The Davenport Funds
Quarterly Update | Q3 2021

DAVENPORT 1863 ASSET MANAGEMENT

We are three-quarters of the way through 2021, and stocks are holding onto meaningful gains. As of September 30, the S&P 500® Index was up 15.92% year-to-date while the Russell 2000® Index had gained 12.41%. The third quarter itself was a bit more subdued, with the S&P up 0.58% and Russell down 4.36%. We were pleased to see solid relative performance from our portfolios as market conditions became more tumultuous. Stocks initially powered through headwinds associated with the Delta variant, but weakened late in the quarter alongside fears surrounding supply chain disruptions, waning economic stimulus and rising interest rates. In fact, the S&P was down 4.65% for the month of September. We think such a breather may be healthy given the torrid pace of gains through August, when the S&P seemed on pace for a record number of new highs in a year.

COVID was a factor during the quarter. Early on, cyclical and so-called "reopening" plays lagged the broader market as the Delta variant evoked fears of renewed caution on the part of consumers and a setback to our economic recovery. More recently, however, this dynamic has reversed as vaccination rates have improved and case counts appear to be peaking. While there is always the threat of a new virus strain, we are hopeful the worst is behind us and continue to believe there is tremendous pent-up demand for various travel and leisure activities. Indeed, we have already witnessed very encouraging signs from various holdings in the hotel, concert, theme park and casino industries.

Inflation has remained a hot topic. Supply chain disruptions, shortages of various commodities, port congestion, and labor constraints have prompted meaningful price increases for many finished goods. Rising energy prices, partially driven by the transition to clean energy, are also a factor. These are issues not only for consumers, who are paying up for seemingly everything, but also many manufacturing companies that are seeing input costs rise dramatically or even a scarcity of raw materials. We've recently seen numerous well-known companies reduce near-term earnings expectations (sometimes twice in one quarter!) given supply constraints and pressure on profit margins. This phenomenon may prove to be transitory. Nonetheless, it reminds us of the importance of investing in companies with pricing power that can offset inflationary pressures.

This brings us to the Fed. Understandably, policymakers are under a microscope given the threat of inflation. Fed Chairman Powell and his colleagues recognize that price increases could be temporary and are in no rush to significantly tighten monetary policy via higher interest rates. It's also worth noting that tighter policy would do little to address supply chain disruptions (the primary source of inflation at the moment), and could prematurely

Market Returns	Q3 2021	YTD
U.S. Large Caps	0.58	15.92
U.S. Mid Caps	-0.93	15.17
U.S. Small Caps	-4.36	12.41
International Developed Markets	-0.45	8.35
Emerging Markets	-8.09	-1.25
Intermediate Term Bonds	0.02	-0.87

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

stifle our recovery. Still, the economy is recovering nicely from COVID and there is clearly less need for aggressive policy support. Hence, while we do not expect any sudden or unexpected policy change that is typically associated with major market disruptions, we do expect policy will gradually become less accommodative.

The bigger challenge may be waning support from Congress. We will soon lap the extraordinary fiscal stimulus offered during the course of the pandemic (checks to consumers, etc.) and a large infrastructure bill seems to face political headwinds. At a minimum, another large spending bill could be the last we see for a while. Then there is the issue of paying for all of this extraordinary stimulus. There's already a movement afoot to raise individual and corporate tax rates. Tax increases look like they will be more moderate than initial proposals and should be manageable, but could still be a headwind for corporate profits and stock prices. In the meantime, we are also sure to get a healthy dose of partisan politics and chicanery that has become commonplace in Washington D.C. We are currently seeing this as leaders bicker over raising our country's debt ceiling.

Up until very recently, the market has largely brushed aside the aforementioned concerns as well as others, including winds of change in China. As we enter the home stretch, it will be interesting to see if markets take a pause or stocks continue to be supported by the "TINA" thesis (i.e. "there is no alternative" to stocks given paltry interest rates). We continue to argue that valuations are full with the S&P trading at roughly 20x 2022 earnings estimates, but not unreasonable in the context of low interest rates. While there may not be much room for continued valuation expansion, stocks may be able to appreciate at a rate commensurate with mid-to-high single digit earnings in coming years. This would be in keeping with our expectation for more moderate returns than what investors have enjoyed in recent years. Bear in mind, the S&P 500 is up over fivefold since the financial crisis, implying annual returns nicely above historical norms. So, while returns can still be attractive, in our opinion it seems logical to expect some reversion to the mean.

Davenport Core Fund

DAVPX

The Davenport Core Fund (DAVPX) returned 1.41% in the third quarter and is up 13.34% year-to-date. The Fund bested the S&P 500® Index in the quarter, which was up 0.58%. Year-to-date, the S&P is up 15.92%.

The bulk of our outperformance came from a handful of names. Video gaming stocks Sony Group Corp (SONY) and Electronic Arts Inc. (EA) performed nicely, as did insurance broker Aon PLC (AON) and life sciences company Danaher Corp (DHR). Detractors included T-Mobile US Inc. (TMUS), Air Products & Chemicals Inc. (APD) and Illumina Inc. (ILMN), which all pulled back some from recent highs.

As with last quarter, we were active in transacting in the third quarter. Although one wouldn't know it just by looking at the headline averages, there has been fairly significant volatility in single stock prices. This has provided us opportunities to sell some winners and redeploy proceeds into attractive valuations on new and existing names.

For example, we sold long-time holding Nike Inc. (NIKE) after a tremendous run. The stock tripled during our four year holding period and the forward price to earnings (P/E) multiple expanded from 21 times at the time of our purchase to 36x at the time of our sale. We continue to hold Nike in high regard, but a 70% increase in the valuation combined with potential issues selling into the key growth market of China caused us to take the gain and redeploy the funds into another great franchise that was on sale: Electronic Arts Inc. (EA).

Video game stocks such as EA have been poor performers over the last year as investors have worried gamers would abandon their couches in favor of reentering the physical world. In fact, the stock is well below its highs in 2018 despite earnings per share (EPS) increasing from $3.34 in 2018 to an estimated $6.64 for the current fiscal year. This combination of a lower share price and higher earnings has left EA trading for a much cheaper valuation than typical, providing an inexpensive way for us to get exposure to an industry leader in the structural growth arena of video gaming (the video game industry is now larger than both the movie and music industries combined).

We sold Charles Schwab Corp (SCHW), which has been a top performer for the Fund in 2021. SCHW's profits are highly sensitive to interest rates, and the better outlook for the economy (and therefore interest rate expectations) gave a shot in the arm to SCHW's shares. The recently closed TD Ameritrade acquisition is also adding a nice bump to profits. This sale, and chips of other highflyers such as American Tower Corp (AMT) and Aon PLC (AON), allowed us to add to a number of our favored holdings that had weakened in the quarter. These include Amazon.com Inc. (AMZN), Ball Corp (BLL), Mastercard Inc. (MA) and Pioneer Natural Resources Co (PXD).

Taking profits in some winners and recycling the capital into favored laggards has worked thus far, as stock selection mattered a lot more this quarter, given the overall market weakness in September. We remain optimistic for the Fund as it owns a great collection of high quality companies, and wouldn't be surprised to see stock selection continuing to matter more in the coming quarters. We look forward to reporting back as we close out the year.

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 September 30, 2021

	Q3 2021	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 1/15/98
Core Fund (DAVPX)	1.41	25.66	14.15	14.55	14.88	7.95
S&P 500 Index	0.58	30.00	15.99	16.90	16.63	8.60
30-Day SEC Yield: -0.11%; Expense Ratio: 0.88% 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

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Recent Purchases

Amazon.com, Inc. (AMZN)- AMZN shares had consolidated for roughly a year before beginning to move up recently. We elect to add on the recent modest pullback. AMZN's cash flows were held back some in 2020 with higher pandemic-related costs, but are expected to move much higher in the next three years. Expectations are for Free Cash Flow[1] (FCF) to grow from $31bn in 2020 to $81bn in 2023.

Ball Corp (BLL)- We added to our position in BLL. BLL has been a fund holding since September of last year, and we believe the recent pullback in the shares presents an attractive opportunity to access a quality compounder at a historically attractive valuation.

Booking Holdings Inc. (BKNG)- Booking is one of the largest online travel agencies in the world with brands such as Booking.com, Priceline, KAYAK, and OpenTable. We purchased the position as we expect a significant growth rebound as the COVID pandemic recedes and consumers worldwide resume travel. With the recent Delta variant scare, the stock has sold off to a level we find attractive.

Electronic Arts (EA)- We think the current near-term headwinds are more than priced into the stocks at this point and elect to initiate a position in EA. Headquartered in Redwood City, CA, EA is a leading video game publisher boasting a large array of owned and licensed console, mobile, and PC games.

Honeywell International Inc. (HON)- We added to our position in HON. HON, one of the highest quality industrial companies in the world, has underperformed its peers this year given its significant exposure to later-cycle businesses (aerospace, oil & gas, non-res). However, we think that's about to change as the pandemic recovery matures and we believe HON is poised to post stronger organic growth (vs. peers) over the next couple of years.

Mastercard Inc. (MA)- MA has been a great stock for the fund since we bought it five years ago. That being said, shares have traded sideways the past 1.5 years as the market has gravitated towards 100% digital payments companies such as PayPal Holdings Inc (PYPL) & Square Inc (SQ). We think this is presenting an attractive buying opportunity, as earnings estimates continue to rise while the stock has come down, compressing the valuation multiple significantly.

Markel Corp (MKL)- We added to our position in MKL and think it can get back to a high single-digit to low double-digit book value growth rate in coming years without taking an inordinate amount of risk.

Pioneer Natural Resources Co (PXD)- Since our purchase, PXD has moved from an end-of-year variable dividend plan to a quarterly one, bringing forward cash flow returns to shareholders. At current oil prices we estimate PXD will pay a $17 per share dividend in 2022, for an 10% dividend yield, which would make it the highest dividend yielder in the S&P 500, therefore adding to the position.

Recent Sales

American Tower Corp (AMT)- We chipped our position in AMT. It remains a large position for us given the favorable multi-year growth profile associated with the buildout of 5G wireless networks; however, the valuation is now more reasonable at roughly 30x Adjusted Funds From Operations (AFFO) estimates for 2022. We think the shares can appreciate in line with cash flow growth, which we expect to be low double-digits, but believe more valuation expansion may be difficult.

Aon PLC (AON)- AON has been a solid holding for the fund and we elect to reduce the position to harvest some gains following the recent move to all-time highs. We'd note that we are still attracted to the standalone AON story and expect double-digit earnings growth going forward.

Brookfield Asset Management Inc. (BAM)- We elect to reduce the position modestly as the stock does appear to be more fairly valued on a near-term basis, but continue to remain positive on BAM's outlook over time.

Brookfield Asset Management Reinsurance Partners Ltd (BAMR)- The resulting BAMR position is too small and illiquid for us to retain a meaningful position. Furthermore, shares of BAMR were trading at a premium to shares of BAM despite the fact that each share of BAMR is redeemable for 1 share of BAM. As such, we elected to sell the shares as opposed to converting them back into BAM shares.

Charles Schwab Corp (SCHW)- We continue to hold Schwab in high regard, but think the current share price already implies significant benefits from higher interest rates, which still remains far from being a done deal. As such we elect to sell the position.

Fleetcor Technologies Inc. (FLT)- FLT has seen an uneven impact to affected industries via emerging market exposure, in store shopping exposure and business travel. While we think the company has a great financial model and a solid long-term outlook, the near-term remains flat so we elect to sell the position.

Nike Inc. (NKE)- NKE has also been a very good performer for us, however, with the stock at all-time highs and close to 38x forward earnings, we decided to chip our position. However, later in the quarter, we elected to sell our position in NKE. While we continue to think NKE is one of the highest quality companies out there, we believe the risk/reward has become less attractive and chose to redeploy the proceeds into EA

Sherwin-Williams Co. (SHW)- SHW has been a standout performer over the four years we've owned it and we continue to think it fits squarely in the quality compounder bucket we look for. That said, we think the stock may take some time off as the company fights to maintain margins in a rising input cost environment and elected to chip the position.

Top Ten Holdings* - % of Net Assets

as of 09/30/2021

Microsoft Corp	4.26
Amazon.com Inc	3.73
Danaher Corp	3.73
Adobe Inc	3.50
Brookfield Asset Mgmt Inc**	3.49
Accenture PLC**	3.09
Mastercard Inc	3.07
Apple, Inc	2.97
Markel Corp	2.92
Alphabet Class A	2.67

[1]*Free cash flow (FCF) represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets. *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

The Davenport Value & Income Fund (DVIPX) declined 0.83% in the third quarter and is up 13.90% year-to-date. This compares to the Fund's primary benchmark, the Russell 1000® Value Index, which also declined 0.78% in the third quarter and is up 16.14% year-to-date. The S&P 500® Index increased 0.58% in the third quarter and is up 15.92% year-to-date.

While the end result was a modest decline, the third quarter felt like a roller coaster with a resurgence of Covid-19 from the Delta variant, the subsequent peak and decline in cases, constant supply chain disruptions, inflation, and the eternal bickering in Washington D.C. over taxes, spending, and the debt ceiling. Despite the noise, the Fund performed in-line with its benchmark.

Performance in the quarter was led by our energy and financial holdings. A 60%+ increase in natural gas prices drove a 25%+ increase in recently purchased Coterra Energy Inc. (CTRA - formerly Cabot Oil & Gas), which was our top performer during the quarter. Most of our financial stocks also posted solid gains as they began to price in the likelihood of higher interest rates. One name to highlight is Brookfield Asset Management Inc. (BAM). The shares have rerated higher as fears around the company's office real estate holdings have receded and BAM sits in an enviable position with record levels of liquidity following recent fundraising success and elevated asset disposition activity. We did chip our position in BAM during the quarter as we felt risk/reward was more balanced following the move higher. However, BAM remains our largest position as we are attracted to its high margin, predictable and growing cash flow stream, which we believe opens the door for greater return of cash to shareholders in the future.

Key detractors in the quarter were those stocks most impacted by supply chain disruptions and rising input costs. This includes names like Anheuser-Busch InBev SA (BUD), United Parcel Service Inc. (UPS), and 3M Co (MMM). We believe each of these names has solid pricing power, however the absolute level of inflation makes it difficult to keep up and has led to near-term margin pressures. We expect this to abate over time.

During the quarter, we initiated a new position in Anthem Inc. (ANTM), a high quality and leading Managed Care Organization. We believe the company is positioned nicely with ongoing above-market Medicare Advantage membership growth, a sizeable Medicaid pipeline, and its prowess managing high-cost and complex patient populations. ANTM continues to drive efficiency through ongoing digitization and additional product launches that further integrate its diverse suite of assets. The company expects to grow earnings per share (EPS) at 12-15% in the long-term, driven by 8-10% growth from operations and 4-5% from capital deployment. The shares sold off after 2Q earnings, giving us an attractive buying opportunity with the stock at approximately 15x times 2021 earnings estimates.

In sum, despite turbulence in the markets we continue to emphasize a balanced approach in the Fund. We hold a combination of traditional value and dividend payers and some less cyclical names that we think offer attractive relative value. Looking ahead, value stocks tend to outperform in periods of higher inflation, which should provide a gentle tailwind to this strategy.

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 September 30, 2021.

	Q3 2021	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 12/31/10
Value & Income Fund (DVIPX)	-0.83	29.13	8.43	9.85	12.64	11.20
Russell 1000® Value Index	-0.78	35.01	10.07	10.94	13.51	11.28
S&P 500 Index	0.58	30.00	15.99	16.90	16.63	14.42
30-Day SEC Yield: 1.54%; Expense Ratio: 0.87% 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

Anthem Inc. (ANTM)- We purchased a position in ANTM. We believe the company is positioned nicely with ongoing above market MA membership growth, a sizeable Medicaid pipeline, and the company's prowess managing high-cost and complex patient populations. ANTM continues to drive efficiency through ongoing digitization and additional product launches that further integrate its diverse suite of assets. The company also boasts its own in-house PBM, IngenioRx, which should continue to generate low-to-mid teens growth, reduce costs, and improve profitability-while also allowing ANTM to continue to invest in its product offerings. The company expects to grow Earnings Per Share (EPS) at 12%-15% in the long-term, tied to 8%-10% growth from operations and 4%-5% from capital deployment.

Recent Sales

Anheuser-Busch Inbev SA (BUD)- While we continue to be positive on the long-term outlook for the company, we think the near-term story has become cloudier given the expectation for continued margin pressure due to higher raw material and distribution costs in the face of the recent Delta variant surge. Given the position size, we elect to reduce the position and redeploy the funds into a new name that we feel is more compelling at this juncture.

Brookfield Asset Management Reinsurance Partners Ltd (BAMR)- Shares of BAMR were trading at a premium to shares of BAM despite the fact that each share of BAMR is redeemable for 1 share of BAM. As such, we elected to sell the shares as opposed to converting them back into BAM shares.

Brookfield Asset Management Inc. (BAM)- BAM has been an outstanding performer for the fund lately, up 38% year-to-date. Shares have re-rated higher as fears around Brookfield's office real estate holdings have receded. In addition the continued low interest rate environment has been highly supportive of Brookfield's real assets investment strategy. Institutional investors continue to increase their allocation to alternatives and BAM has put up excellent fundraising numbers for new funds. We elect to reduce the position modestly as the stock does appear to be more fairly valued on a near-term basis, but continue to remain positive on BAM's outlook over time.

Top Ten Holdings* - % of Net Assets

as of 09/30/2021

Brookfield Asset Management Inc**	3.91
Johnson & Johnson	2.98
Fidelity National Financial Inc	2.97
Watsco Inc	2.95
Sony Group Corp	2.88
Comcast Corp	2.78
Microsoft Corp	2.75
Bunge Ltd	2.69
United Parcel Service Inc	2.69
Berkshire Hathaway Inc	2.68

**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 third quarter, advancing 1.94% for the period relative to a 0.93% decline for the Russell Mid Cap® Index. Year-to-date (YTD), the Fund is up 15.62%, slightly outpacing the 15.17% gain for the Russell Mid Cap.

Evoqua Water Technologies Corp (AQUA) was once again a top contributor for the strategy, showing continued momentum on the heels of solid quarterly results and mounting optimism regarding the inclusion of meaningful water infrastructure spending within potential infrastructure legislation. Also among top contributors were two relatively new positions in Builders FirstSource Inc. (BLDR) and Ball Corp (BLL) as well as our most tenured position, Intuit Inc. (INTU), which we exited during the quarter. Below, we take some time to discuss the INTU story in more detail. While it is not customary for us to dwell on past performance, we feel our experience with this security is important to highlight. On the negative side of the ledger, we experienced continued underperformance from deep value situations Cannae Holdings Inc. (CNNE) and Fairfax Financial Holdings Ltd (FRFHF). Despite our frustration with the persistent disconnect from intrinsic value at each entity, we elected to add to positions at what we believe to be extremely compelling risk/reward levels.

Another key position that we have become increasingly excited about following a period of recent underperformance is video game publisher Take-Two Interactive Software Inc. (TTWO). The video game subsector has fallen out of favor this year, as COVID tailwinds diminished and news around both delayed game launches and video game regulation in China added fuel to the fire. We feel the stocks now reflect these near-term concerns and believe the pandemic helped accelerate strong secular growth and structural changes that should continue to provide fundamental tailwinds for the video game industry for the foreseeable future. Like many of its peers, TTWO has dealt with product delays resulting from the pandemic; however, we note the publisher boasts the strongest pipeline in company history with roughly 90 titles in development set to release over the coming years. Moreover, engagement with existing titles remains strong and TTWO has successfully increased its higher margin recurrent consumer spending to more than 60% of bookings. All told, we expect the company to grow earnings and free cash flow (FCF) in the high teens over the next few years, and used the recent stock weakness to add to our position at a valuation well below historical averages.

As mentioned above, consumer tax and small business software provider Intuit Inc. (INTU) was one of our top performers during the period. One of our most tenured positions in the Fund, INTU has been a tremendous compounder over the years and is a great example of what our process hopes to achieve. The stock is up more than tenfold over the last decade (+50% YTD) as the company has transitioned to a software delivered business model, reinvigorated its consumer tax business, executed on its QuickBooks growth strategy and thoughtfully allocated its cash flows to value enhancing opportunities. For context, we last added to INTU in 2013. At that time, the stock was trading at $56 with a market cap of roughly $17 billion and a valuation of 15x forward earnings. Today, the company boasts a market cap of more than $150 billion and the stock trades for north of 50x earnings. While we believe the company's "blue chip" status is deserving of such a premium, we felt the risk/reward is much more balanced at current levels. As such, we thought it appropriate to monetize the position and note that our cash position (which now stands north of 5%) gives us ample flexibility to emphasize the next great compounder.

In closing, we are pleased to have performed relatively well as market conditions became more volatile. Furthermore, we are excited about the roster of companies we own and stand ready to deploy funds raised through recent sales as opportunities arise. As always, we thank you for your trust and look forward to updating you on our progress in the future.

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 September 30, 2021.

	Q3 2021	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* 12/31/10
Equity Opportunities Fund (DEOPX)	1.94	34.50	19.75	16.51	16.24	14.28
Russell Midcap® Index	-0.93	38.11	14.22	14.39	15.52	12.98
S&P 500 Index	0.58	30.00	15.99	16.90	16.63	14.42
30-Day SEC Yield: -0.23%; Expense Ratio: 0.89% 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

Ball Corp (BLL)- With the stock at a discount to historical averages, we continue to view BLL as a great risk reward opportunity and elected to add to our position.

Cannae Holdings Inc. (CNNE)- Early in the quarter, we added to our position in CNNE. CNNE has been a disappointment this year as key holdings have underperformed and the company's discount to liquidation value widened further. 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.

Cannae Holdings Inc. (CNNE)- Midway through the quarter, we were frustrated by the stock's persistent discount to the underlying value of its holdings, however, maintain a high degree of conviction in the ultimate realization of the value being built within the entity. Management recently stepped up, effecting a share repurchase of roughly 3% of the outstanding shares. With the stock trading at a 30% plus discount to liquidation value (implies upside of 45%+), we find the shares to be compelling and added to the position again.

Cannae Holdings Inc. (CNNE)- We added to our position for the third time this quarter. CNNE shares remain subdued despite improved performance of key holdings - namely Ceridian HCM Holdings Inc (CDAY) and Alight Inc (ALIT), which have both appreciated nearly 20% over the last month. In fact, CDAY is set to join the S&P 500® Index which, in addition to providing support to the stock, should allow CNNE to monetize their position more quickly given increased trading liquidity. Going forward, we are hopeful that continued execution at key holdings as well as ongoing monetization of mature investments can help close the discount to net asset value (NAV), which now stands north of 35%.

Fairfax Financial Holdings Ltd (FRFHF)- We added to our position in FRFHF. While the shares have recovered meaningfully from their pandemic lows, the stock has pulled back double digits from recent highs despite impressive underwriting results and encouraging investment returns. Despite being somewhat scarred by the stock's history of persistent cheapness, we believe the risk reward is simply too skewed in our favor to ignore.

Markel Corp (MKL)- We think MKL can get back to a high single-digit to low double-digit book value growth rate in coming years without taking an inordinate amount of risk. While this type of return might illicit a yawn from growth investors of the day, we feel like the risk/reward for the stock is quite attractive and elected to add to our position.

Take Two Interactive Software Inc. (TTWO)- With the shares off nearly 25% from recent highs, we think the risk/reward profile is very attractive at current levels and elected to add to our position.

Take Two Interactive Software Inc. (TTWO)- Shares of TTWO are largely unchanged since we added to our position earlier in the quarter, and elected to make our position more meaningful given what we believe to be an attractive risk/reward opportunity.

Recent Sales

American Tower Corp (AMT)- We chipped our position in AMT. We think the shares can appreciate in line with cash flow growth, which we expect to be low double-digits, but believe more valuation expansion may be difficult.

American Tower Corp (AMT)- While we continue to believe AMT possesses one of the best business models and that results will continue to be supported by strong secular tailwinds and solid execution, we elect to reduce exposure for the second time this quarter given a more balanced risk/reward profile in addition to the position's outsized weighting.

Autodesk Inc. (ADSK)- After our well-timed add in early June, shares of ADSK have rallied ~20%. While we continue to believe in the company's long-term growth thesis, we felt it prudent to chip the position. As such, we feel comfortable maintaining a 3% position in the fund.

Align Technologies Inc. (ALGN)- We elected to dial the position size back as out year P/E valuation has risen from 33x at the time of our purchase to 44x today. We believe the multiple is still reasonable for the quality and growth and has traded at 50-60x out year earnings in the past.

Brookfield Asset Management Reinsurance Partners Ltd (BAMR)- The resulting BAMR position is too small and illiquid for us to retain a meaningful position. Furthermore, shares of BAMR were trading at a premium to shares of BAM despite the fact that each share of BAMR is redeemable for 1 share of BAM. As such, we elected to sell the shares.

DraftKings Inc. (DKNG)- While we continue to believe in the tremendous market opportunity for online sports betting in addition to DKNG's ability to remain a top player, we note that increased spending and incremental competition may push out the path to profitability and the stock's valuation leaves little room for error, so we sold the position.

Intuit Inc. (INTU)- While we believe the company's "blue chip" status is deserving of such a premium, we feel the risk/reward is much more balanced at current levels. We thought it appropriate to monetize and sell the position and note that our cash position (which now stands north of 5%) gives us ample flexibility to emphasize the next great compounder.

Top Ten Holdings* - % of Net Assets

as of 09/30/2021

Dish Network Corp	6.93
Brookfield Asset Management**	5.96
Markel Corp	5.18
O'Reilly Automotive Inc	4.61
Evoqua Water Technologies Corp	4.56
Cannae Holdings Inc	4.30
Take-Two Interactive Software Inc	4.24
Etsy Inc	4.23
American Tower Corp	4.12
Fairfax Financial Holdings Ltd**	3.86

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

The Davenport Small Cap Focus Fund (DSCPX) enjoyed a strong third quarter, gaining 4.95% versus a 4.36% decline for the Russell 2000® Index. For the year, the Fund is up 13.16% which now exceeds the 12.41% gain for the Russell 2000. In our last letter, we spoke to concerns regarding "pockets of speculation" that seemed to be driving index returns and expressed our conviction about the quality of the Fund. While we did not anticipate a dramatic reversal in relative performance in such a short period, we are pleased to have our discipline rewarded during a period of volatility.

Performance was broad based during the period. We saw continued momentum from top holdings such as Evoqua Water Technologies Corp (AQUA) and Switch Inc. (SWCH), where we elected to trim positions amid recent strength. We also saw patience rewarded with tech enabled insurance broker BRP Group Inc. (BRP) as the stock surged alongside strong results and accelerated mergers and acquisitions (M&A) activity. Here too, we elected to pare the position back into strength, but remain attracted to this fast growing, scalable business that appears to be scratching the surface of a large market opportunity. Other notable performers included Chart Industries Inc. (GTLS) and Builders FirstSource Inc. (BLDR) which advanced 30.6% and 21.3% during the period, respectively. Key detractors included Cannae Holdings Inc. (CNNE) and Janus International Group Inc. (JBI). We continue believe our patience will be rewarded with CNNE, which trades at its widest discount to net asset value (NAV) in the company's history. JBI has been quite volatile since coming public via a special purpose acquisition company (SPAC) transaction. We remain encouraged by JBI's leading position within the public storage equipment industry, which should continue to beget predictable results and double digit free cash flow (FCF) growth.

We have significantly upped our position in Monarch Casino & Resort Inc. (MCRI), a longstanding position that we know well. As a reminder, MCRI owns two casino resorts (Reno, NV and Black Hawk, CO) and is roughly 30% owned by the Farahi family, who founded the company and built it from a motor lodge into a $1 billion+ enterprise. The stock was a big winner last year, but is up only modestly in 2021 despite the successful debut of its casino expansion and new hotel in Black Hawk, which is roughly 45 minutes away from a population of 3 million people in Denver. We think the company can generate $5/share of FCF, implying the stock is currently trading under 13x FCF/share. Moreover, the company is rapidly paying down debt and will be debt free next year. This puts it in a great positon to acquire a third property, which may create additional value if its success in Black Hawk is any indication. Even without another deal, we think the stock is worth $90+ and note MCRI itself could easily be considered a takeout candidate given its small size.

We initiated a position in Avid Technology Inc. (AVID) during the quarter. AVID is a leading provider of software and integrated solutions to the media and entertainment industry. AVID is considered the gold standard for media editing and the company maintains dominant market share across its core markets, with estimates north of 80% for high-end film, TV shows, and broadcast news, as well as 70%+ within professionally created music. Despite being an industry leader, the company struggled to grow under its former management team that was overly promotional and lacked innovation. In 2018, Jeff Rosica took the helm alongside a new C-suite with a focus on repairing the company's culture, reinvigorating and reprioritizing the product roadmap, and instilling more discipline around operational efficiency. Additionally, the company recently began the transition to a subscription/SaaS model with long-term agreements that should provide more recurring and higher margin revenue as well as significant FCF generation. We think the new leadership team will return the company to its former glory, bolstered by a favorable industry backdrop of exponential growth for video and music streaming. As the business model transition progresses, we expect revenue to grow in the low double digits while FCF should grow at approximately 30% compound annual growth rate (CAGR).

We are pleased with the resiliency of our strategy amid a more volatile environment and remain confident in the Fund's positioning. Furthermore, we are encouraged by the opportunities we are seeing to put money to work and continue to believe the Fund offers an element of timeliness.

Top Ten Holdings[1] - % of Net Assets

as of 09/30/2021

Monarch Casino & Resort Inc	5.34
Alight Inc	5.20
Cannae Holdings Inc	4.83
NewMarket Corp	4.59
Evoqua Water Technologies Corp	4.26
Stewart Information Services Corp	4.23
Janus International Group Inc	3.90
Liberty Latin America Ltd	3.71
Builders FirstSource Inc	3.25
BRP Group Inc	3.24

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 September 30, 2021.

	Q3 2021	1 Year	3 Year*	5 Year*	Since Inception* 12/31/14
Small Cap Focus Fund (DSCPX)	4.95	36.11	18.58	17.26	13.59
Russell 2000® Index	-4.36	47.68	10.54	13.45	10.84
30-Day SEC Yield: -0.09%; Expense Ratio: 0.93% 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 ASSET MANAGEMENT 1863

The Davenport Balanced Income Fund (DBALX) declined 0.17% during the third quarter of the year, outperforming the 0.44% decrease for the blended 60% Russell 1000® Value and 40% Bloomberg Barclays Intermediate Government/Credit® Index. Year-to-date, the Fund is up 8.56% compared to the 9.16% increase for the blended benchmark.

In a quarter of broader negative equity performance, we are pleased to see our Balanced Fund held up nicely. While equities got off to a hot start to the third quarter with the S&P 500® Index increasing nearly 6% in July and August, September brought a whirlwind of volatility alongside concerns around inflation and political squabbling over taxes, spending, and the debt ceiling. That said, we were pleased with our performance in the equity portion of the Fund, which was led by our energy and financial stocks. Coterra Energy Inc. (CTRA – formerly Cabot Oil & Gas) was a big contributor to performance during the quarter and benefited from a more than 60% increase in natural gas prices. Within financials, Brookfield Asset Management Inc. (BAM) was a standout performer as fears around the company's office real estate abated. And, BAM now boasts significant levels of liquidity following recent fundraising success and asset disposition activity. On the other side, Anheuser-Busch InBev SA (BUD) and United Parcel Service Inc. (UPS) were our biggest detractors to performance. Both were heavily impacted by continued supply chain disruptions and increasing input costs. While these issues may be a near-term overhang for margins, we expect these issues to abate over time.

During the quarter, we introduced a new position in Perrigo Company PLC (PRGO), a provider of self-care products and over-the-counter health and wellness solutions. The stock was down significantly after reporting earnings that failed to meet expectations. Additionally, the company had been plagued by an overhanging Irish tax settlement relating to a 2013 asset sale, with Irish Office of the Revenue Commissioners initially claiming the company owed roughly $1.9 billion in back taxes. Since our purchase, PRGO announced a very favorable settlement and agreed to pay approximately $309 million—a fraction of the initial headline number. With this favorable settlement, we believe the company can now focus on execution for the core business and return to growth. Additionally, we expect company estimates to rise and the shares to re-rate to a peer-like multiple, offering further upside for the stock.

The bond allocation of the Balanced Income Fund consists of 26 high-quality bonds across ten sectors with the top allocations to Consumer Discretionary at 20.37%, Energy at 17.19%, Communications at 15.95%, and U.S. Treasuries at 13.60%.

Our floating rate exposure has continued to reduce itself naturally through bond maturities and now sits at 4.94% 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 13 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. If this becomes the case, we will look to add floating rate exposure through SOFR (US Secured Overnight Financing Rate) linked notes. We have seen the supply of this product increase recently as it will eventually become the replacement for US Libor.

Transactions this quarter focused on initiating several corporate bonds while lightening up our longer duration treasuries. As we feel higher rates are on the horizon, we sold our largest treasury position, T 2.875 8/15/28. After holding a decent cash allocation, late in the quarter we initiated positions in Stryker Corp (SYK), McKesson Corp (MCK), and American Tower Corp (AMT). All high quality and short duration positions in keeping with our thesis during times of uncertainty and volatility.

In closing, we are pleased to see the Fund outperform the blended benchmark during the quarter. The recent volatility is a good reminder of the value of a balanced approach. Our allocation to dividend-paying, value-oriented equities with strong balance sheets that can weather economic uncertainty, coupled with defensive positioning in fixed income should continue to provide a volatility buffer in the near-term as well as current income and long-term capital appreciation.

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

as of 09/30/2021

Brookfield Asset Mgmt Inc**	2.11
Cannae Holdings Inc	1.71
Fidelity National Financial Inc	1.65
Johnson & Johnson	1.63
Watsco Inc	1.62
Sony Group Corp	1.57
United Parcel Service Inc	1.50
Stewart Information Services Corp	1.50
Microsoft Corp	1.49
Bunge Ltd	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 September 30, 2021.

	Q3 2021	1 Year	3 Year*	5 Year*	Since Inception* 12/31/15
Balanced Income Fund (DBALX)	-0.17	18.46	7.10	6.93	7.24
60% Russell 1000® Value/40% BBIGC Index	-0.44	19.94	8.41	7.90	8.23
30-Day SEC Yield: 1.09%; Expense Ratio: 0.93% 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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†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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