reward profiles.

Capital One Financial (COF)- We continue to have a favorable view of COF but believe that the recent move in the stocks has gone a long way towards discounting the future benefits from higher interest rates, reserve releases, loan growth, and increased capital returns. As such, we elected to chip the position and reduce our exposure a little bit, but continue to have approximately 7% of the portfolio in banks.

JPMorgan Chase & Co. (JPM)- We continue to have a favorable view of the banks but believe that the recent move in the stocks has gone a long way towards discounting the future benefits from higher interest rates, reserve releases, loan growth, and increased capital returns. As such, we elected to chip the position to reduce our exposure a little bit, but continue to have approximately 7% of the portfolio in banks.

Tyson Foods Inc (TSN)- After struggling in 2020 amidst COVID-related shutdowns, TSN shares have rallied year to date as demand for protein has rebounded and selling prices increased. That said, higher input costs are pressuring margins and the stock has re-rated towards the higher end of its historical range. Following the rally, we elected to sell the position taking a small loss and moved the funds into a higher conviction idea.

Holdings subject to change without notice. Foreign Holding*

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Davenport Equity Opportunities Fund
DEOPX

DAVENPORT ASSET MANAGEMENT 1863

The Davenport Equity Opportunities Fund (DEOPX) advanced 7.08% during the second quarter, roughly in line with the 7.50% gain for the Russell Midcap® Index. On a year-to-date basis, the Fund is up 13.41% versus the 16.25% advance for the Russell Midcap. We are pleased to have kept up in this environment while continuing to emphasize quality.

Evoqua Water Technologies Corp (AQUA) was the Fund's top contributor during the quarter. We are pleased to see our efforts to take advantage of weakness earlier in the year pay off. Despite recent strength, we note the shares still trade at a discount to peers in the water sector, while offering optionality around emerging contaminants such as polyfluoroalkyl substances (PFAs) and mergers and acquisitions (M&A) potential. Elsewhere, we saw strong performance out of top holding Dish Network Corp (DISH), which was up more than 15% for the period. Shares of DISH reacted positively to the announcement of a partnership with Amazon Web Services in which the two companies will work together to build the country's first cloud native 5G network. We view this partnership as a meaningful proof of concept for Dish, and look for further momentum on the network build-out (Las Vegas market to come on line in Q3) as well as future enterprise customer announcements to drive additional upside in the stock. Cannae Holdings Inc. (CNNE) was the Fund's top detractor for the quarter and has been a disappointment year to date. Whereas the performance of some key holdings has disappointed this year, CNNE trades at a more than 30% discount to the liquidation value of these holdings. Though we are frustrated with this disconnect, we remain attracted to the asymmetric risk/reward relationship at CNNE.

We introduced a new position in leading aluminum can manufacturer, Ball Corporation (BLL) during the quarter. Originally mistaken for a "stay-at-home" play, BLL shares have been listless during the recent reopening phase, giving us a chance to add a position in a quality franchise with a tremendous track record of value creation and a promising multi-year outlook. BLL is the leader in the aluminum can industry (2x its next largest competitor), which has seen a growth inflection given new beverage categories such as hard seltzers and carbonated waters (70% of new beverage categories launched in the last few years use cans). While the stay at home phenomenon exacerbated a can shortage that existed in 2019, we believe the secular shift to cans within the beverage industry, with the support of ESG (Environmental, Social, Governance), is sustainable longer term. This macro backdrop, coupled with the company's strong management team and strict cultural discipline around economic value added should allow the business to hit its goal of 15% compounded earnings growth over the next few years. With the shares trading at roughly a market multiple, we thought it prudent to hitch our wagon to this quality compounder.

Despite our distaste for "factor" investing, we did revisit several names in the "durable growth" category during the period, given our belief that these quality franchises had been overlooked amidst the rotation into re-opening stories. As such, we added to positions in Etsy Inc. (ETSY), Take Two Interactive Software Inc. (TTWO) and Autodesk Inc. (ADSK). Whereas each of these names was a beneficiary of the pandemic to some degree, we believe the pull forward in fundamentals to be sustainable and note that, despite dramatic appreciation over the past year, valuations for each of these names is relatively unchanged. In the case of ETSY, the stock is trading at 31x our 2022 free cash flow estimate, a multiple that appears attractive relative to ~30% top line growth and faster bottom line growth. TTWO traded at a discount to its historical multiple despite having a more active user base in addition to the most robust pipeline of new releases it has had in years. Finally, ADSK shares offer a discount to peer software multiples despite similar growth and the company's more cyclical exposure to "re-opening" via engineering and construction end markets.

In sum, we are pleased with results through the first half of the year and feel well positioned for the future. We continue to believe the Fund offers an element of timeliness and quality. Going forward, we are optimistic that our efforts to ignore the "theme of the day" and focus on quality companies with idiosyncratic value drivers will win out in the long run.

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, 2021.

	Q2 2021	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 12/31/10
Equity Opportunities Fund (DEOPX)	7.08	44.13	20.93	17.20	14.13	14.44
Russell Midcap® Index	7.50	49.80	16.45	15.62	13.24	13.41
S&P 500 Index	8.55	40.79	18.67	17.65	14.84	14.73
30-Day SEC Yield: -0.23%; Expense Ratio: 0.91% Current Expense Ratio†: 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 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 **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

Autodesk, Inc (ADSK)- We added to our position in ADSK as we believe the company is poised to see continued double-digit growth as backlog comes back online and the construction and manufacturing industries continue to embrace digitization and modern cloud tools.

Ball Corp (BLL)- We have followed the BLL story for some time now and purchased the position as we believe the recent pullback in the shares presents an attractive opportunity to access a quality compounder at a historically attractive valuation. BLL is the dominant player in the metal packaging industry, which we believe will be supported by several tailwinds over the coming years.

Builders FirstSource, Inc (BLDR)- On January 1, 2021, BLDR completed its merger with BMC Stock (then the #4 player) to create a distribution powerhouse with ~$12B in revenue. Put simply, we purchased the position as we have a positive outlook on new home construction and view BLDR as the best way to play the theme given its broad geographic exposure, significant scale, and attractive valuation.

Etsy Inc (ETSY)- Now that the stock has pulled back, despite earnings estimates moving higher, we elected to add to the position. We are optimistic on the strategic direction of the company's "house of brands" strategy. ETSY can leverage best practices across its marketplaces, sharing fixed/common costs and expanding the opportunity set for the company.

Take-Two Interactive Software Inc (TTWO)- We continue to believe TTWO has one of the best management teams in the business with a strong balance sheet, focused on producing high quality content and strategically investing in the business for the long term. We think the current valuation offers an opportunity therefore electing to add to our position.

Recent Sales

Fidelity National Financial Inc (FNF)- From a big picture perspective, we elected to take profits and chip FNF, as they have recently outperformed and look more balanced from a risk/reward perspective.

Sherwin-Williams Co (SHW)- From a big picture perspective, we elected to take profits from SHW and chip the position as they have recently outperformed and look more balanced from a risk/reward perspective.

Watsco Inc (WSO)- From a big picture perspective, we elected to take profits from WSO and chip the position as they have recently outperformed and look more balanced from a risk/reward perspective.

Xylem Inc (XYL)- From a big picture perspective, we elected to take profits from XYL and chip the position as they have recently outperformed and look more balanced from a risk/reward perspective.

Top Ten Holdings* - % of Net Assets

as of 06/30/2021

Dish Network Corp	6.88
Brookfield Asset Management**	5.87
American Tower Corp	5.37
Markel Corp	4.81
O'Reilly Automotive Inc	4.41
Etsy Inc	4.33
Evoqua Water Technologies Corp	4.24
Take-Two Interactive Software Inc	3.84
Carmax Inc	3.77
Martin Marietta Materials Inc	3.50

Holdings subject to change without notice. Foreign Holding*

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Davenport Small Cap Focus Fund

DSCPX

DAVENPORT 1863 ASSET MANAGEMENT

The Davenport Small Cap Focus Fund (DSCPX) advanced 1.92% during the second quarter, resulting in a year-to-date gain of 7.82%. Despite this solid result, the Fund lagged the red-hot Russell 2000® Index, which appreciated 4.29% and 17.54% on a quarterly and year-to-date basis, respectively. Though we would have liked to have kept up with the market's pace, we are not discouraged in light of the complexion of index returns. To illustrate this, we note that prior to the reconstitution at quarter end, nearly half of the constituents in the Russell 2000 were unprofitable. This is a record and speaks to the pockets of speculation bubbling up in certain corners of the market. Though it has been somewhat of a headwind to date, we believe our commitment to quality and willingness to be contrarian will serve us well in the future. In the meantime, we remain committed to our process and continue to plant seeds for what we believe will be fruitful future returns.

Evoqua Water Technologies Corp (AQUA) was the Fund's top contributor during the period. Despite recent strength, AQUA still trades at a significant discount to water peers and we think results are nearing a positive inflection point. We also think the stock has clear takeout potential as many industrial conglomerates could be interested in the long-term growth tailwinds for water treatment. Datacenter operator Switch Inc. (SWCH) was another top performer. We used weakness following the company's Q1 earnings report to add to the position and have since seen the shares rebound sharply. Key detractors during the period included Cannae Holdings Inc. (CNNE) and NewMarket Corporation (NEU). As we wrote last quarter, CNNE shares have stubbornly decoupled from the liquidation value of the company's holdings. This discount now stands at its widest point ever (north of 30%). We continue to have a high conviction level with respect to the value being created at CNNE and chose to add to the position despite our frustration with recent performance.

NewMarket shares languished during the period as concerns surrounding base oil prices (a key input) and the longer-term impact of electronic vehicles weighed on investor sentiment. In each case, we believe investor concerns are overblown; thus, we took the opportunity to add to the position at a valuation we have not seen in years. While oil prices create a near term margin headwind, the company has proven an ability to catch up to commodity inflation with price increases and we see nothing about the current environment that would prohibit this going forward. The electronic vehicle theme has gotten a lot of press and political attention of late and there is no doubt that significant investment is coming into the space. This has been perceived as a negative for the lubricants industry given the fact that EVs require less of the lubricants and fluids that NewMarket supplies. While EV production is set to grow rapidly, it will be years before EV's become a meaningful mix of the global total vehicle population. In fact, industry forecasts suggest that despite the rapid growth in EVs, combustion engines production will continue to grow through the end of the decade. We think NEU can grow nicely in this environment and that the death of the combustion engine vehicle is outside of our investable time horizon. Finally, we note that NEU's balance sheet is in great shape and that the capital intensity of the business has come down in recent years. We think this paves the way for strong cash generation and more meaningful return of cash to shareholders going forward.

We initiated a position in consumer self-care products leader Perrigo Company PLC (PRGO) during the quarter. We have long followed this business given our attraction to the company's dominance in store branded over-the-counter pharmaceuticals and self-care products (PRGO sells more acetaminophen than Tylenol). Until recently, the story was simply too messy with several outstanding tax battles (most notably with the Irish tax authorities) and pending structural Fund adjustments. Fast forward to today, and the company has sold its prescription generics business (a weight on the multiple), vastly improving the balance sheet. Furthermore, we see increasing line of sight to a resolution with Irish tax authorities, which should allow investors to focus on the core business which boast barriers to entry, organic growth potential and opportunities for accretive M&A. Finally, we note that we have a lot of confidence in CEO Murray Kessler who has effected several successful turnarounds in the tobacco industry. Ultimately, we think $4+ in EPS (earnings per share) power is achievable for this business, which would result in significant upside if the shares are able to achieve a peer multiple in the low 20x range.

In sum, we are off to a solid start and continue to plant seeds for the future. As is always the case, our Fund's focus on quality and a few "off the radar" value situations results in a markedly different risk reward profile for our Fund relative to the index. We think this reliance on idiosyncratic value drivers (as opposed to a factor driven approach) should serve us well as we move through the second half of the year and beyond.

Top Ten Holdings[1] - % of Net Assets

as of 06/30/2021

Evoqua Water Technologies Corp	6.08
Cannae Holdings Inc	4.41
Janus International Group Inc	4.36
Foley Trasimene Acquisition Corp	4.36
Builders FirstSource Inc	4.28
Liberty Latin America Ltd	4.27
Stewart Information Services Corp	4.06
NewMarket Corp	4.04
Monarch Casino & Resort Inc	3.53
HanesBrands Inc	3.45

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, 2021.

	Q2 2021	1 Year	3 Year*	5 Year*	Since Inception* 12/31/14
Small Cap Focus Fund (DSCPX)	1.92	40.98	16.83	17.39	13.31
Russell 2000® Index	4.29	62.03	13.52	16.47	12.05
30-Day SEC Yield: -0.20%; Expense Ratio: 0.97% Current Expense Ratio†: 0.91%					

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

[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

DAVENPORT 1863 ASSET MANAGEMENT

The Davenport Balanced Income Fund (DBALX) increased 3.90% during the second quarter of the year, outperforming the 3.52% increase for the blended 60% Russell 1000® Value and 40% Bloomberg Barclays Intermediate Government/Credit Index. Year-to-date, the Fund returned 8.75% compared to the 9.65% increase for the blended benchmark.

After a hot start to 2021 for value stocks, we witnessed growth return to favor in Q2 as evidenced by the Russell 1000® Growth Index outpacing the Russell 1000® Value Index by over 6.5 percentage points. That said, value is still outperforming year-to-date. As we've written before, we have taken a more balanced approached in the equity portion of the Fund, with a mix of traditional value and dividend paying stocks as well as a few less cyclical names that offer exceptional relative value. This approached helped our equities in Q2 as the significant outperformance of deep value/cyclical names in Q1 normalized in Q2.

Our top contributors to equity performance during the quarter included Capital One Financial Corp (COF), United Parcel Service, Inc. (UPS), and Brookfield Asset Management Inc. (BAM). All three of these companies posted stellar earnings and the shares were rewarded. On the flip side, Cannae Holdings Inc. (CNNE) and Sony Group Corp (SONY) were our biggest detractors to performance. We believe the declines in these two stocks are unwarranted and argue that both stocks trade at significant discounts to their intrinsic value. With the risk/reward even more attractive on the pullbacks, we elected to add to both positions during the quarter.

We introduced a new position during the quarter in SL Green Realty Corp (SLG), a real estate investment trust (REIT) with approximately 94% office and 6% retail exposure, focused primarily in New York City. Office occupancy was hit by the COVID-19 pandemic as companies shifted to remote work; however, we believe occupancy declines should reverse in 2021 as the US re-opens and employees return to the office. Moreover, SLG has worked to clean up its portfolio of buildings—unloading lower yielding (more expensive) buildings and using the proceeds to repurchase its shares which have traded at a discount to the value of the underlying properties. Given said discount and the fact the stock trades at a valuation below its office REIT peers, we felt the risk/reward was compelling given our growth outlook and elected to purchase a position at a very attractive valuation and handsome dividend yield (4.8% current yield).

The bond allocation of the Balanced Income Fund consists of 24 high-quality bonds across nine sectors with the top allocations to U.S. Treasuries at 22.99%, Energy at 18.44% and Consumer Discretionary at 17.48%. Our floating rate exposure has continued to reduce itself naturally through bond maturities and now sits at 5.38% of the fixed portion of the Fund. We still do not see value in the floating rate market with 3-month Libor ending the quarter hovering around 15 basis points. However, we think that we might be able to re-enter this trade when the Federal Reserve begins to raise Fed Fund rates in the future. Transactions this quarter were limited due to the expensive nature of the corporate bond market. We continue to monitor the new issue market to find deals that come with some price concession and purchased Amazon 2026 and General Motors 2026 after their new deals priced. To manage our duration and keep our credit quality high, we purchased a three-year Treasury late in the quarter, as we still think the front end of the bond market should be anchored to the Fed's accommodative stance in the near term.

In closing, we are pleased to see our balanced approach succeed during the second quarter and believe our continued focus on high quality and unique value situations in the equity portion of the Fund should position the Fund nicely for long-term capital appreciation and income, regardless of the economic cycle. Additionally, our defensive fixed income positioning should continue to provide a volatility buffer in the near-term as well as current income.

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

as of 06/30/2021

Brookfield Asset Mgmt Inc**	2.41
Cannae Holdings Inc	1.94
Watsco Inc	1.82
United Parcel Service Inc	1.78
Johnson & Johnson	1.72
Fidelity National Financial Inc	1.64
SL Green Realty Corp	1.55
Berkshire Hathaway Inc	1.55
Comcast Corp	1.51
Microsoft Corp	1.49

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, 2021.

	Q2 2021	1 Year	3 Year*	5 Year*	Since Inception* 12/31/15
Balanced Income Fund (DBALX)	3.90	25.31	8.44	7.19	7.62
60% Russell 1000® Value/40% BBIGC Index	3.52	24.83	9.82	8.45	8.71
30-Day SEC Yield: 0.95%; Expense Ratio: 0.96% Current Expense Ratio†: 0.93%					

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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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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†The Current Expense Ratio is the expense ratio as a percentage of the Fund's average daily net assets as of the date listed above. The Current Expense Ratio may fluctuate based upon a number of factors, including changes in the Fund's net assets.

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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