# The Davenport Funds
## Quarterly Update | Q2 2022

DAVENPORT ASSET MANAGEMENT 1863

Stocks were under significant pressure in the second quarter and officially entered bear market territory. The S&P 500® Index and Russell 2000® Index declined 16.10% and 17.20%, respectively, during the quarter and finished the period down 19.96% and 23.43% year-to-date. This is the S&P's worst first half since 1970. Market conditions are clearly very different from a year or two ago, when risk taking was rampant and asset values were propped up by rock-bottom interest rates and aggressive economic stimulus spawned by the pandemic. Now, we are on the back side of said stimulus and dealing with the challenging cocktail of rampant inflation, higher interest rates and slowing growth.

| Market Returns | Q2 2022 | YTD |
|---|---|---|
| U.S. Large Caps | -16.10 | -19.96 |
| U.S. Mid Caps | -16.85 | -21.57 |
| U.S. Small Caps | -17.20 | -23.43 |
| International Developed Markets | -14.51 | -19.57 |
| Emerging Markets | -11.45 | -17.63 |
| Intermediate Term Bonds | -2.37 | -6.77 |

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

- Inflation has dominated headlines. Rising post-pandemic demand, supply chain snarls, war in Ukraine and years of under-investment in production of some commodities have coalesced to elevate prices for most goods. In fact, the Consumer Price Index (CPI) surged 8.6% in May, a 40-year high. Consumers are being squeezed with the cost of everything we buy going up, and the value of our assets going down in many cases. Many like to focus on gas prices, which get the most attention since they are most visible to people. We estimate higher gas prices alone are costing the average driver roughly $1,500 per year (roughly 10% of the average American's discretionary income). Couple this with other considerations such as higher food costs and mortgage rates (a 30-year mortgage is now close to 6% versus roughly 3% a year ago) and you can see why consumers are feeling pinched.

- The Federal Reserve is tightening monetary policy in response to inflation. While policymakers can do little to address supply chain issues, they hope higher borrowing rates will combat inflation by quelling demand. The Fed recently raised benchmark interest rates 0.75%, the biggest hike since 1994, and plans for further increase in coming months. This has clearly raised the probability of an economic slowdown or even a recession. Indeed, Fed Chairman Powell and his colleagues seem perfectly willing to accept a slowdown to get inflation under control. We have already seen weakness in leading economic indicators and the consensus gross domestic product (GDP) forecast for the year has been revised down from 4% at the start of the year to 2.5% (and heading lower).

- Now, the question has become whether we experience a "soft landing" (i.e. a mild slowdown) or a "hard landing" (i.e. outright recession). Many economists are starting to lean towards the latter and recession fears are starting to steal headlines from inflation. In fact, it sometimes seems a recession is now assumed rather than suspected. As a consequence, valuations are under pressure for many asset classes, including stocks. Not only do you have the specter of slowing growth and downward corporate earnings revisions weighing on stocks, but also bear in mind that higher interest rates have finally made bonds a more viable alternative to stocks. For example, a U.S. 2-year Treasury was yielding 0.5% around last Thanksgiving and now yields roughly 3%.

- So what's the good news? The big silver lining is that the market's pullback has improved the risk/reward proposition for stocks. The overall economic/policy backdrop has no doubt deteriorated, but stocks have at least partly discounted some pain already (for what it's worth the Wall Street Journal recently reported that prior recessions have produced an average decline of 24%). As equity investors, we are now being better compensated for taking risk in many situations. At a minimum, we are being much better compensated than we were a year or two ago. Indeed, many stocks that were formerly classified as "growth" stocks can now be classified as "value" stocks following extreme price declines. We also have to bear in mind that numerous investor sentiment indicators have turned decidedly negative and, as noted above, many are starting to treat a recession as a foregone conclusion. Widespread negativity can be a contrarian indicator and suggests stocks may have already discounted significant fear.

In sum, it's hard to know how long current market conditions will last, and there certainly appear to be more headwinds than tailwinds (the average bear market is roughly 13 months). Markets had become very accustomed to ultra-low interest rates and the Fed's efforts to taper cheap and abundant liquidity won't be easy. We believe, however, that market conditions can quickly change and it may not be long before inflation starts to peak and the Fed reigns in its tightening efforts. We also believe that many investors who were once chasing risk are now aggressively running from it. Sometimes this can yield opportunities. We will be hard at work looking for these opportunities while remaining attune to risk.

# Davenport Core Fund

## DAVPX

DAVENPORT ASSET MANAGEMENT 1863

The Davenport Core Fund (DAVPX) decreased 15.50% in Q2, fairing slightly better than the 16.10% decrease for the S&P 500® Index. Equities continued to struggle in the second quarter, ultimately ending the period in bear market territory. Year to date, the portfolio is down 20.91% compared to the 19.96% decline for the S&P. After years of outsized returns fueled by favorable fiscal and monetary policy, market conditions have changed drastically, headlined by surging inflation, rising interest rates, and a potential economic slowdown.

The Fund's top performer during the quarter was T-Mobile US Inc. (TMUS), a leading wireless network operator. Since we added to our position in mid-December, the stock has returned more than 13% (vs broader market declines) as the company continues to take market share from incumbent operators Verizon and AT&T. We elected to chip our position in early June on the strength, but continue to see a significant runway for this industry disruptor as it continues to take share and fully migrate customers from its merger with Sprint in 2020. American Tower Corp (AMT) was another strong performer during the quarter, which reported strong leasing revenues and raised full year guidance. Amazon.com Inc. (AMZN) was our biggest detractor to performance during the quarter. The stock pulled back to levels seen just before the initial COVID sell off began in February of 2020, as slowing e-commerce growth, supply chain disruptions, and inflation/consumer spending concerns took center stage. While Amazon was obviously a major COVID beneficiary, with revenues growing at a ~29% annual growth rate from 2019-2021, we think it's natural to see a near-term deceleration in e-commerce growth as the world returns to normalcy. However, we believe the overarching long-term e-commerce push remains intact and Amazon is well positioned as a leader in the space. We felt the near-term headwinds previously mentioned were more than discounted into the share price and used the weakness to add to our position.

Other transaction activity was fairly moderate during the quarter. The broader market pullback undoubtedly offered an improved risk/reward proposition for many stocks, but we are certainly not out of the woods yet given the looming macro headwinds mentioned at the onset of this letter. We used the market weakness to wade into high-quality companies that have been beaten up and offered attractive risk/reward profiles. One example of this was Amazon, which we mentioned above. Another was Intuit Inc. (INTU), a software company that is famous for its TurboTax and QuickBooks applications. Intuit boasts a best-in-class management team that, over the last decade, has led the business to execute on its long-term objectives, reinvigorate growth in the consumer tax business, scale its QuickBooks franchise, and transition its services to higher margin revenue streams. Management has augmented solid execution with effective capital allocation, using excess cash flow to return ~$15 billion via share repurchases and dividends over this period. On top of this, current CEO Sasan Goodarzi has conducted larger scale acquisitions of CreditKarma (personal finance) and Mailchimp (automation and email marketing), which add new platforms for growth. Ultimately, we believe the company can produce revenue growth in the high-teens for the foreseeable future along with continued margin expansion. With this backdrop, we elected to purchase a 1.0% position, leaving room to add exposure should the market environment for growth stocks continue to worsen.

In closing, there certainly appears to be more headwinds than tailwinds at the moment. Regardless, we remain focused on maintaining a portfolio of high quality bellwether companies that can weather the storm in the near-term as well as provide capital appreciation in the long-term. We will continue to look for opportunities amid the volatility, while being mindful of risk.

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, 2022

| | Q2 2022 | 1 Year | 3 Years* | 5 Years* | 10 Years* | Since Inception* 1/15/98 |
|---|---|---|---|---|---|---|
| Core Fund (DAVPX) | -15.50 | -12.99 | 6.65 | 8.35 | 10.92 | 7.03 |
| S&P 500 Index | -16.10 | -10.62 | 10.60 | 11.31 | 12.96 | 7.80 |
| 30-Day SEC Yield: 0.65%; Expense Ratio: 0.86% 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 ASSET MANAGEMENT 1863

**Recent Purchases**

**Amazon.com Inc (AMZN) -** Shares of AMZN have pulled back to levels seen just before the initial COVID sell off began in February of 2020, as slowing e-commerce growth, supply chain disruptions, and inflation/consumer spending concerns have taken center stage. While AMZN was obviously a major COVID beneficiary, with revenues growing at a ~29% Compound Annual Growth Rate (CAGR) from 2019-2021, we think it's natural to see a near-term deceleration in e-commerce growth as the world returns to normalcy. Moreover, we expect meaningful operating leverage as costs abate and the company grows into new distribution capacity. Additionally, AWS (cloud offering) continues to show extraordinary growth as businesses continue to move workloads to the cloud. While the near-term market environment may provide some choppiness, we think the longer term set up remains solid and the current prices offer an opportunity to add to our position at an attractive valuation.

**Intuit Inc (INTU) -** INTU is a Mountain View, California based software company that is famous for its TurboTax and QuickBooks applications. Like many software and technology stocks, INTU shares have been crushed year-to-date and the stock is nearly 50% off from its high seen in November. Management has augmented solid execution with effective capital allocation, using excess cash flow to return ~$15billion via share repurchases and dividends over this period. On top of this, current CEO Sasan Goodarzi has conducted larger scale acquisitions of CreditKarma (personal finance) and Mailchimp (automation and email marketing), which augment the company's legacy offerings while adding new platforms for growth. Therefore, we purchased a position in INTU.

**Johnson & Johnson (JNJ) -** JNJ remains a core health care holding in our view and is one of only two companies in the US with a AAA-rated[1] balance sheet. We appreciate the defensive characteristics of this resilient business model, particularly against an uncertain macro backdrop and what appears to be a period of persistent market volatility. We have a favorable view of the recently appointed CEO, Joaquin Duato, and think he can drive value creation through the upcoming spin-off of the consumer franchise, which is expected to be completed in the mid-2023 time-frame. Thus, we elect to increase our position in JNJ.

**Recent Sales**

**Ball Corp (BALL) -** We are disappointed that the stock hasn't lived up to our expectations since purchasing in late 2020, thus we elect to sell our position. While we continue to think highly of management and remain attracted to the longer-term demand profile for the aluminum packaging industry, we feel the risk/reward is balanced at current levels. Perhaps more importantly, we are seeing better relative opportunity elsewhere (e.g. INTU purchase) and wanted to raise funds to provide more flexibility in the event that future opportunities present themselves amid continued market volatility.

**Dish Network Corp (DISH) -** DISH has clearly been a disappointing stock during our holding period, therefore we elect to sell our position. While we still believe in the potential of its greenfield wireless network and think downside should be supported by the value of its wireless spectrum, we acknowledge we face a long road and significant uncertainty before value may be realized. Recently this quality focus has become even more important and stress in credit markets, particularly the high yield market, has brought an extra hurdle for DISH given near-term financing needs. While frustrated, we continue to own the stock in the Equity Opportunities Portfolio, where we have more flexibility to own special situations.

**Illumina Inc (ILMN) -** Since chipping our position a little over a year ago down to roughly 1% of the portfolio, the stock has been an underperformer and worked itself into a 0.7% position. While we continue to have a favorable view of the long-term prospects for genomics and ILMN's genomics sequencing technology, we believe the medium-term risk/reward profile has become less attractive as the company faces tougher comps, fading COVID tailwinds, and emerging competition. We elect to sell the position and redeploy the proceeds into a name that we feel offers more compelling upside.

**T-Mobile US, Inc. (TMUS) -** TMUS has been an outstanding recent performer for the portfolio with year-to-date (YTD) gains approaching 20% compared to the S&P 500® Index that is down in the mid-teens. Our decision to add to this position back in December 2021 proved to be very timely. While we continue to like the long-term prospects at TMUS, we elect to take some profits following this period of outperformance. After the chip, TMUS remains a sizable position for the strategy.

## Top Ten Holdings* - % of Net Assets

as of 06/30/2022

| | |
|---|---|
| Pioneer Natural Resources Co | 4.00 |
| Markel Corp | 3.71 |
| Johnson & Johnson | 3.65 |
| Danaher Corp | 3.64 |
| Microsoft Corp | 3.60 |
| Amazon.com Inc | 3.54 |
| Brookfield Asset Mgmt Inc** | 3.40 |
| T-Mobile US Inc | 3.23 |
| Adobe Inc | 3.12 |
| American Tower Corp | 2.97 |

*[1]The AAA rating signifies that an obligator's capacity to meet its financial commitments on the obligation is extremely strong.*
**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 12.28% during the second quarter and is down 12.16% year-to-date. This compares to the Fund's primary benchmark, the Russell 1000 Value® Index, which declined 12.21% in the second quarter and is down 12.86% year-to date. The S&P 500® Index declined 16.10% in the second quarter and is down 19.96% year-to-date.

Value stocks continued to outperform their growth counterparts during the quarter as the market worked to price in the potential impacts of the Federal Reserve's aggressive monetary tightening. While losses are never something to celebrate, we are pleased with how the Value & Income Fund has performed year-to-date, both compared to its primary benchmark as well as the S&P 500. As a reminder, we target high-quality businesses with a history of strong dividend payments and growth as well as differentiated ideas where we see good value. The Value & Income Fund currently yields 2.8%.

Performance in the second quarter was led by several of our traditional "defensive" names including Sysco Corp (SYY), Johnson & Johnson (JNJ), McDonald's Corp (MCD), and Verizon Communications Inc. (VZ). As noted, the Fed's aggressive stance on battling inflation has driven the market to price in higher odds of a recession. As such, it's not surprising to see some of the more defensive names outperform. Key detractors to performance during the second quarter include SL Green Realty Corp (SLG), Brookfield Asset Management Inc. (BAM), and Berkshire Hathaway Inc. (BRK.B). SLG was negatively impacted by increased concerns about return to work, especially in big cities like New York. Brookfield and Berkshire were hurt by a general decline in asset prices.

We initiated one new position during the quarter and exited one as well. New to the Fund is Kraft Heinz Co (KHC). A household name with brands such as Oscar Mayer, Velveeta, Philadelphia Cream Cheese, Kraft Mac and Cheese, Ore-Ida, and Heinz condiments, Kraft trades at a valuation multiple well below its 10-year average and comes with a dividend yield of 3.8%. The stock has languished for several years amidst a portfolio transformation as management worked to accelerate growth and drive higher margins. We think better results are near and KHC is positioned well to improve cash flows, increase capital return to shareholders, and close the valuation gap to its peers.

We exited our position in Coca-Cola Co (KO) for a nice gain. We initially purchased KO in January 2021 when it was trading near a multi-decade low relative valuation to the S&P 500. More recently, the stock re-rated alongside improved results and traded at a 43% premium to the S&P 500 (~25x earnings). We used the proceeds to add to a few beaten-up names such as Medtronic Plc (MDT), Lamar Advertising Co (LAMR), and Perrigo Company Plc (PRGO). Medtronic shares have struggled as hospital staffing shortages put additional pressure on healthcare procedures. More recently, procedure volumes have improved and should be back to pre-COVID levels in the near future. The stock yields 3.0% and trades well below its medical technology peers. Lamar is an outdoor advertising business that has been hurt by recession fears. We believe LAMR's results will hold up regardless of the macro environment and the stock currently yields 5.5%. Perrigo has grappled with COVID-19 disruptions along with supply chain and input cost issues. However, we believe results are near an inflection point and the stock trades at a very attractive multiple (<10x earnings power) with a 2.6% yield.

In sum, we are happy to see the Value & Income Fund perform as planned with downside resilience in an uncertain market. We have continued to put capital to work in names we know well that we believe have been unfairly punished by the market, hopefully setting the stage for outperformance in the future.

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, 2022.

| | Q2 2022 | 1 Year | 3 Years* | 5 Years* | 10 Years* | Since Inception* 12/31/10 |
|---|---|---|---|---|---|---|
| Value & Income Fund (DVIPX) | -12.28 | -5.67 | 6.68 | 6.53 | 9.67 | 9.96 |
| Russell 1000® Value Index | -12.21 | -6.82 | 6.87 | 7.17 | 10.50 | 9.90 |
| S&P 500 Index | -16.10 | -10.62 | 10.60 | 11.31 | 12.96 | 12.26 |
| 30-Day SEC Yield: 1.83%; Expense Ratio: 0.86% Current Expense Ratio†: 0.86% | | | | | | |

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

*Returns greater than one year are annualized. The **Russell 1000® Value Index** measures the performance of the Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. 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

## Recent Purchases

**Alphabet Class A (GOOGL) -** Total revenue grew 26% year-over-year (constant currency), with Search increasing 24% and Google Cloud revenue increasing 44%. The company has begun to introduce ads within YouTube shorts and monetization should increase throughout the year. We consider GOOGL to be one of the best run businesses in the sector and think the pullback offers an attractive opportunity to add to our position.

**Fairfax Financial Holdings Inc (FRFHF) -** We added to our position in FRFHF as it has enjoyed solid performance of late alongside others in the insurance category. The core insurance business is sustaining strong momentum, investment performance has been solid and the company's short duration exposure along with its significant cash balance positions it well for a rising interest rate environment.

**Johnson & Johnson (JNJ) –** With our most recent add, it now makes JNJ the largest position for the Value & Income Portfolio. JNJ remains a core health care holding in our view and is one of only two companies in the US with a AAA-rated balance sheet. With what we believe to be a resilient business model, strong balance sheet, attractive cash generation, favorable shareholder return strategy and reasonable valuation.

**Kraft Heinz Co (KHC) –** We initiated a position in KHC as its defensive business fits nicely in the Value & Income Portfolio. The stock currently trades at 15.6x fiscal year2023 consensus earings-per-share (EPS) compared to its 10-year average forward price-earnings ratio (P/E) of 17.5x. The stock also sports a 3.8% dividend yield, which we think can continue to grow over time.

**Lamar Advertising Co (LAMR) -** LAMR shares are down 22% year to date as macro concerns have overshadowed solid operating results. Outdoor advertising continues to gain share and LAMR's digital deployments continue to attract new customers. According to the company, all geographies and verticals are seeing significant strength so we have added to our position.

**Medtronic Plc (MDT) -** We added to our position in MDT as shares are flat year to date as the Omicron wave earlier this year and hospital staffing shortages continued to pressure healthcare procedures. More recently, procedure volumes have improved and should be back to pre-COVID levels in the near future.

**Perrigo Company PLC (PRGO) -** Shares of PRGO have struggled during our ownership as the company has grappled with Covid-19 disruptions along with supply chain and input cost issues. Though the company is not out of the woods, recent results suggest that the company has found its footing and that brighter days may lie ahead. Thus, we elected to add to our position.

## Recent Sales

**Coca-Cola Co (KO) -** KO did its job during our 15-month ownership providing downside protection while offering a solid 3% dividend yield. At the time of our purchase, KO was trading near a multi-decade low relative valuation to the S&P 500. Fast forward to today and the shares now trade at a 43% premium to the S&P and an absolute level of ~25x earnings, a level last seen in the early 2000s. As such, we elect to exit our position in KO and add to a couple of what we think are beaten-up names.

**Bunge Ltd (BG) -** BG continues to benefit from high commodity prices and disruptions in the global agriculture market due to the Russia/Ukraine conflict. As such, we elect to take some profits while maintaining a healthy position in the name as we expect end market dynamics to remain favorable.

**Fidelity National Financial, Inc (FNF) -** FNF shares have struggled recently and remain "cheap" at 8x earnings-per-share (EPS), we think estimates may need to come down given the rise in rates and the effect on mortgage refinance and new purchase demand. As such, we elect to reduce our position as the stock could remain range-bound for the foreseeable future.

**Watsco (WSO) -** We continue to have a favorable long-term view of WSO and expect the dividend to continue to grow nicely (3.0% current yield), however we think the near term outlook is a bit more muddied as it will be difficult to repeat the outstanding 1Q results. Thus, we elect to chip our position in WSO.

### Top Ten Holdings* - % of Net Assets

as of 06/30/2022

| | |
|---|---|
| Johnson & Johnson | 4.50 |
| Fairfax Financial Holdings Ltd** | 3.50 |
| Brookfield Asset Management Inc** | 3.40 |
| Coterra Energy Inc | 3.11 |
| McDonald's Corp | 2.95 |
| United Parcel Service Inc | 2.82 |
| Berkshire Hathaway Inc | 2.80 |
| Markel Corp | 2.74 |
| Lamar Advertising Co | 2.65 |
| Comcast Corp | 2.51 |

**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 Equity Opportunities Fund

DEOPX

The Davenport Equity Opportunities Fund (DEOPX) declined 18.36% during the second quarter, faring slightly worse than the 16.85% decline for the Russell Mid Cap® Index. For the year, our strategy is down 26.90%, versus a 21.57% decline for the index. While frustrated with recent performance, we have started to see many attractive opportunities and believe we are planting the seeds for strong returns in the future.

In a quarter fraught with indiscriminate selling, the strategy had few standouts in the positive category. Black Knight Inc. (BKI) and American Tower Corp (AMT) were the two holdings that managed positive gains, with the former benefiting from a takeout proposal from Intercontinental Exchange Inc. (ICE) and the latter finding a safety/quality bid. With respect to Black Knight, the stock continues to trade at a near 25% discount to the implied value of the deal, which we think will narrow over time. Dish Network Corp (DISH) was the strategy's top detractor for the period, with the stock initially slumping after an underwhelming investor day and taking another leg down amid financing concerns related to its network build. The current market environment has proven to be quite inhospitable to strategies with long-tailed payoffs. While we have been wrong about how long it would take to show returns from its new wireless network, we continue to believe the stock is undervalued, with the value of the company's spectrum assets exceeding the enterprise value of the franchise.

Last quarter, we suggested many high fliers from prior years were beginning to look attractive again following dramatic reversals from recent highs. Throughout the quarter, we took small incremental steps to add to names such as Align Technologies Inc. (ALGN), Etsy Inc. (ETSY), DraftKings Inc. (DKNG) and Caesar's Entertainment Inc. (CZR). While these steps proved to be early/ill-timed, we feel we are putting money to work at very reasonable prices. With respect to CZR, the stock has continued to languish along intensifying concerns regarding the consumer, interest rates and spending on digital (online sports betting) initiatives. At this price the stock appears to be discounting a meaningful slowdown and cuts to estimates. We maintain conviction in the company's ability to reach a run rate of $10 per share in FCF generation over the next few years. From a near term perspective, we believe that Las Vegas results will be impressive, digital losses should abate meaningfully, and we expect to the company to complete the sale of one of its Las Vegas Strip properties by the end of the year - helping to alleviate balance sheet concerns. Though it is difficult to call a bottom in the near term, we think this stock can produce meaningful upside in coming years.

On the sleepier side, we added to positions in outdoor advertising leader Lamar Advertising Co (LAMR) and auto parts retailer O'Reilly Automotive Inc. (ORLY) during the quarter. Lamar shares are down sharply year-to-date as macro concerns have overshadowed solid operating results. While we are mindful of cyclical concerns, we note that outdoor advertising channels are gaining share from other categories and Lamar's digital deployments continue to attract new customers. According to the company, all geographies and verticals are seeing significant strength. Furthermore, given strong demand, LAMR has been able to increase pricing at a levels not seen in roughly 15 years. Management recently raised its cash flow guidance and increased the dividend, which currently yields 5.4%. We added to ORLY following a significant sell-off around the company's recent earnings release. While results fell short of near-term projections (due largely to weather and the Omicron variant), the company's full year same store sales guide of 5-7% seems attainable. More importantly, the company continues to enjoy strong momentum across the business, the balance sheet is in great shape (1.7x leverage versus ORLY's 2.5x target) and free cash flow generation remains robust. With the shares now trading meaningfully below their 5-year average on a price–earnings ratio (P/E) basis, we thought it prudent to take advantage of the recent sell-off.

While we are disappointed with the start to the year, we are incrementally excited to put money to work as valuations have compressed. In the past, we have used periods like this to set the stage for subsequent outperformance. Finally, we note that despite recent incremental steps in the direction of risk, our strategy remains anchored around quality situations that can weather and take advantage of periods of volatility.

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, 2022.

| | Q2 2022 | 1 Year | 3 Years* | 5 Years* | 10 Years* | Since Inception* 12/31/10 |
|---|---|---|---|---|---|---|
| Equity Opportunities Fund (DEOPX) | -18.36 | -18.51 | 6.59 | 9.85 | 11.29 | 11.11 |
| Russell Midcap® Index | -16.85 | -17.30 | 6.59 | 7.96 | 11.29 | 10.34 |
| S&P 500 Index | -16.10 | -10.62 | 10.60 | 11.31 | 12.96 | 12.26 |
| 30-Day SEC Yield: 0.07%; Expense Ratio: 0.87% 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 **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.

**Recent Purchases**

**Alight Inc (ALIT) -** We took our position in ALIT to 3.9% amid continued weakness. We have strong conviction in the quality of the business and the path to future value creation.

**Align Technology (ALGN) -** As a reminder, we chipped the position in late 2021. Unfortunately our decision to add back to the position was not as well timed, with the stock poised to decline meaningfully following a disappointing earnings report. With the stock now at a trough multiple on significantly reduced earnings expectations, we are hopeful that the worst is behind us and elected to add to our position.

**Caesars Entertainment Inc (CZR) -** This continues our process of slowly leaning back towards risk in names that have been beaten up and offer what we believe to be compelling risk/reward dynamics. CZR stock has continued to languish along intensifying concerns regarding the consumer, interest rates and spending on digital initiatives. Thus we have elected to add to our position.

**Caesars Entertainment Inc (CZR) –** We are unlikely to time a bottom perfectly and may have to endure continued near term volatility, the long term upside for these shares appears to justify a second increase to the position.

**DraftKings Holdings Inc (DKNG) -** Shares of DKNG have remained volatile as the market has moved away from currently unprofitable, long-duration growth stories, given the rise in interest rates (thus a lower value on future cash flows). We continue to believe DKNG should be a long-term winner in the sports betting industry and elect to add to our position.

**DraftKings Holdings Inc (DKNG) -** We continue to believe DKNG should be a long-term winner and the stock is likely to work as the company demonstrates that its playbook is working (2-3 year path to profitability in new states). Once a critical mass of more mature states is reached, DKNG should reach significant levels of profitability, thus elect to add to our position again.

**ETSY Inc (ETSY) -** Since chipping the stock in mid-November, shares of ETSY have declined more than 65% as investors have grown concerned about shifting consumer spending habits coming out of the pandemic, rising e-commerce costs, rising interest rates, and the impact of soaring inflation on discretionary spending. While these concerns are valid, we believe the stock reaction is overdone. As such, we elect to add to our position on the recent weakness.

**Etsy Inc (ETSY) -** Shares of ETSY have continued to languish since we added to the position. While we were a bit early to add to the position last month, the stock is now off more than 77% from its November high and approaching pre-pandemic levels. ETSY has differentiated its brand within the highly competitive e-commerce landscape to become a more niche platform where consumers love the unique/authentic experience of buying non-commoditized wares from artisan sellers.

**Lamar Advertising Co (LAMR) -** The shares have experienced weakness due to comments by Snap Inc. (SNAP), which cut guidance due to weakness in digital advertising spend. We feel this association is misplaced and note that outdoor advertising continues to gain share and Lamar's digital deployments continue to attract new customers. According to the company, all geographies and verticals are seeing significant strength. Furthermore, we elect to add to our position.

**O'Reilly Automotive Inc (ORLY) -** We took our position in ORLY to 5.7% following a significant sell-off around the company's recent earnings release. While results fell short of near-term projections (due largely to weather and the Omicron variant), the company's full year same store sales guide of 5-7% seems attainable (implies 30% growth on a 3-year stacked basis). With the shares now trading meaningfully, we thought it prudent to take advantage of the recent sell-off.

**Recent Sales**

**Ball Corp (BALL) -** Though the stock is essentially unchanged since our initial purchase, BALL has modestly outperformed over this period. While we continue to think highly of management and remain attracted to the longer term demand profile for the aluminum packaging industry, we are seeing better relative opportunity elsewhere and wanted to raise funds to provide more flexibility, thus elect to sell our position.

**CarMax Inc (KMX) -** While shares remain well below last year's highs, the stock has also rallied from recent lows and we elected to use the bounce to trim exposure. From a long-term perspective, we remain confident in the company's competitive position and believe that the combination of KMX's physical footprint, leading inventory position and scaled digital offering will allow the company to take share over time.

**CarMax Inc (KMX) -** Following our recent chip, we have become incrementally concerned about the near-to-intermediate term outlook given tougher financial conditions, inflation, industry supply issues and difficult comparisons resulting from the COVID induced "pull-forward". We fear the aforementioned headwinds will be difficult for the stock to overcome, therefore elect to sell our position.

## Top Ten Holdings* - % of Net Assets

as of 06/30/2022

| | |
|---|---|
| Fairfax Financial Holdings Ltd** | 7.04 |
| Markel Corp | 6.86 |
| O'Reilly Automotive Inc | 6.70 |
| Brookfield Asset Management** | 6.06 |
| Take-Two Interactive Software Inc | 4.13 |
| Black Knight Inc | 3.70 |
| American Tower Corp | 3.69 |
| Martin Marietta Materials Inc | 3.53 |
| Dish Network Corp | 3.50 |
| Alight Inc | 3.46 |

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

*The recent transactions profiled above represent securities purchased and/or sold during the quarter. Current and future portfolio holdings are subject to risk. The securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients and the reader should not assume that investments in the securities identified and discussed were or will be profitable.*

# Davenport Small Cap Focus Fund
## DSCPX

DAVENPORT ASSET MANAGEMENT 1863

The Davenport Small Cap Focus Fund (DSCPX) declined 14.98% during the second quarter relative to a 17.20% decline for the Russell 2000® Index. For the year, the strategy is down 20.17% versus the 23.43% decline for the Index. While the start of 2022 has been painful, we are pleased to have shown modest resiliency amid the market's downdraft and have been putting capital to work at what we believe to be attractive prices. We also believe the small cap universe appears timely at the moment and note that the Russell 2000 is trading well below its 10 year average price-earnings (P/E) ratio and at a 10 year low with respect to its relative valuation spread against the large cap universe.

Despite broader market declines, it wasn't all doom and gloom during the quarter as the strategy enjoyed standout performance from holdings in Switch Inc. (SWCH) and Perrigo Company Plc (PRGO), each of which posted high single-digit gains. Datacenter operator Switch benefitted from a takeover proposal, which was rumored at the end of Q1 and was finalized in early May. All told, the shares are up ~17% this year and have more than doubled throughout the course of our ownership. Perrigo produced gains the old fashioned way, by reporting better-than-expected results and offering an optimistic outlook. While we elected to exit our position in SWCH given the tight spread to the deal value, we continue to believe there is gas in the tank of the PRGO story as it laps COVID headwinds and integrates the transformational acquisition of HRA Pharma.

On the negative side of the ledger, performance was most impacted by significant declines in a couple larger positions, Alight Inc. (ALIT) and Monarch Casino & Resort Inc. (MCRI). Despite a resilient business model, shares of Alight have been hit hard in the market's current risk-off phase. In the meantime, the company continues to execute well and appears to be on track with the implementation of the Federal Thrift contract, which should allow for an inflection in results (and hopefully the stock price). Monarch has had an eventful start to the year, starting out as one of the strategies top performers. In fact, we were trimming the position as the shares spiked to new all-time highs early in the period. Fast forward to quarter end, and the shares are now off nearly 40% from recent highs following decent (but underwhelming) results and mounting concerns regarding consumer retrenchment. While investor expectations had gotten ahead of themselves, we still see a lot to like in the Monarch story given a near net debt free balance sheet and strong operating momentum at its two properties. As such, we have recently been adding to the position, restoring it to top holding status as we exited the quarter.

In addition to MCRI, we have been slowly putting money to work across a variety of names as prices and valuations have contracted. While broader markets have been weak, the small cap space has been especially punished and we are seeing a lot of great deals when we look through the lens of a multi-year time horizon. In one instance, we added a new name in the form of online sports betting leader DraftKings Inc. (DKNG), which was on the verge of entering large-cap territory no less than a year ago. Since eclipsing an enterprise value north of $30 billion in September of 2021, shares of DKNG have plunged and now suggest a value of roughly $5 billion. Interestingly, the company's total addressable market has grown over this time period, promotional spending intensity has waned and the company has better line of sight into cash flow profitability in coming years. Though the shares will likely remain volatile, DKNG is in a net cash position and appears poised to capitalize on a massive market opportunity. We think DKNG is capable of generating north of $1 billion in EBITDA over time, which would result in significant upside if achieved. At a minimum, we can say that the risk/reward is much better now than it was a year ago.

Visibility may be murky for some time and we are unlikely to time the bottom perfectly, but we expect to continue putting money to work as valuations become more attractive. We think recent adds could pay off handsomely over time and continue to have ample flexibility via a meaningful cash balance that we can use to our advantage should markets remain pressured.

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

as of 06/30/2022

| | |
|---|---|
| Monarch Casino & Resort Inc | 6.37 |
| Perrigo Company PLC** | 4.87 |
| Alight Inc | 4.78 |
| Cannae Holdings Inc | 4.48 |
| J & J Snack Foods Corp | 4.33 |
| NewMarket Corp | 4.28 |
| Verra Mobility Corp | 4.24 |
| Kinsale Capital Group Inc | 4.04 |
| Janus International Group Inc | 3.57 |
| Shenandoah Telecommunications Co | 3.52 |

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, 2022.

| | Q2 2022 | 1 Year | 3 Year* | 5 Year* | Since Inception* 12/31/14 |
|---|---|---|---|---|---|
| Small Cap Focus Fund (DSCPX) | -14.98 | -10.86 | 10.41 | 10.32 | 9.74 |
| Russell 2000® Index | -17.20 | -25.20 | 4.21 | 5.17 | 6.17 |
| 30-Day SEC Yield: 0.23%; Expense Ratio: 0.93% Current Expense Ratio†: 0.89% | | | | | |

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

[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) declined -8.55% during the second quarter of 2022, ahead of the 5.69% decline for the blended 60% Russell 1000® Value and 40% Bloomberg Intermediate Government/Credit Index. Year-to-date, the Fund is down 9.89% compared to the 10.35% decrease for the blended benchmark.

Equities continued to struggle in the second quarter, ultimately ending the period in bear market territory. Value stocks continued to outperform their growth counterparts during the quarter, and are now outperforming by roughly 15 percentage points through the first half of the year. While declines are never desired, given our Fund's value bias we are pleased to see the equity portion of the Fund perform well as we cross the midpoint of the year.

As inflation, rising interest rates, and a potential economic slowdown dominate the headlines, it's unsurprising to see our traditional "defensive" names lead performance during the quarter. These stocks include AT&T (T), Sysco Corp (SYY), Philip Morris International Inc. (PM), and McDonald's Corp (MCD). The biggest detractors to performance were SL Green Realty Corp (SLG), Brookfield Asset Management Inc. (BAM), and Berkshire Hathaway Inc. (BRK.B). SLG was negatively impacted by increased concerns about return to work, especially in big cities like New York. Brookfield and Berkshire were hurt by a general decline in asset prices.

Transaction activity was modest during the quarter. We purchased a new position in Kraft Heinz Co (KHC), a defensive name with well-known brands such as Oscar Mayer, Velveeta, Kraft Mac and Cheese, and Heinz Ketchup. The stock has struggled in recent years as management has been focused on transforming the portfolio, reinvigorating growth, and improving margins. We think management has done a tremendous job with these initiatives and the company is poised to generate significant free cash flow and increase capital return to shareholders in the near future. With the shares trading at a valuation well below its long-term average and sporting a 3.8% yield at the time of purchase, we felt the shares offered an attractive entry point and elected to purchase a position. Later in the quarter, we elected to sell our position in Coca-Cola Co (KO) for a nice gain. We purchased the stock in January of 2021 when it was trading near a multi-decade low relative valuation to the market. Since then, the stock has re-rated alongside improved results and traded at a 43% premium to the S&P 500® Index (~25x earnings). With the risk/reward profile more balanced in our opinion, we elected to sell the position.

The Fund's fixed income allocation consists of 36 high quality bonds across ten sectors with the top allocations including financials at 26.33%, consumer non-cyclical at 13.52%, U.S. Treasuries at 13.40%, and consumer cyclical at 10.20%. The credit quality of the fixed portion remains high investment grade with an effective maturity of 2.92 years, yield to worst of 3.67%, a duration of 2.50 years, down from 3.44 years at the beginning of the 2022.

Our allocation to floating rate notes within the fixed income portion of the Fund increased to 13.84% from 4.54% at the beginning of the year. During Q2, the Federal Reserve raised the Fed funds rate twice taking it from 0.5% to a range of 1.5%-1.75%, in the attempt to cool down inflation. This benefits our floating rate positions, as their coupons increase with Fed fund hikes and the respective moves in LIBOR and SOFR (US Secured Overnight Funding Rate). We initiated positions in Morgan Stanley (MS FRN 2025) and Starbucks Corp (SBUX FRN 2024).

As Treasury rates have risen swiftly this year, we have taken advantage of higher yield in high quality fixed short duration bonds. With more attractive compensation, in terms of yield, we initiated positions in Walgreens Boots Alliance (WBA 2024), American Express (AXP 2024), and Capital One Financial (COF 2023). We continue to look for attractive opportunities in the front-end part of the yield curve and remain conservative until we get clearer economic data and Fed clarity before potentially increasing duration and/or credit risk.

In closing, we are pleased to see the Fund perform relatively well amidst the uncertain macro backdrop and think this is a good reminder of the value in a balanced investing approach. We believe our allocation to dividend-paying value-oriented equities should position the Fund nicely for long-term capital appreciation. Additionally, our defensive fixed income positioning should continue to provide current income and a volatility buffer in the near-term.

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

as of 06/30/2022

| | |
|---|---|
| Johnson & Johnson | 2.22 |
| Perrigo Company PLC | 1.92 |
| Fairfax Financial Holdings Ltd** | 1.75 |
| Brookfield Asset Mgmt Inc** | 1.71 |
| Coterra Energy Inc | 1.56 |
| McDonald's Corp | 1.47 |
| United Parcel Service Inc | 1.47 |
| Berkshire Hathaway Inc | 1.43 |
| Markel Corp | 1.40 |
| Lamar Advertising Co | 1.32 |

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, 2022.

| | Q2 2022 | 1 Year | 3 Year* | 5 Year* | Since Inception* 12/31/15 |
|---|---|---|---|---|---|
| Balanced Income Fund (DBALX) | -8.55 | -5.39 | 4.49 | 4.52 | 5.51 |
| 60% Russell 1000® Value/40% BBIGC Index | -8.31 | -6.77 | 4.47 | 5.10 | 6.11 |
| 30-Day SEC Yield: 2.26%; Expense Ratio: 0.93% Current Expense Ratio†: 0.92% | | | | | |

*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.

**Disclosures**: Any opinions expressed here are statements of judgment on this date and are subject to future change without notice. This information may contain forward looking predictions that are subject to certain risks and uncertainties which could cause actual results to differ materially from those currently anticipated or projected. The information contained herein has been compiled from sources believed to be reliable; however, there is no guarantee of its accuracy or completeness.

***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.***

Distributed by Ultimus Fund Distributors, LLC.
15324707-UFD-7/15/2022

†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 Intermediate Government/Credit Index**.

The **S&P 500 Index** is comprised of 500 U.S. stocks and is an indicator of the performance of the overall U.S. stock market. Standard & Poor's Financial Services LLC, a division of S&P Global, is the source and owner of the registered trademarks related to the S&P 500 Index. The **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3,000 index, representing approximately 8% of the total market capitalization of the Russell 3000. The **Russell 1000® Growth Index** measures the performance of the Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. 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 **Russell Midcap® Index** measures the performance of the 800 smallest companies in the Russell 1000, which represent approximately 25% of the total market capitalization of the Russell 1000. The Russell 2000® Index and Russell Midcap® Index are trademark/service marks of the Frank Russell Co. London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"). © LSE Group 2022. FTSE Russell is a trading name of certain LSE Group companies. "Russell®" is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote/sponsor/endorse the content of this communication. The **MSCI Europe, Australia and Far East (MSCI EAFE) Index** is an unmanaged index composed of the stocks of approximately 1,000 companies traded on 20 stock exchanges from around the world, excluding the U.S., Canada, and Latin America. The **MSCI Emerging Markets (MSCI EM) Index** is a capitalization-weighted index of stocks from 26 emerging markets that only includes issues that may be traded by foreign investors. The reported returns reflect equities priced in US dollars and do not include the effects of reinvested dividends. The **Bloomberg Intermediate Government/Credit Index** is an unmanaged index composed of debt securities with maturities from one to ten years issued or guaranteed by the U.S. Treasury, U.S. Government agencies, quasi-federal corporations and fixed rate dollar denominated SEC-registered corporate debt that are rated investment grade or higher by Moody's Investors Service and Standard and Poor's Corporation or Fitch Investor's Service, in that order. **The Bloomberg Capital US FRN < 5 Years Index** is a subset of the US Floating-Rate Note (FRN) Index, which measures the performance of USD denominated, investment-grade, floating-rate notes across corporate and government-related sectors. This index has a maximum maturity of 4.9999 years and is not part of the US Aggregate Index, which is a fixed coupon index. The **Lipper Large Cap Value Index** measures an unmanaged, equally weighted performance index of the 30 largest qualifying mutual funds (based on net assets). The **S&P GSCI Index** measures the performance of the commodities market. **An investor cannot invest in these indices and their returns are not indicative of the performance of any specific investment**.