

# The Davenport FundAdvisor Quarterly Update



## Second Quarter Update 2024

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FundAdvisor Update

Portfolio Holdings

Fund / Index Performance



# FUNDADVISOR UPDATE

SECOND QUARTER 2024

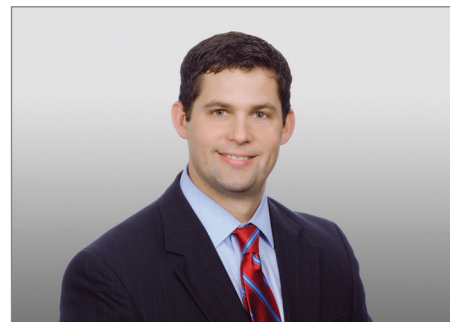
## Market Overview

The U.S. economy has remained quite resilient in the face of higher interest rates over the past couple of years. The inflation rate has come down, but prices remain high, and some economic data has started to show a slowdown. Investors have been betting on the Federal Reserve’s ability to orchestrate a soft landing rather than a sharp drop-off in economic growth. In the second quarter, investors were focused on the hype surrounding artificial intelligence and the hope for continued moderation of inflation and subsequent interest rate cuts by the Federal Reserve. Interestingly, these have all seemed to benefit the same small subset of companies as many large cap technology leaders have produced stellar returns while other areas of the market have languished. The tech-heavy NASDAQ 100 is up an impressive 17.5%! The S&P 500® Index has gained 15.3%, while the Dow Jones Industrial Average® Index is well behind with a 4.8% gain. Small cap stocks have struggled again and are up only 1.7%. International markets have posted decent gains but are far behind the US market since most of the largest and best technology companies in the world reside here.



**Geoffrey A. Sulanke, CFA®**

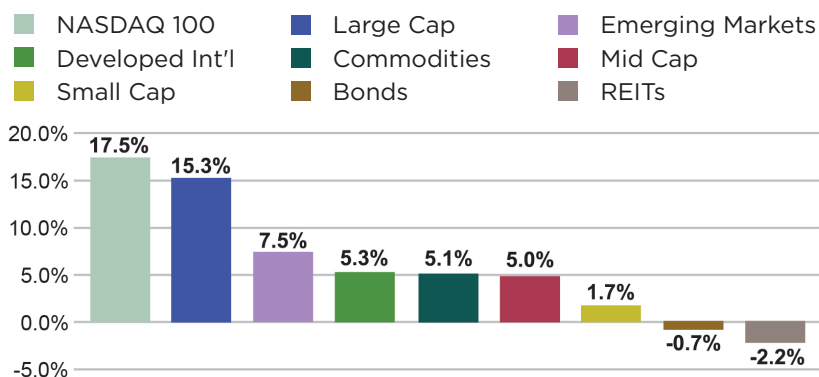
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### Year-to-Date Asset Class Returns



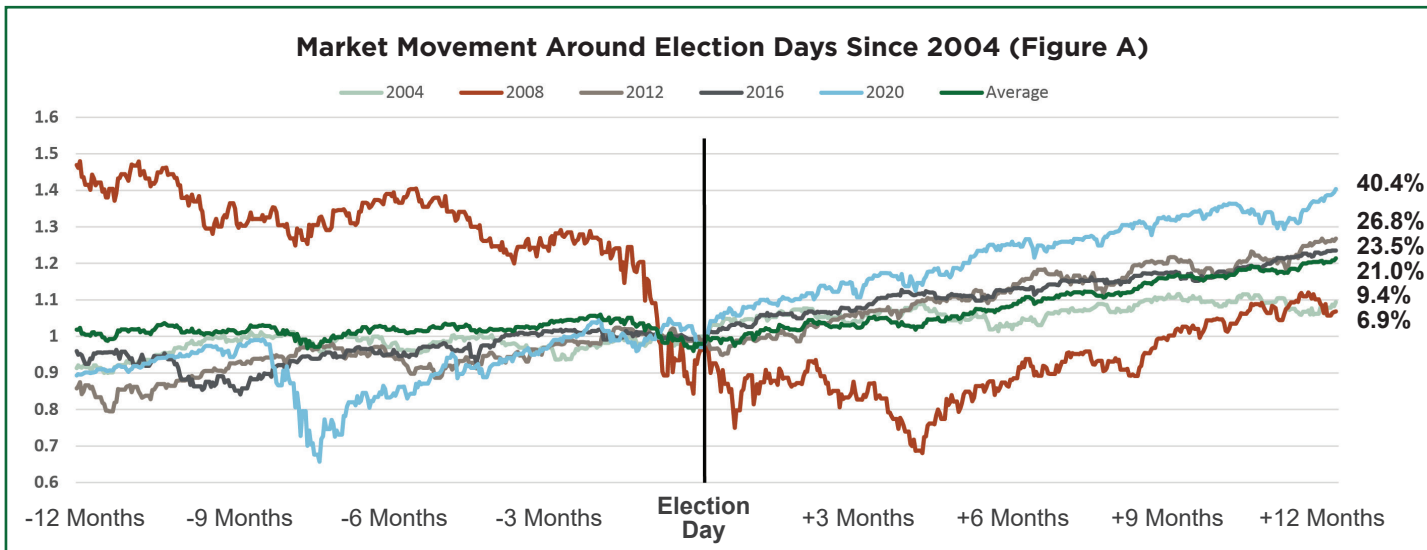
Source: Morningstar Direct. Please see last page for index definitions.

Artificial intelligence (AI) continues to captivate investors with the promise of significant innovation and value creation. The allure of AI has only been exacerbated by slowing growth elsewhere in the economy, making investors more willing to pay a premium for growth. While leading AI plays continue to post astounding growth and attract investors’ dollars, many other areas are struggling with post pandemic hangovers that could persist for a bit. Consequently, market returns have dramatically narrowed, with large gains for only a handful of stocks. Within the S&P, the Information Technology sector has generated a whopping 28.2% return while the other sectors have averaged 8.9%. More cyclical areas like Consumer Discretionary and Materials are up 5.7% and 4.0%, respectively. Concurrent with more narrow returns, the S&P 500 has become increasingly concentrated. The top 7 names, dubbed the Magnificent 7, have dominated headlines (and



The Davenport Asset Management FundAdvisor program offers six globally diversified portfolios of stock and bond funds to help our clients meet their long term objectives, which can include growth, income, and protection. The benefits of FundAdvisor include diversification among multiple asset classes, cost-efficiency, annual rebalancing, and ongoing monitoring of the mutual fund positions.





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

returns) since the beginning of 2023 and have accounted for over 60% of the S&P 500 returns since then. The table below shows that they returned 76% in 2023 and 33% thus far in 2024 while the other 493 stocks in the S&P 500 have gained 8% and 5%, respectively in those years. The threesome of Nvidia (NVDA), Apple (AAPL) and Microsoft (MSFT) now account for 20.5% of the S&P 500 and have contributed 42.4% of the index's YTD gains. NVDA alone is up an astonishing 149.5% this year as it has become the official AI darling. Incredibly, NVDA's market capitalization surpassed \$3 trillion in the quarter just a few months after reaching \$2 trillion.

Returns	'21	'22	'23	YTD '24
Magnificent 7	40%	-40%	76%	33%
Share of returns	33%	56%	63%	61%
S&P 500 ex-Mag 7	17%	-8%	8%	5%
Share of returns	67%	44%	37%	39%

Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Magnificent 7 includes AAPL, AMZN, GOOG, GOOGL, META, MSFT, NVDA and TSLA. Share of returns represent how much each group contributed to the overall return. Numbers are always positive despite negative performance in 2022.

Investors' focus on relatively few things has sucked the life out of many other areas of the market, including value and small cap stocks. From here, we would not be surprised to see some of the biggest winners cool off a bit. Along those lines, we think gains could broaden to other areas of the market that have been more neglected. It's difficult to time when this will happen and our thesis assumes Fed policy will start to ease and support the economy.

## Current Positioning

During the second quarter, we rebalanced all of our FundAdvisor accounts. In all-stock accounts, that resulted in some trimming of large cap stocks to buy a bit more in small, mid and international stocks. Within balanced accounts that contain both stocks and bonds, the strong returns of stocks in the past year resulted in about a 5% overweight to stocks. With this year's rally, we felt it

prudent to trim back that position and move the money into short-term high yield bonds, which yield around 8% with historically low volatility compared to stocks. Our thought process was that if the market does well and rates go down, they should return somewhere around 8%. If the market goes through a difficult period, they should have considerably less downside versus stocks.

As you can see on page 3 of this update, most portfolios maintain a healthy 50-60% dose of large caps stock exposure. They also have meaningful small and mid-cap stock exposure depending on the client's risk profile. This is an area that we have increased in recent years and could benefit from anticipated interest rate declines. International exposure has declined meaningfully since 2018 and is typically less than 15% of each account, but has been out of favor and could be due for a rebound.

## How does the market react to elections?

The most common question we have gotten from our customers this year revolves around the election. So we decided to put the Figure A chart above into our update for the second straight quarter. It shows that during the last 5 elections, the market is often a bit volatile and uncertain during the 6 months leading up to election day. However, once the uncertainty around which party will be in power is gone, the market has been able to go up over the subsequent 12 months in every instance, with an average return of over 20%.

Once again, the political environment seems volatile enough to create some market concern over the next several months, but the election could be a catalyst for better returns come November.

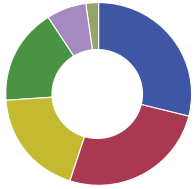
Sincerely,

Geoffrey A. Sulanke, CFA®  
Director of Manager Research

D. Matthew Henderson  
Manager Research Analyst

**Fund Holdings:**

Equity 98%  
Fixed Income 0%  
Cash 2%

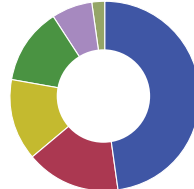


**Aggressive Growth Allocation Model %**

Category	Fund Name	%
<b>U.S. Large Cap</b>	William Blair Large Cap Growth I	8%
	Hartford Core Equity Y	7%
	T Rowe Price US Equity Research	7%
	JPMorgan US Value I	7%
<b>U.S. Mid Cap</b>	Vanguard Mid Cap Index Admiral	20%
	MFS Mid Cap Value I	6%
<b>U.S. Small Cap</b>	Fuller & Thaler Behavioral Small Cap Equity	11%
	Schwab Small Cap Index	8%
	<b>International</b>	
	MFS International Diversification I	9%
	Harding Loevner Intl Small Companies	8%
<b>Emerging Markets</b>	Vanguard Emerging Mkts Stock Idx	7%
	<b>Cash</b>	
	Federated Treasury Cash	2%

**Fund Holdings:**

Equity 98%  
Fixed Income 0%  
Cash 2%

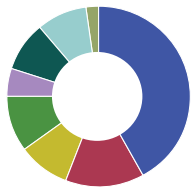


**Growth Allocation Model %**

Category	Fund Name	%
<b>U.S. Large Cap</b>	William Blair Large Cap Growth I	12%
	Hartford Core Equity Y	12%
	T Rowe Price US Equity Research	12%
	JPMorgan US Value I	12%
<b>U.S. Mid Cap</b>	Vanguard Mid Cap Index Admiral	11%
	MFS Mid Cap Value I	5%
<b>U.S. Small Cap</b>	Fuller & Thaler Behavioral Small Cap Equity	8%
	Schwab Small Cap Index	6%
<b>International</b>	MFS International Diversification I	13%
	<b>Emerging Markets</b>	
	Vanguard Emerging Mkts Stock Idx	7%
<b>Cash</b>	Federated Treasury Cash	2%

**Fund Holdings:**

Equity 80%  
Fixed Income 18%  
Cash 2%



**Moderate Growth Allocation Model %**

Category	Fund Name	%
<b>U.S. Large Cap</b>	William Blair Large Cap Growth I	11%
	Hartford Core Equity Y	10%
	T Rowe Price US Equity Research	10%
	JPMorgan US Value I	11%
<b>U.S. Mid Cap</b>	Vanguard Mid Cap Index Admiral	10%
	MFS Mid Cap Value I	4%
<b>U.S. Small Cap</b>	Fuller & Thaler Behavioral Small Cap Equity	5%
	Schwab Small Cap Index	4%
	<b>International</b>	
	MFS International Diversification I	10%
<b>Emerging Markets</b>	Vanguard Emerging Mkts Stock Idx	5%
	<b>Intermediate Gov't/Credit</b>	
	Dodge & Cox Income	4%
	Federated Hermes Total Return Bond	5%
<b>Short-Term Bond</b>	Lord Abbett Short Duration High Yield	4%
	Lord Abbett Short Duration Income F3	5%
	<b>Cash</b>	
	Federated Treasury Cash	2%

**Fund Holdings:**

Equity 60%  
Fixed Income 38%  
Cash 2%

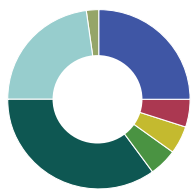


**Growth & Income Allocation Model %**

Category	Fund Name	%
<b>U.S. Large Cap</b>	American Funds AMCAP F3	9%
	Hartford Core Equity Y	9%
	T Rowe Price US Equity Research	8%
	Vanguard Equity-Income Adm	12%
	<b>U.S. Mid Cap</b>	
	Vanguard Mid Cap Index Admiral	7%
<b>U.S. Small Cap</b>	Fuller & Thaler Behavioral Small Cap Equity	3%
	Schwab Small Cap Index	3%
<b>International</b>	MFS Intl Diversification I	6%
	<b>Emerging Markets</b>	
	Vanguard Emerging Mkts Stock Idx	3%
<b>Intermediate Gov't/Credit</b>	Dodge & Cox Income	10%
	Federated Hermes Total Return Bond	12%
<b>Short-Term Bond</b>	Lord Abbett Short Duration High Yield	4%
	Lord Abbett Short Duration Income F3	12%
<b>Cash</b>	Federated Treasury Cash	2%

**Fund Holdings:**

Equity 40%  
Fixed Income 58%  
Cash 2%

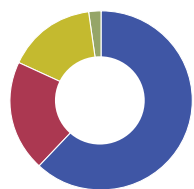


**Conservative Income Allocation Model %**

Category	Fund Name	%
<b>U.S. Large Cap</b>	American Funds AMCAP F3	5%
	Hartford Core Equity Y	5%
	T Rowe Price US Equity Research	5%
	Vanguard Equity-Income Adm	10%
<b>U.S. Mid Cap</b>	Vanguard Mid Cap Index Admiral	5%
	<b>U.S. Small Cap</b>	
	Fuller & Thaler Behavioral Small Cap Equity	5%
<b>International</b>	MFS Intl Diversification I	5%
	<b>Intermediate Gov't/Credit</b>	
	Dodge & Cox Income	15%
	Federated Hermes Total Return Bond	20%
<b>Short-Term Bond</b>	Lord Abbett Short Duration High Yield	3%
	Lord Abbett Short Duration Income F3	20%
<b>Cash</b>	Federated Treasury Cash	2%

**Fund Holdings:**

Equity 98%  
Fixed Income 0%  
Cash 2%



**U.S. Growth Allocation Model %**

Category	Fund Name	%
<b>U.S. Large Cap</b>	William Blair Large Cap Growth I	14%
	Hartford Core Equity Y	12%
	T Rowe Price US Equity Research	12%
	Schwab Fundamental US Large Comp	12%
	JPMorgan US Value I	12%
<b>U.S. Mid Cap</b>	Vanguard Mid Cap Index Admiral	15%
	MFS Mid Cap Growth I	5%
<b>U.S. Small Cap</b>	Fuller & Thaler Behavioral Small Cap Equity	9%
	Schwab Small Cap Index	7%
<b>Cash</b>	Federated Hermes Govt Obl Cash	2%

Fund / Index Name	Fund / Index Performance at Net Asset Value**					Up Capture	Down Capture	Expense Ratio	
	YTD	1 Year	3 Years*	5 Years*	10 Years*			Gross	Net <sup>5</sup>
<b>Large Cap</b>									
American Funds AMCAP F3	13.53	24.58	5.29	11.90	10.78	98.15	99.26	0.34	0.34
Hartford Core Equity Y <sup>2</sup>	17.13	26.16	8.51	13.76	12.89	97.57	95.01	0.44	0.44
JPMorgan US Value I	8.07	13.98	7.32	11.30	9.84	93.63	100.59	0.75	0.69
Schwab Fundamental US Large Company	9.06	18.45	9.07	13.81	11.06	-	-	0.25	0.25
T. Rowe Price U.S. Equity Research	17.06	27.82	11.23	15.98	13.45	101.66	100.62	0.44	0.44
Vanguard Equity-Income Adm	7.07	14.36	7.76	10.28	9.64	86.06	86.40	0.18	0.18
William Blair Large Cap Growth I	20.50	35.20	8.69	17.08	16.05	106.39	98.78	0.78	0.65
Benchmark 1: S&P 500 TR USD	15.29	24.56	10.01	15.05	12.86	100.00	100.00	-	-
<b>Mid Cap and Small Cap</b>									
Fuller & Thaler Behavioral Sm-Cp Eq Inst <sup>3</sup>	6.80	21.02	8.88	13.86	11.70	-	-	0.75	0.75
MFS Mid Cap Growth	7.76	15.62	0.45	8.99	11.48	101.44	108.46	0.80	0.79
MFS Mid Cap Value	6.11	12.82	6.28	10.23	8.45	99.35	108.02	0.75	0.74
Schwab Small Cap Index	1.75	10.13	-2.52	7.01	7.06	107.72	124.84	0.04	0.04
Vanguard Mid Cap Index Admiral	4.90	11.80	2.21	9.38	9.10	102.92	111.96	0.05	0.05
Benchmark 1: Russell 2500 TR USD	2.35	10.47	-0.29	8.31	7.99	105.92	119.62	-	-
<b>International</b>									
Harding Loevner Intl Small Coms Instl	-4.20	-0.18	-5.12	3.54	3.95	-	-	1.16	1.15
MFS Intl Diversification I <sup>4</sup>	5.40	9.18	0.20	6.03	5.53	82.81	101.72	0.84	0.83
Benchmark 1: MSCI EAFE NR USD	5.34	11.54	2.89	6.46	4.33	82.60	109.71	-	-
<b>Emerging Markets</b>									
Vanguard Emerging Mkts Stock Idx Adm	7.30	11.87	-3.73	3.74	3.00	82.16	108.89	0.14	0.14
Benchmark 1: MSCI EM NR USD	7.49	12.55	-5.07	3.10	2.79	82.17	109.04	-	-
<b>Intermediate Gov't/Credit</b>									
Dodge & Cox Income	0.18	4.54	-1.40	1.44	2.35	20.53	10.49	0.41	0.41
Federated Hermes Total Return Bond IS	-0.46	2.97	-2.77	0.64	1.92	16.61	6.21	0.46	0.39
Benchmark 1: BBg US Govt/Credit Index	-0.68	2.74	-3.11	-0.07	1.51	11.02	-0.16	-	-
<b>Short-Term Bond</b>									
Lord Abbett Short Duration High Yield	3.74	11.01	3.69	-	-	-	-	0.65	0.45
Lord Abbett Short Duration Income	1.99	5.84	0.85	1.68	2.03	14.79	3.41	0.48	0.48
Benchmark 1: BBg US Govt/Credit 1-3 Yr	1.38	4.87	0.55	1.25	1.35	5.16	-3.73	-	-

Performance shown is historical and is no guarantee of future results. Current performance may be lower or higher than the data quoted. To obtain performance data current to the most recent month end, please call (800) 846-6666. \*Returns greater than one year are annualized.

\*\*Mutual funds are offered in the FundAdvisor program at net asset value, but are subject to an annual investment advisory fee of up to 1.25%. The Davenport wrap fee includes investment advice and brokerage execution. In addition to the FundAdvisor fee, clients will bear a proportionate share of each mutual fund's management and administrative expenses, including advisory fees paid to the mutual fund's investment advisors. The performance shows the actual performance of the shares at net asset value, and does not represent individual account performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the data quoted. To obtain performance data current to the most recent month-end, please visit the following web sites: [www.americanfunds.com](http://www.americanfunds.com), [www.touchstoneinvestments.com](http://www.touchstoneinvestments.com), [www.diamond-hill.com](http://www.diamond-hill.com), [www.dodgeandcox.com](http://www.dodgeandcox.com), [www.eatonvance.com](http://www.eatonvance.com), [www.fiduciarymgt.com](http://www.fiduciarymgt.com), [www.jhinvestments.com](http://www.jhinvestments.com), [www.mfs.com](http://www.mfs.com), [www.vanguard.com](http://www.vanguard.com). The investment and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Mutual Fund and Index returns are provided by Morningstar and Zephyr StyleADVISOR.

**You should consider each mutual fund's investment objectives, risks, charges and expenses carefully before investing. Each mutual fund's prospectus contains this and other important information, should be read carefully before investing or sending money, and can be obtained by contacting your Investment Executive, or by calling (800) 846-6666. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Investing in securities carries risk including the possible loss of principal.**

## Important Disclosures:

<sup>2</sup>Hartford Administrative Services Company ("HASCO"), the Fund's transfer agent, has contractually agreed to waive its transfer agency fee and/or reimburse transfer agency-related expenses to the extent necessary to limit the transfer agency fee for Class A as follows: 0.13%. This contractual arrangement will remain in effect until February 28, 2025 unless the Board of Directors of The Hartford Mutual Funds, Inc. approves its earlier termination.<sup>3</sup> Fuller & Thaler has contractually agreed to waive its management fee and/or reimburse Fund expenses so that total annual operating expenses do not exceed 1.26%, 1.76%, 1.21%, 0.93% and 0.83% for A Shares, C Shares, Investor Shares, Institutional Shares and R6 Shares, respectively, of the Fund's average daily net assets through January 31, 2025. <sup>4</sup>Massachusetts Financial Services Company has agreed in writing to bear the fund's expenses, excluding management fees, distribution and service fees, interest, taxes, extraordinary expenses, brokerage and transaction costs, investment-related expenses, and fees and expenses associated with investments in investment companies and other similar investment vehicles, such that "Other Expenses" do not exceed 0.10% of the class' average daily net assets annually for each of Class A shares. This written agreement will continue until modified by the fund's Board of Trustees, but such agreement will continue until at least December 31, 2024. <sup>5</sup> Investors pay the net expense ratio of the fund.

Diversification and Asset Allocation does not ensure a profit or guarantee protection against a loss. It is important to note that short-term and trailing performance will fluctuate. We expect all of the funds at some point to experience underperformance versus their benchmarks and peer groups. However, we believe that our research process has helped us identify funds that are likely to perform well over the long term. Our decision to remove a fund is not based on short-term performance, but on in-depth analysis using our Monitoring Criteria. The mutual fund categories are determined by Davenport using a combination of Morningstar categories and a returns-based style analysis provided by Morningstar Direct.

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**Bonds are subject to market and interest risk; values expect to decline as interest rates rise. Bonds may not be suitable for all investors and you should consider specific risks such as credit risk, default risk and volatility prior to investing.**

Index Definitions: U.S. Large Caps represented by the S&P 500 Total Return Index. U.S. Mid Caps represented by the Russell Midcap Index. U.S. Small Caps represented by the Russell 2000 Index. U.S. Growth Stocks represented by the Russell 1000 Growth Index. U.S. Value Stocks represented by the Russell 1000 Value Index. International Stocks represented by the MSCI EAFE Index. Int'l Small Stocks represented by the MSCI ACWI ex USA Small Index. Intermediate Term Bonds represented by the Bloomberg Intermediate Government/Credit Index. Bank Loans represented by the S&P/LSTA Leveraged Loan index definition Index. High Yield Bonds represented by the Bloomberg U.S. Corporate High Yield Index. Corporate Bonds are represented by the Bloomberg U.S. Corporate Bond Index. Government Bonds represented by the Bloomberg U.S. Government Index. Cash represented by the Federated Govt Obligations. Commodities are represented by the S&P GSCI Index. Emerging Market Stocks is represented by the MSCI Emerging Markets (MSCI EM) Index. Aggregate Bond is represented by Bloomberg US Agg Bond TR USD Index.

Performance shown is historical and is no guarantee of future results. Investing in securities carries risk including the possible loss of principal.

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The S&P/LSTA Leveraged Loan Index provides an overview of the Senior Secured, Floating Rate Leveraged Loan market as well as an expansive review of the S&P Leveraged Loan Index (LLI) and sub-indexes. The **MSCI Europe, Australia and Far East (MSCI EAFE) Index** is an unmanaged index composed of the stocks of approximately 1,000 companies from around the world, excluding the U.S., Canada, and Latin America. The **MSCI ACWI ex USA SMID Index** represents the performance of small-cap and mid-cap stocks in developed and emerging markets, excluding the U.S. The index is computed using the net return, which withholds applicable taxes for non-resident investors. The **MSCI Emerging Markets (MSCI EM) Index** is a capitalization-weighted index of stocks from emerging markets that only includes issues that may be traded by foreign investors. The reported returns reflect equities priced in U.S. dollars and do not include the effects of reinvested dividends. The **Russell 2500® Index** is a market cap-weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of United States-based listed equities. The **Bloomberg U.S. Corporate High Yield Index** measures the U.S. dollar-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. 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. It includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities. The **Bloomberg US Govt/Credit 1-3 Yr** measures the performance of US Treasury securities that have a maturity ranging from 1-3 years. The **Bloomberg U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS (agency and non-agency). The **Bloomberg U.S. Corporate Bond Index** measures the investment grade, U.S. dollar-denominated, fixed-rate, taxable corporate bond market. The **Bloomberg U.S. Government Index** includes U.S. dollar-denominated, fixed-rate, nominal U.S. Treasuries and U.S. agency debentures (securities issued by U.S. government owned or government sponsored entities, and debt explicitly guaranteed by the U.S. Government. The **Russell Top 50 Mega Cap Index** is a market-capitalization-weighted index of the 50 largest stocks in the broad-based Russell 3000 universe of U.S.-based equities. The **S&P 500® Equal Weight Index (EWI)** is the equal-weight version of the widely-used S&P 500 BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Bloomberg does not approve or endorse this material or guarantee the accuracy or completeness of any information herein, nor does Bloomberg make any warranty, express or implied, as to the results to be obtained therefrom, and, to the maximum extent allowed by law, Bloomberg shall not have any liability or responsibility for injury or damages arising in connection therewith. The **Nasdaq-100** is a stock market index made up of equity securities issued by 100 of the largest non-financial companies listed on the Nasdaq stock exchange.

**An index is not available for direct investment; therefore its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio.**

**Risk Considerations:** International funds invest primarily in equity securities of issuers outside the United States. International investments are subject to additional risks such as currency fluctuations, political instability, and the potential for illiquid markets. Funds that invest in foreign securities may involve greater risks, including political and economic uncertainties, as well as risk of currency fluctuations. Investments in emerging markets come with much greater risk due to political instability, domestic infrastructure problems, currency volatility and limited equity opportunities, as many large companies may still be "state-run" or private. Small and mid cap company stocks may be more volatile than stocks of larger, more established companies. Investments in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, while their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. An issuer suffering an adverse change in its financial condition could see the credit quality of its securities deteriorate, leading to greater price volatility of the security. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Gross Expense Ratio** is the total annual operating expenses of a fund divided by its average net assets. **Net Expense Ratio** is the total annual operating expenses of a fund, less any fee waivers, divided by its average net assets. This is the expense ratio actually charged by the fund for the previous fiscal year. The **mean reversion**, or reversion to the mean, is a theory used in finance that suggests that asset price volatility and historical returns eventually will revert to the long-run mean or average level of the entire dataset.





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