MARKET COMMENTARY

DAVENPORT 1863
BUILDING WEALTH TOGETHER

AUGUST 2024

- The best industry sector performance for July was Real Estate, while Communication Services was the worst
- Odds of a rate cut sit at 100% for the September 18th FOMC
- VIX index spikes to highest levels seen in over a year

DAVENPORT EQUITY RESEARCH

Ann H. Gurkin
(804) 780-2166
agurkin@investdavenport.com

Drake F. Johnstone
(804) 780-2091
djohnstone@investdavenport.com

Jeff Omohundro, CFA
(804) 780-2170
jomohundro@investdavenport.com

Joel M. Ray, CFA
(804) 780-2067
jray@investdavenport.com

Evan J. Gilbert, CFA
(804) 915-2749
egilbert@investdavenport.com

Justin E. Corlett
(804) 780-2099
jcorlett@investdavenport.com

One James Center
901 East Cary Street, Suite 1100
Richmond, VA 23219
(804) 780-2000

Davenport & Company LLC
Member: NYSE | FINRA | SIPC

Equity market performance broadened noticeably in July with smaller capitalization issues leading the market higher as mega cap tech stocks lagged. This performance coincided with a softening in market interest rates as expectations increased for a more accommodative Fed. Strength in equity markets during July occurred despite broad uncertainty in the macro and geopolitical environment including the assassination attempt on former President Trump. These gains came under pressure, however, in early August as concerning economic data fueled a market pullback and a sharp spike in volatility. For the full month of July, the Dow Jones Industrial Average increased 4.4%, the S&P 500® index was up 1.1%, and the smaller cap weighted Russell 2000® increased by 10.1%.

Nine of the eleven sectors of the S&P 500 increased during July. The best performing sector for the month was Real Estate which increased 7.1% and was followed by the Utilities sector which was up 6.7%. The weakest performance in the month was posted by the Communication Services sector which decreased by 4.2% followed by the Information Technology sector which was down 2.1%. For the prior twelve months period, the Information Technology sector was the best performer with a 34.2% increase followed by the Communication Services sector which was up 28.9%, while the Consumer Staples sector was the worst performer for the past twelve months with a 5.0% increase followed by the Energy sector which was up 6.5%.

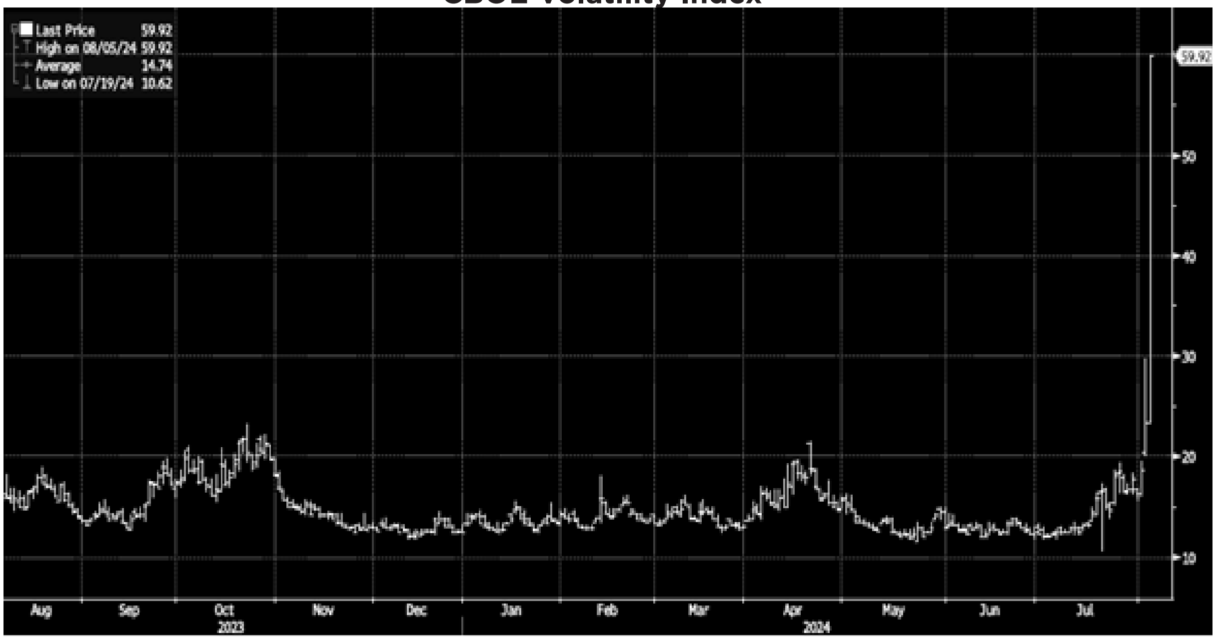
A weaker than expected July Jobs report in early August has appeared to shift investor sentiment from one anticipating a 'soft landing' to one incorporating the possibility of a pretty 'hard landing' as the FOMC glides the economy onto the runway. The U.S. economy is still seeing job additions, but the July Jobs report showing 114,000 non-farm payroll additions fell far short of economist expectations targeting 175,000, while the Unemployment Rate ticked up to 4.3%. This news came on the heels of a softening in manufacturing datasets reported by the Institute for Supply Management (ISM) that showed July's Manufacturing index sinking by 1.7 points, to a reading of 46.8 versus consensus estimates at 48.8 (with a reading below 50.0 indicative of contraction). Underscoring the weak print, ISM noted 86% of manufacturing gross domestic product (GDP) contracted in July, up from 62% reported in June.

Investors now place odds at about 80% for a 50 BPS rate cut with the September 18th FOMC session bringing the funds rate to a range of 475-500 BPS (with the remaining 20% looking for just a 25 BPS reduction). Furthermore, investors now look for ongoing aggressive trimming of the funds rate in 2H2024 and into 2025 with current consensus expectations centered on the yearend 2024 funds rate standing at 400-425 BPS – down 125 BPS from the current range of 525-550 BPS. Into 2025, CME Group's FedWatch indicates investors today are focused on another 175 BPS of trimming to the funds rate into September 2025 – bringing the funds rate to a range of 225-250 BPS with the September 24, 2025 FOMC session. We find this shift to extremely aggressive rate cut expectations as pointing to a very pessimistic outlook for the U.S. economy – requiring a substantive slowdown/recession to arise – not yet evident based upon existing economic trends.

Although we do envision a measured slowdown as likely now arriving for the U.S. economy, signs do not point to a deep recession as being on the horizon. As such, we view the consensus funds rate outlook as being inconsistent with street earnings forecasts for the S&P 500 into 2025 targeting 14% growth. We look for another update from Fed Chair Powell with the upcoming Jackson Hole Economic Policy Symposium scheduled for August 22-24.

A key measure of forward market volatility expectations, the CBOE Volatility Index or VIX Index spiked to the highest levels seen in over a year as disappointing tech earnings and heightened recession fears swept through Wall Street coinciding with pressure on the Yen carry trade. The spike in the VIX Index which is also commonly referred to as the Fear Gauge comes on the heels of an extended period of market optimism supporting new record highs for major equity indices.

CBOE Volatility Index



Soruce: Bloomberg

Although second quarter corporate earnings have exceeded street forecasts, we sense that an economic slowdown may become evident in third quarter operating results with a broad range of consumer staples, discretionary, energy, and even technology firms pointing to slowing business trends. Analysts have continued to trim expectations for the third quarter and fourth quarter – now forecasting third quarter earnings growth of 6.1% vs. prior targets at 8.2% followed by gains of 16.1% for the 4Q (down from 17.6%) - bringing calendar year gains in on the order of 10.8%, with Bloomberg's published consensus 2024 earnings estimate for the S&P 500 at $243.91.

Where to from here?

We continue to see signs of a U.S. economic slowdown now emerging poised to potentially run into the first half of next year at which point the lagged impact of Fed rate cuts likely kick in setting the stage for potentially improved growth prospects by the second half of 2025 (within 3 quarters post first rate cut). We favor selective investments while taking a 12-18 month, intermediate-term investment time horizon. Although we are not abandoning mega cap tech issues, our focus today remains on quality, well-managed company stocks having attractive relative valuations, along with favorable growth prospects and strong balance sheets offering solid intermediate term potential returns.

MARKET AND ECONOMIC STATISTICS

Market Indices:	7/31/2024	12/29/2023	% Change YTD	6/28/2024	% Change (Monthly)
S&P Composite	5,522.30	4,769.83	15.78%	5,460.48	1.13%
Dow Jones Industrials	40,842.79	37,689.54	8.37%	39,118.86	4.41%
NASDAQ Composite	17,599.40	15,011.35	17.24%	17,732.60	-0.75%
Russell 2000	2,254.48	2,027.07	11.22%	2,047.69	10.10%
FTSE 100	8,367.98	7,733.24	8.21%	8,164.12	2.50%
Shanghai Composite	2,938.75	2,974.94	-1.22%	2,967.40	-0.97%
Nikkei Stock Average	39,101.82	33,464.17	16.85%	39,583.08	-1.22%
Stoxx Europe 600	518.18	478.99	8.18%	511.42	1.32%
MSCI Emerging Markets	1,084.77	1,023.74	5.96%	1,086.25	-0.14%
MSCI Emerging Markets Small Cap	1,444.30	1,367.16	5.64%	1,449.23	-0.34%

Performance of S&P 500 by Industry:	% of Index as of 7/31/2024	1 Month	3 Month	Year to Date	12 Months
Consumer Discretionary	10.00%	1.64%	6.74%	6.95%	11.31%
Consumer Staples	5.80%	1.77%	3.58%	9.45%	5.04%
Energy	3.69%	2.03%	-0.35%	11.31%	6.49%
Financials	13.05%	6.31%	8.40%	16.14%	23.82%
Health Care	11.87%	2.49%	6.62%	9.58%	11.58%
Industrials	8.43%	4.84%	5.24%	12.15%	15.84%
Information Technology	31.39%	-2.12%	17.62%	25.08%	34.16%
Materials	2.25%	4.31%	4.00%	7.58%	7.61%
Communication Services	8.85%	-4.16%	6.95%	20.85%	28.90%
Utilities	2.39%	6.73%	9.10%	14.82%	8.52%
Real Estate	2.28%	7.12%	13.92%	2.68%	7.87%
S&P 500 (Absolute performance)	100.00%	1.13%	9.66%	15.78%	20.34%

Interest Rates:	7/31/2024	12/29/2023	YTD Change (Basis Points)	6/28/2024	Month Change (BPS)
Fed Funds Effective Rate	5.33%	5.33%	0	5.33%	0
Prime Rate	8.50%	8.50%	0	8.50%	0
Three Month Treasury Bill	5.21%	5.33%	-12	5.31%	-9
Ten Year Treasury	4.03%	3.88%	15	4.40%	-37
Spread - 10 Year vs 3 Month	-1.18%	-1.45%	27	-0.91%	-27

Foreign Currencies:	7/31/2024	12/29/2023	% Change YTD	6/28/2024	% Change (Monthly)
Brazil Real (in US dollars)	0.18	0.21	-14.1%	0.18	-1.0%
British Pound (in US dollars)	1.29	1.27	1.0%	1.26	1.7%
Canadian Dollar (in US dollars)	0.72	0.76	-4.1%	0.73	-0.9%
Chinese Yuan (per US dollar)	7.23	7.10	1.8%	7.27	-0.6%
Euro (in US dollars)	1.08	1.10	-1.9%	1.07	1.1%
Japanese Yen (per US dollar)	149.98	141.04	6.3%	160.88	-6.8%

Commodity Prices:	7/31/2024	12/29/2023	% Change YTD	6/28/2024	% Change (Monthly)
CRB (Commodity) Index	535.21	510.32	4.9%	539.31	-0.8%
Gold (Comex spot per troy oz.)	2447.60	2062.98	18.6%	2326.75	5.2%
Oil (West Texas int. crude)	77.91	71.65	8.7%	81.54	-4.5%
Aluminum (LME spot per metric ton)	2228.01	2345.50	-5.0%	2487.82	-10.4%
Natural Gas (Futures 10,000 MMBtu)	2.04	2.51	-19.0%	2.60	-21.7%

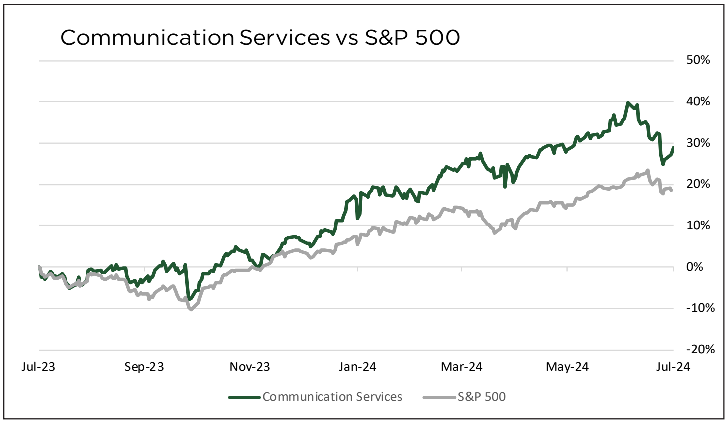
Economic Indicators:	6/30/2024	1/31/2024	% Change YTD	5/31/2024	% Change (Monthly)
Consumer Price Index	313.0	309.7	-1.1%	313.2	-0.1%
Producer Price Index	255.1	255.0	0.0%	256.7	-0.6%
	2Q24	**1Q24**	**4Q23**	**3Q23**	**2Q23**
GDP Growth Rate (Quarterly)	2.80%	1.40%	3.40%	4.90%	2.10%
Unemployment Rate (End of Month)	**June** **4.1%**	**May** **4.0%**	**April** **3.9%**	**March** **3.8%**	**February** **3.9%**

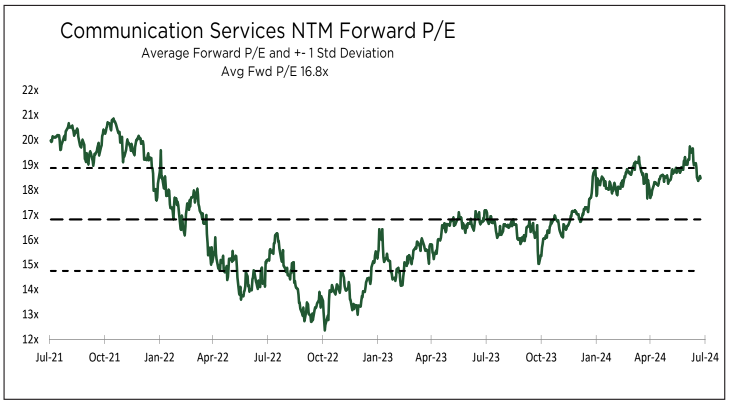
*GDP growth rate is calculated as the percent change from the previous period seasonally adjusted at annual rates. **S&P Sectors were re-named at the end of 2001. The sector Industrials is a combination of the former sectors Capital Goods & Transportation.Sources: Wall Street Journal, Bloomberg, The Department of Labor, The Bureau of Labor Statistics, The Bureau of Economic Analysis, US Treasury website.

TABLE OF CONTENTS

Sector Updates

COMMUNICATIONS SERVICES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-4.16%	6.95%	20.85%	28.90%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
1.13%	9.66%	15.78%	20.34%

	Company Performance	1 Month
Leaders	Charter Communica-	27.0%
	Match Group Inc	25.5%
	Warner Bros Discovery	16.3%
	Fox Corp	10.7%
	Fox Corp	10.6%
Laggards	Netflix Inc	-6.9%
	Meta Platforms Inc	-5.8%
	Alphabet Inc	-5.8%
	Walt Disney Co/The	-5.6%
	Alphabet Inc	-5.6%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$14.17	$15.35	$17.00
21.0x	19.4x	17.5x

Sector Update

Communications Services and three of its four sub-sectors underperformed the market in July. The Interactive Media & Services sub-sector lagged the market due to the decline in Alphabet and Meta Platforms shares. Given market expectations that the Federal Reserve could begin cutting interest rates this fall, Investors may have been inclined to take profits in companies that had outperformed the market, including Alphabet and Meta Platforms.

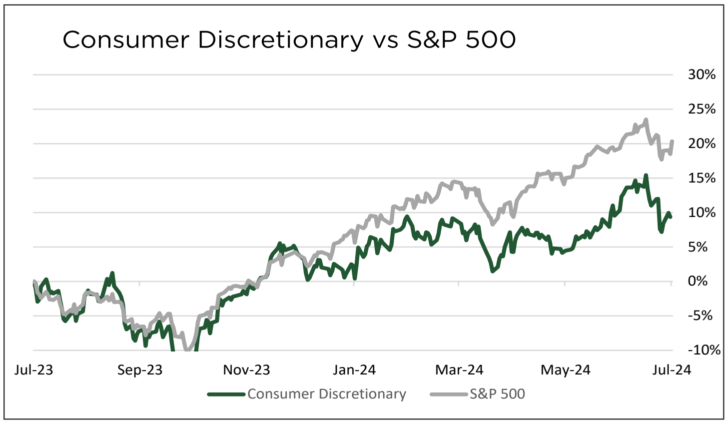
On August 5th, U.S. District Judge Amit Mehta ruled that Google Search parent Alphabet violated antitrust laws by engaging in unfair business tactics to dominate the internet search advertising market. Alphabet pays Apple an estimated $20 billion per year to be the default search engine on iPhones. Alphabet's agreement with Apple may have helped Google Search sustain its 90% market share of the online search market.

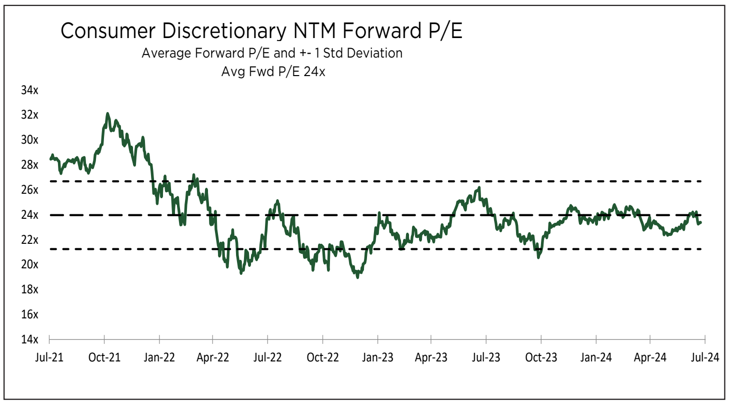
The second phase of the trial will take place this fall to determine the remedies the federal court will order. The court could rule that Alphabet can no longer pay Apple to be the default search engine on Apple devices. Apple may be required to prompt consumers to select their search engine, which could include DuckDuckGo, Microsoft's Bing, Open AI's ChatGPT Search, and Yahoo Search.

Over the past year, leading streaming media platforms began offering lower-priced, ad-supported services. Given that Hulu generated higher revenue from its lower-priced ad-supported service than its higher-priced ad-free service, It appears that investors assumed other streaming media companies could generate improved revenue and profit growth in the near term from their introduction of ad-supported services. Netflix management's recent disclosure that advertising revenue may not provide a material contribution to its revenue growth until FY26 disappointed investors and appears to have contributed to the decline in Netflix shares and the Entertainment sub-sector.

The Communications Services sector appears close to fairly valued, with a P/E of 19.4x and 17.5x the consensus analyst FY24/FY25 EPS estimates, compared to estimated FY25 earnings growth of 11% and its average three-year forward P/E multiple of 16.8x.

CONSUMER DISCRETIONARY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
1.64%	6.74%	6.95%	11.31%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
1.13%	9.66%	15.78%	20.34%

	Company Performance	1 Month
Leaders	Mohawk Industries Inc	41.8%
	DR Horton Inc	27.7%
	Pool Corp	21.7%
	PulteGroup Inc	19.9%
	Lennar Corp	18.1%
Laggards	Domino's Pizza Inc	-17.0%
	Ford Motor Co	-13.7%
	Lululemon Athletica Inc	-13.4%
	Chipotle Mexican Grill	-13.3%
	Carnival Corp	-11.0%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$54.71	$57.23	$65.03
27.7x	26.5x	23.3x

Sector Update

The Consumer Discretionary sector outperformed the broader market in July despite widespread signs of cautious consumer behavior. Among Consumer Discretionary subsectors, the strongest performance for the month was seen in the Household Durables category, followed by Automobiles. Subsectors that were softest included Textiles, Apparel & Luxury Goods, followed by Hotels, Restaurants & Leisure. While the Consumer Discretionary sector has outperformed the S&P 500 for the month, on a 3-month, year-to-date, and trailing twelve-month basis, the sector has underperformed, as reflected in the accompanying chart.

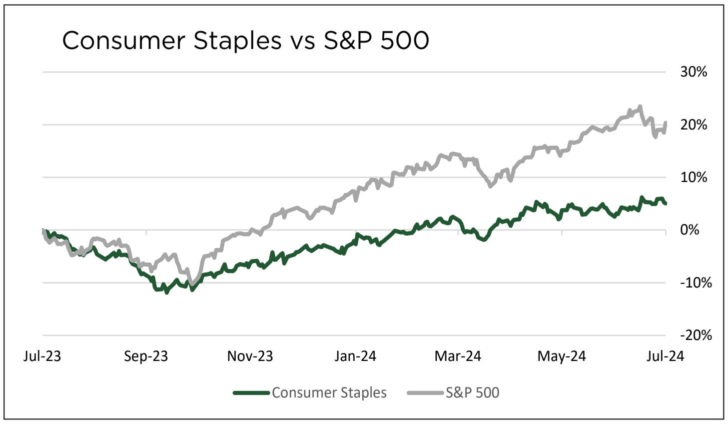
Consumer confidence improved in July, according to the Conference Board. The index increased from a revised 97.8 in June to 100.3 in July, which exceeded expectations. The improved confidence metric occurred despite the ongoing challenging macro backdrop. Dana M. Peterson, Chief Economist at the Conference Board, indicated that "Even though consumers remain relatively positive about the labor market, they still appear to be concerned about elevated prices and interest rates, and uncertainty about the future; things that may not improve until next year."

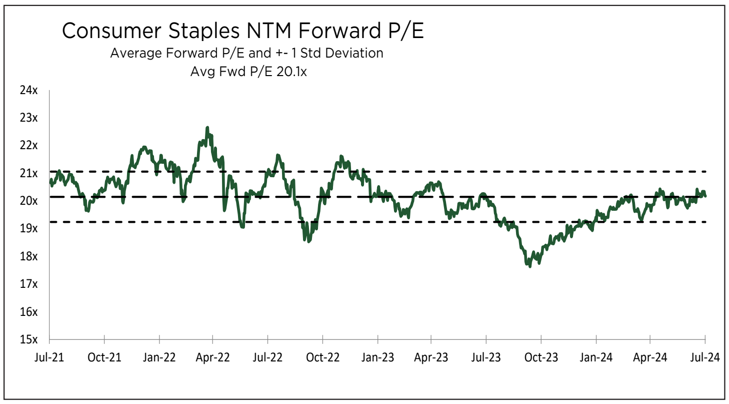
Data reported in July indicate that consumers saw some price relief in June, with the Consumer Price Index (CPI) report indicating that the index moved into negative territory for the first time in four years on a month-over-month basis. The Bureau of Labor Statistics reported that the CPI for June declined 0.1%, with gasoline down 3.8%. The core CPI, which excludes food and energy, rose 0.1%, continuing its trend of relatively steady declines seen over the past year. On a year-over-year basis, CPI was still up 3.0%, while core CPI was up 3.3%.

The June retail sales report indicated that sales were flat on a month-over-month basis, with broad category increases offset by softer gasoline and auto sales. The Census Bureau reported that lower gas prices were a key factor holding down reported gasoline sales while a nationwide cyberattack impacted auto dealers. Retail sales, excluding gasoline and motor vehicles and parts dealers, were up a fairly strong 0.8% for June. On a year-over-year basis, retail sales climbed 2.3% or 3.8%, excluding gasoline and motor vehicles and parts dealers.

Mortgage rates slipped during July to the lowest levels seen in the past four months as market expectations have shifted around the likelihood that the Fed might reduce interest rates. Although mortgage rates have dropped to levels last seen in March, the average rate on a 30-year fixed-rate mortgage is still relatively flat versus last year.

Existing home sales in June declined for the fourth month in a row, dropping 5.4% to an annualized rate of 3.89 million homes, according to the National Association of Realtors. This rate of home sales was the lowest seen since December of 2023. High home prices appear to be a factor dragging sales down, with the median price of an existing home rising 4.1% versus last year to $426,900. There is a 4.1 months supply of homes for sales with the total number of homes for sale up 3.1% versus last year.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
1.77%	3.58%	9.45%	5.04%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
1.13%	9.66%	15.78%	20.34%

	Company Performance	1 Month
Leaders	Philip Morris Interna-	13.6%
	Kraft Heinz Co/The	9.3%
	Kroger Co/The	9.2%
	McCormick & Co Inc/	8.6%
	J M Smucker Co/The	8.2%
Laggards	Lamb Weston Holdings	-28.6%
	Dollar General Corp	-9.0%
	Estee Lauder Cos Inc	-6.4%
	Church & Dwight Co Inc	-5.5%
	Constellation Brands Inc	-4.7%

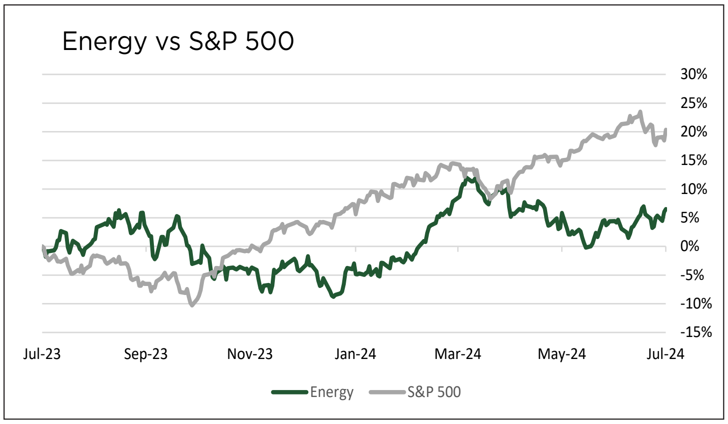
Consensus FY EPS / P/E

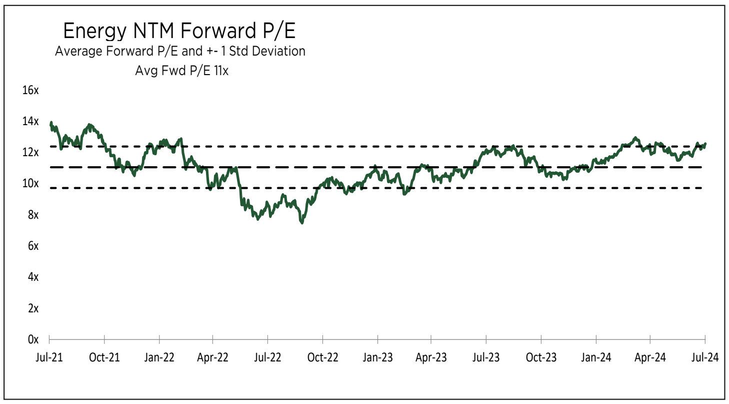
Last Year	Current Year	Next Year
$38.77	$39.63	$42.30
21.5x	21.1x	19.7x

Sector Update

The Consumer Staples sector increased by 1.77% on average in July reflecting some broadening out in the market by investors. The Consumer Staples segment outperformed the S&P 500 Index which increased by 1.13%. YTD through July, the Consumer Staples segment increased 9.45% vs the S&P 500 that rose 15.78%. The Tobacco segment was the strongest performer during the month. The segment's results benefitted from contribution from both cigarettes and smoke-free segments. Favorable pricing and mix positively contributed to results and the expected outlook for the year. The Consumer Staples segment trades with an average three-year forward P/E of 20.1x and a market weighting remains preferred. For 2H, the market continues to watch the level of promotions, consumer shopping patterns, and pricing trends. The domestic consumer still appears bifurcated with the lower end consumer increasingly more price and value selective. However, increased value price shopping whether absolute price point or channel is increasing across all consumer income levels. We continue to advise a selective investment among the Consumer Staples stocks and prefer an investment in companies with pricing, leading market share, strong balance sheets, and experienced management. Those companies demonstrating positive volumes, successful innovation, strong balance sheets, and favorable cash flow generation remain attractive. Companies with expected 2H volume inflation remain of interest.

Moving through earnings reports across the Consumer Staples segment, key themes include sequential moderation in sales across categories, consumer purchase patterns with increasing value or absolute price points emphasis, channel shifts to e-commerce or warehouse, retailer inventory levels, and expected 2H promotional levels. Companies are increasingly offering items priced at an absolute price point (i.e., $3 packs of Chips Ahoy!) to meet shopper preferences, continuing to innovate and manage mix at retail. Organic sales trends have been weaker than expected across US retail, foodservice, and international markets. To drive growth, there is increasing expectation for higher promotion spending. Companies remain focused on driving productivity savings, managing costs, and navigating input costs (i.e., cocoa prices). Beer companies reported a solid quarter and note that momentum has extended for the key summer selling season along with expected favorable shelf resets in the US. The domestic energy beverage category is more mixed as consumers shift channels. Growth for the US spirits category remains muted as both consumers and retailers reduce inventory. Domestic spirits category growth remains below the long-term trend of mid-single digit growth. In the Household and Personal Care segment, companies highlighted that most of the key markets ex-China are strong and emphasized their focus on gross profit dollars as well as innovation. Companies are experiencing only modest consumer trade down to private label offerings at this time. Portfolio transformation across the Consumer Staples segment through divestments and acquisitions as well as streamlining the number of product offerings also remains a key theme.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
2.03%	-0.35%	11.31%	6.49%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
1.13%	9.66%	15.78%	20.34%

	Company Performance	1 Month
Leaders	Baker Hughes Co	10.1%
	Kinder Morgan Inc	6.3%
	APA Corp	5.9%
	Targa Resources Corp	5.0%
	Hess Corp	4.0%
Laggards	EQT Corp	-6.7%
	Occidental Petroleum	-3.5%
	Coterra Energy Inc	-3.3%
	ConocoPhillips	-2.8%
	Marathon Oil Corp	-2.2%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$55.17	$51.74	$60.68
12.9x	13.8x	11.7x

Sector Update

The Energy sector outperformed the S&P 500 in June as conflict in Europe and tensions in the Middle East continue to weigh on sentiment. Amidst this backdrop, the Oil, Gas, & Consumable Fuels subsector underperformed the Energy Equipment & Services subsector for July. The energy sector as a whole has been underperforming the S&P 500 on a 3-month, YTD, and trailing twelve-month basis.

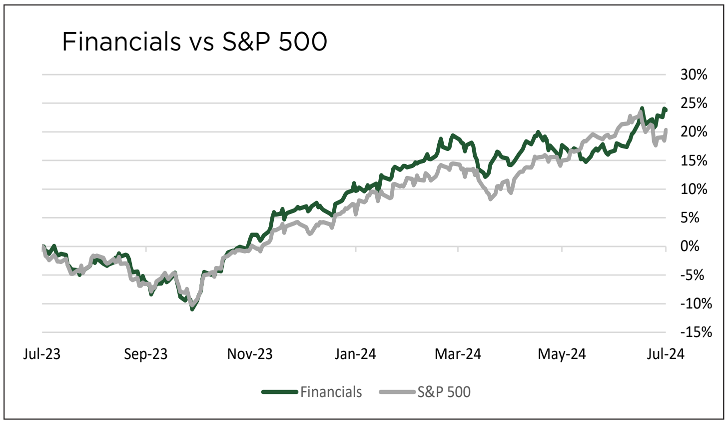
The International Energy Agency released a mid-July update that details a continuing deceleration of world oil demand. 2Q24 growth eased to 710 kb/d year-over-year which is the slowest quarterly increase seen since 4Q22. Consumption in China, a major contributor to global oil demand, contracted in April and May as fuel demand for LNG-powered trucks grew. Accordingly, oil demand growth in China is expected to slow to 3% in 2024 from the previous decade's average of 4.6% and last year's rebound of 11.7%, which comes from three years of COVID-19 curbs, according to Reuters. On the other side of the coin, global supply trended higher, with 2Q24 production up 910 kb/d from 1Q24, led by the United States. Of the forecasted 770kb/d rise for 3Q24, non-OPEC+ is expected to provide 600kb/d of the gains. Non-OPEC+ output is expected to rise by 1.5 mb/d, while OPEC+ production is expected to fall by 740 kb/d year-over-year, assuming existing voluntary cuts are maintained.

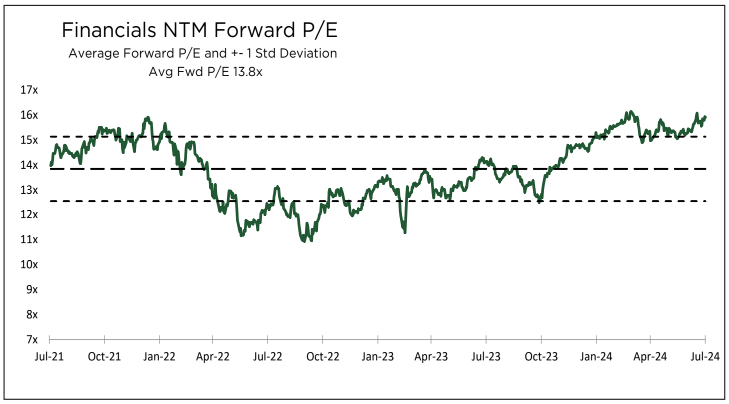
Towards the end of July, numerous top OPEC+ ministers held an online joint ministerial monitoring committee (JMMC) meeting in which they kept the oil output policy unchanged. The policy included a plan to unwind one layer of output cuts from October. Currently, OPEC+ is cutting output by 5.86 million barrels per day, which is ~5.7% of global demand. OPEC aims to continue these agreed-upon cuts since 2022 to bolster the market amid uncertain global demand and rising supply outside the cartel. However, OPEC reiterated that the gradual phase-out could be paused or reversed as market conditions change. According to Reuters, Russian Deputy Prime Minister Alexander Novak said following the meeting that "the current level of oil prices was comfortable for Russia, its budget, and other participants in the market" and that "Supply and demand remained in balance."

West Texas Intermediate (WTI) crude oil prices moved down measurably in June, with WTI trading from the $81.54 per barrel range to end the month around $77.91 per barrel. Natural gas prices fell 60¢ from June to $2.04 at the end of July. Retail gasoline prices were essentially flat from last month at $3.49. High stockpiles continue to weigh on prices, but elevated tensions in the Middle East may have supported the energy market for the month.

The Baker Hughes oil rig count increased slightly from last month's figure of 581. For the week ending July 26th, U.S. crude oil inventories came in at 433 million barrels. According to the U.S. Energy Information Administration, inventories are about 4% below the five-year average for this time of the year. Following the downturn seen during the height of the pandemic in 2020, U.S. crude oil production has been in an uptrend, which continued during 2023. The trough daily production seen in 2020 was in the 9.7 million barrels per day range and has now rebounded to a range of ~13.1 million barrels per day at the end of the month.

FINANCIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
6.31%	8.40%	16.14%	23.82%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
1.13%	9.66%	15.78%	20.34%

	Company Performance	1 Month
Leaders	Citizens Financial Group	18.4%
	KKR & Co Inc	17.3%
	PNC Financial Services	16.5%
	Fifth Third Bancorp	16.0%
	Invesco Ltd	15.4%
Laggards	Charles Schwab Corp	-11.5%
	Raymond James	-6.2%
	Arch Capital Group Ltd	-5.1%
	CME Group Inc	-1.5%
	T Rowe Price Group Inc	-1.0%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$43.21	$44.26	$46.91
16.8x	16.4x	15.5x

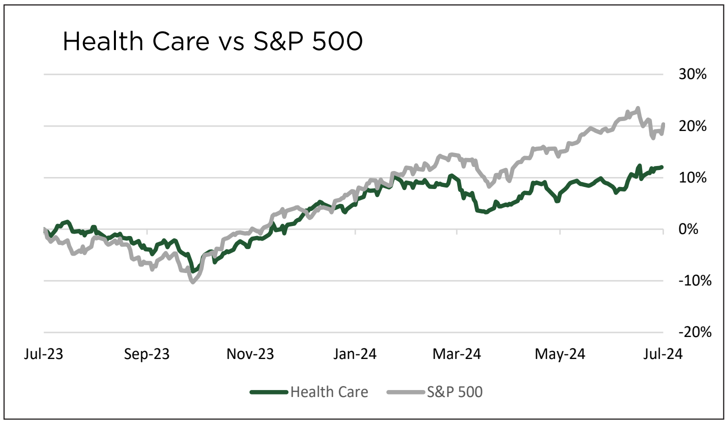
Sector Update

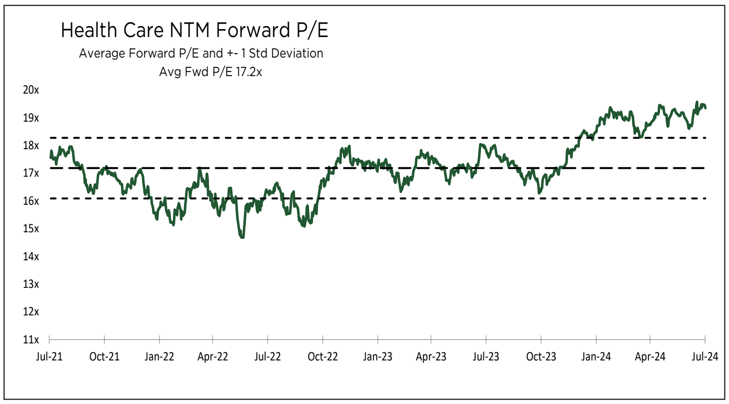
The Financials sector posted strong gains in July, up 6.3% and outperforming the 1.1% gain in the S&P 500® index during the same period as second-quarter earnings were generally better than expected, regional banks forecasted improving interest income potential into year-end, and interest rates fell across the yield curve driving a risk-on tilt in the market, broadening from heavily weighted Technology names into more cyclical segments of the market including a high-torque rotation into small-caps. After strong outperformance in July, the Financials sector gains outpace the S&P 500 on a year-to-date and trailing twelve-month basis.

All five Financials sub-sectors posted monthly gains well in excess of the broader market advance in a range of 5.4% to 9.3%. The Consumer Finance sub-sector was the best performing among Financials in July, up 9.3% as a beneficiary of improved sentiment stemming from expectations of easing monetary policy, lower rates across the yield curve, and sequential stabilization of consumer loss rates reported in Q2. Capital Markets was the second best-performing sub-sector on a 7.3% monthly advance, largely reflecting more optimistic outlooks on activity relating to lower rates and upcoming corporate debt refinancing needs.

Three of the five best performing Financials stocks in July were regional banks, including Citizens (CFG), PNC (PNC), and Fifth Third (FITB). Regional banks were particularly strong in the period as the material back down in interest rates (10-year down ~30bps) alleviates unrealized securities losses on balance sheets and expectations of an upcoming Fed rate cut portend lower deposit costs that have hampered net interest income (NII). Given regional banks are more reliant on spread-based earnings compared to money centers with large capital markets and diversified fee-generating businesses, the expectations of lower funding costs and potential improvement in loan demand suggest NII could be bottoming in the current quarter. That is, earnings power could be troughing for certain regional bank issues, assuming credit and other costs remain stable and all else equal.

At period-end, the Financials Sector traded at a forward P/E ratio of 16.4x FY24 expectations, well above its three-year average forward twelve-month multiple (13.8x). Recent volatility in early August appears to reflect a normalization of credit spreads that were historically tight through 2H24, which we flagged in prior writing as a potential disruptive force to Financials and the broader market. Now that spreads have returned toward historical averages, shares appear to reflect more reasonable valuations, providing some opportunity for long-term focused investors.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
2.49%	6.62%	9.58%	11.58%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
1.13%	9.66%	15.78%	20.34%

	Company Performance	1 Month
Leaders	Bio-Rad Laboratories	23.9%
	Revvity Inc	19.8%
	Charles River Laborato-	18.2%
	IQVIA Holdings Inc	16.5%
	Centene Corp	16.0%
Laggards	Dexcom Inc	-40.2%
	Edwards Lifesciences	-31.7%
	Eli Lilly & Co	-11.2%
	Merck & Co Inc	-8.6%
	Biogen Inc	-8.0%

Consensus FY EPS / P/E

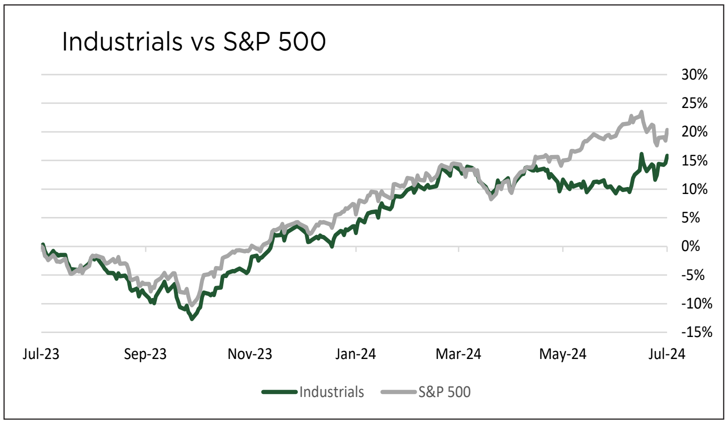
Last Year	Current Year	Next Year
$72.44	$81.26	$96.95
24.1x	21.4x	18.0x

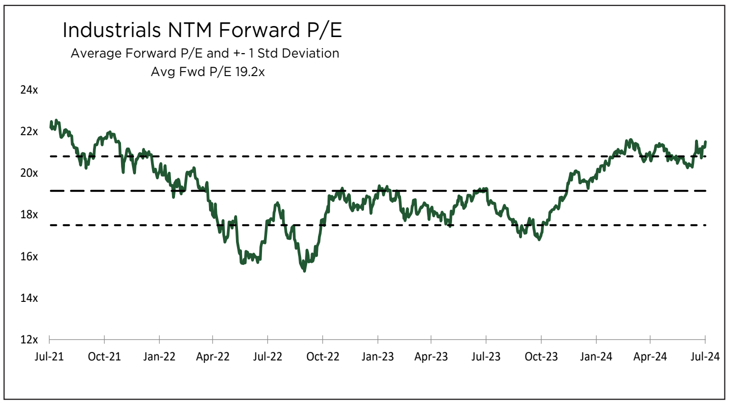
Sector Update

The Health Care sector increased 2.49% in July, outperforming the S&P 500's 1.13% gain. In July, election uncertainty and an unclear economic landscape persisted, yet pharmaceutical companies appeared to improve their messaging about the impacts of the IRA bill. Additionally, demand appears to be improving for Life Science Tools companies, while higher-than-average medical utilization may be set to remain elevated for the remainder of the year. Labor and inflation continue to pose challenges for hospital operators, though CAPEX budgets remain strong and labor appears to be improving.

Pharmaceutical companies continue to oppose the IRA drug price legislation, but efforts to block its implementation have so far been unsuccessful. In response to these unsuccessful efforts, the management teams of some pharmaceutical companies have adjusted their stance. They now state that although they oppose the legislation, its impacts may be more manageable. Additionally, Life Science Tools companies benefited from positive commentary in July, including the abatement of inventory destocking trends and evolving biopharma R&D efforts. While a weaker economy in China remains a challenge for Life Science Tools companies, investors appear optimistic that a stimulus bill in the region may spur growth. For hospital operators, labor costs continued to pose challenges during July, although elevated medical utilization may serve as a benefit for hospital operators through the remainder of the year. Additionally, labor appears to be improving amongst the healthcare industry. During July, home health services added 22,000 jobs, while hospitals contributed 20,000, and nursing and residential care facilities saw a 9,000 job increase.

The Biotechnology, Health Care Providers & Services, and Life Sciences Tools & Services subsectors reported gains in July. The Life Science Tools & Services subsector led the growth in the sector with an 11.0% gain, followed by Health Care Providers & Services with an 8.2% gain. The Health Care sector trades at a current forward P/E ratio of 21.4x, above the three-year historical average of 17.2x.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
4.84%	5.24%	12.15%	15.84%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
1.13%	9.66%	15.78%	20.34%

	Company Performance	1 Month
Leaders	Stanley Black & Decker	32.2%
	3M Co	24.8%
	Howmet Aerospace Inc	23.3%
	Builders FirstSource Inc	20.9%
	Dayforce Inc	19.5%
Laggards	Uber Technologies Inc	-11.3%
	Delta Air Lines Inc	-9.3%
	United Airlines Holdings	-6.7%
	American Airlines	-6.1%
	Southwest Airlines Co	-5.8%

Consensus FY EPS / P/E

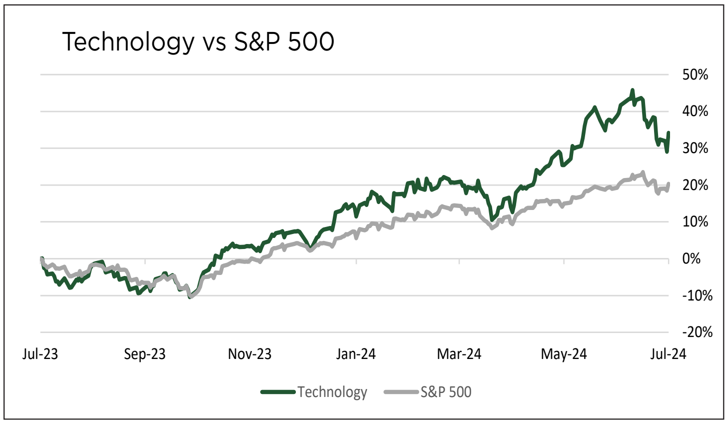
Last Year	Current Year	Next Year
$45.35	$46.30	$53.03
23.9x	23.4x	20.4x

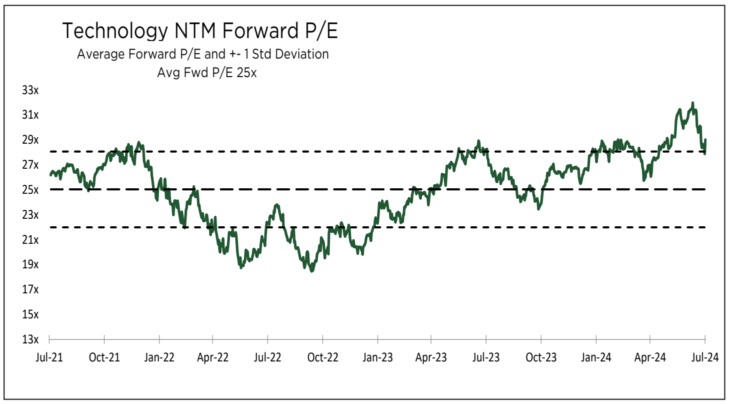
Sector Update

The Industrials Sector increased 4.84% in July, outperforming the 1.13% gain in the S&P 500. Following July's performance, the Industrials sector has still underperformed the S&P 500 on a trailing 12-month basis, a year-to-date basis, and a three-month basis. Increased pressure for the Federal Reserve to cut interest rates appears to have contributed to July's outperformance, although a cloudy economic backdrop and varying interest rate expectations may have contributed to the Industrials sector's underperformance over a trailing 12-month basis, a year-to-date basis, and a three-month basis.

The Institute for Supply Management's Purchasing Managers Manufacturing Index, or PMI index, contracted in July for the fourth consecutive month. After breaking a 16-month streak of contraction in March, the PMI index fell in April, May, June, and July. PMI's came in at 46.8 in July, down from 48.5 in June. The New Orders Index remained in contraction territory with a reading of 47.4, 1.9 points below June's reading of 49.3. The five manufacturing industries that reported growth in July include Printing & Related Support Activities, Petroleum & Coal Products, Miscellaneous Manufacturing, Furniture & Related Products, and Nonmetallic Mineral Products. The remaining 11 industries reported declines in New Orders in July. Meanwhile, the Production Index continued in contraction territory in July, registering 45.9 versus 48.5 in June.

Within the Industrials sector, the best-performing subsectors in the month were Trading Companies & Distributors with a 12.8% gain, Aerospace & Defense with a 9.2% gain, and Professional Services with a 7.7% gain. The worst-performing subsectors in the month were Airlines, with a 7.5% decline, and Air Freight & Logistics, with a 2.1% loss. The Industrials Sector is trading at a Forward P/E of 23.4x, above the sector's three-year average of about 19.2x.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-2.12%	17.62%	25.08%	34.16%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
1.13%	9.66%	15.78%	20.34%

	Company Performance	1 Month
Leaders	F5 Inc	18.2%
	Enphase Energy Inc	15.4%
	EPAM Systems Inc	14.4%
	ON Semiconductor	14.2%
	Zebra Technologies	13.7%
Laggards	Crowdstrike Holdings	-39.5%
	Micron Technology Inc	-16.5%
	Super Micro Computer	-14.4%
	Lam Research Corp	-13.5%
	Cadence Design	-13.0%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$118.56	$132.76	$159.94
35.8x	32.0x	26.6x

Sector Update

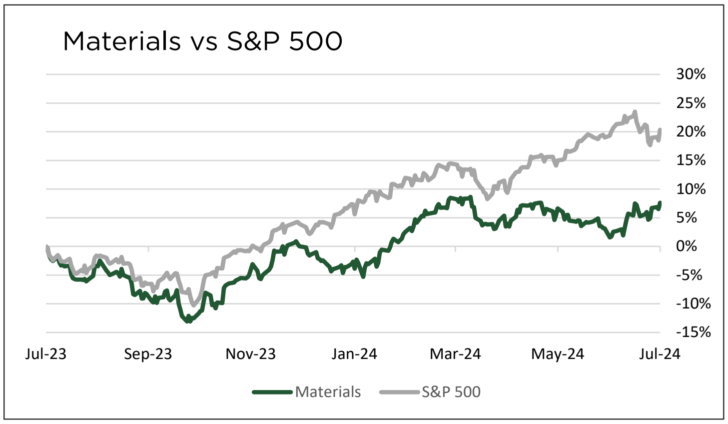
The Technology sector lagged the market in July as the decline in the Semiconductors & Semiconductor Equipment and Software sub-sectors offset growth in the other sectors.

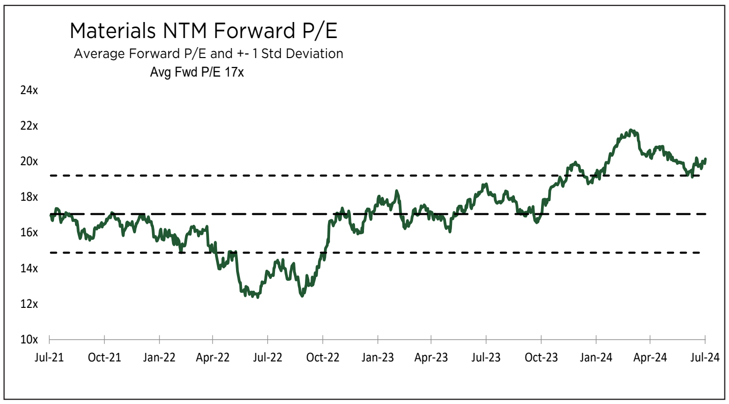
IT Services outperformed the market driven by the rise in Accenture shares after it guided to an acceleration in its revenue growth from 1.4% at constant currency (CC) in Q-3 24 to 4%-6% growth at CC in Q-4 24. The company grew its Q-3 24 bookings by 21% (+26% at constant currency (CC)) to $21 billion with a book-to-bill of 1.3x driven by enterprise commitments to large-scale digital transformation projects and generative AI. According to Accenture, large corporations have become more inclined to increase spending on their digital transformation so that they are prepared to invest in gen AI and data analytics to enhance their operations/sales and marketing.

Technology Hardware, Storage & Peripherals outperformed the market driven by Apple's better-than-expected Q-3 24 results. Apple grew its services revenue by 14% to $24 billion (28% of firm revenue), with a gross profit of $17.9 billion, representing 45% of Apple's total gross profit. Apple's services revenue includes an estimated $20 billion per year and $5 billion per quarter associated with Alphabet's payments to Apple so that Google Search remains the default search engine on Apple devices.

In early August, U.S. District court Judge Amit Mehta ruled that Alphabet violated U.S. antitrust law through its financial payment to Apple that made Google Search the default search engine on Apple devices. During the second penalty phase of the trial this fall, Judge Mehta could rule that Alphabet can not enter into a financial arrangement with Apple to make Google Search the default search engine on Apple devices. This potential ruling could reduce Apple's annual services revenue by an estimated $20 billion.

The Technology sector appears fully valued, with a P/E of 32x and 26.6x the consensus analyst FY24/FY25 EPS estimates, compared to the estimated FY25 EPS growth of 20% and its average three-year forward P/E of 25x.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
4.31%	4.00%	7.58%	7.61%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
1.13%	9.66%	15.78%	20.34%

	Company Performance	1 Month
Leaders	Sherwin-Williams Co/	17.5%
	Newmont Corp	17.2%
	Vulcan Materials Co	10.4%
	Martin Marietta Materi-	9.5%
	Packaging Corp of	9.5%
Laggards	Smurfit WestRock PLC	-10.8%
	Freeport-McMoRan Inc	-6.6%
	Ecolab Inc	-3.1%
	Albemarle Corp	-1.9%
	Avery Dennison Corp	-0.8%

Consensus FY EPS / P/E

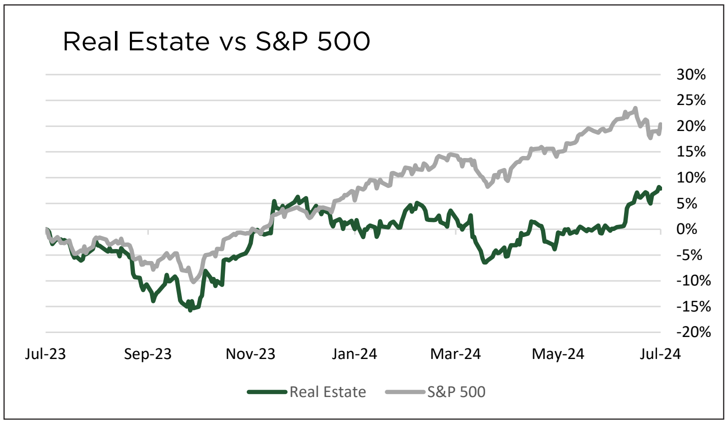
Last Year	Current Year	Next Year
$25.40	$26.28	$30.39
22.9x	22.1x	19.1x

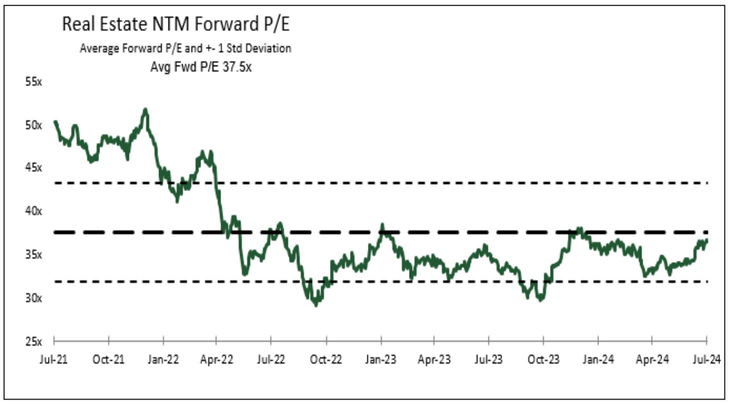
Sector Update

The Materials sector increased 4.3% in July and significantly outperformed the S&P 500 Index, which increased by 1.1%. Results were favorable across all segments, with the greatest contribution from the Construction Material segment. Investor expectation now sits at 100% that the Fed could lower interest rates beginning in September with a growing estimate of a 50bps cut or even a cut earlier than the September meeting. The potential for lower interest rates contributed to renewed near-term interest in the group during the month. Additionally, with lower rates, companies could increase capital spending, benefit from increased execution of backlogged projects, and benefit from more stable pricing. YTD through July, the Materials sector increased 7.58% vs. the S&P 500, which rose 15.78%. The Materials sector now trades with an three-year average forward P/E of about 17x and towards the higher end of its historical valuation range. Capital spending projects, consumer demand, interest rates, and end market demand remain key drivers for earnings across the groups. Selective investment among the group remains a key factor, with a preference for strong management teams, high-quality businesses, and strong balance sheets. For 2024, key factors to monitor include movement in interest rates, consumer behavior and confidence level, inventory at customers, realized pricing, the outlook for the macroeconomic environment, capital spending, and volume.

The outlook for chemicals and packaging companies centers on the expected slower pace of recovery and muted demand across customer segments globally. The uncertain pace of recovery for the end markets creates a near-term overhang on the group. For corrugated box companies, demand is strengthening, but customer order patterns still remain uneven. Q2 weather was hot and wet in key markets (especially Texas) for several aggregate companies pushing out demand. Companies continue to focus on driving costs lower through scale and efficient production. Lithium producers are managing/delaying projects in response to the current low lithium price and unfavorable reinvestment metrics. More rational lithium production/supply continues and should support a more balanced supply/demand dynamic and improved pricing as the year progresses. Companies are reducing projects with a focus on a balanced supply/demand market and return metrics and retaining flexibility in managing expected capital spending depending on the price of lithium. Portfolio transformation through divestments and acquisitions, as well as streamlining the number of product offerings, also remains a key theme across the segments. With strong company balance sheets and likely lower rates, further M&A activity is expected.

REAL ESTATE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
7.12%	13.92%	2.68%	7.87%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
1.13%	9.66%	15.78%	20.34%

	Company Performance	1 Month
Leaders	CBRE Group Inc	26.5%
	BXP Inc	15.8%
	Iron Mountain Inc	14.4%
	American Tower Corp	13.4%
	Crown Castle Inc	12.7%
Laggards	UDR Inc	-2.6%
	Host Hotels & Resorts	-2.6%
	Mid-America Apartment	-2.0%
	Invitation Homes Inc	-1.7%
	Digital Realty Trust Inc	-1.7%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$12.75	$12.95	$13.76
20.3x	20.0x	18.8x

Sector Update

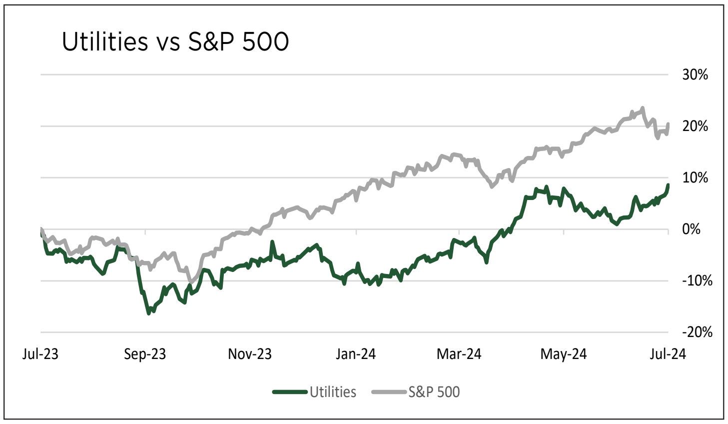
The pace of disinflation accelerated in June, as evidenced by the July 11th Consumer Price Inflation (CPI) report pointing to headline CPI running at 3.0% annualized versus the prior month's run rate at 3.3% with shelter costs easing to the slowest pace since August 2021. With cooling inflation, investor expectations shifted, with many feeling more confident that the Fed was now positioned to commence reducing the funds rate with the September 18th FOMC meeting. This shift drove a rotation from 1H2024 stock leadership among mega-cap Tech sector issues into smaller capitalization stocks as well as laggards poised to potentially benefit from lower rates. The interest rate-sensitive Real Estate sector, which is a significant user of borrowed funds and also a significant lagging group, responded positively to the shift in sentiment. As a result, Real Estate in July moved from being among the worst-performing sectors, dating back to over a year as the Fed raised rates, to leading markets for the month, achieving a 7.12% appreciation versus the 1.13% registered by the S&P 500. This strength also catapulted the sector to outperformance for the latest three months with a rise of 13.92%, outdistancing the S&P gain of 9.66%.

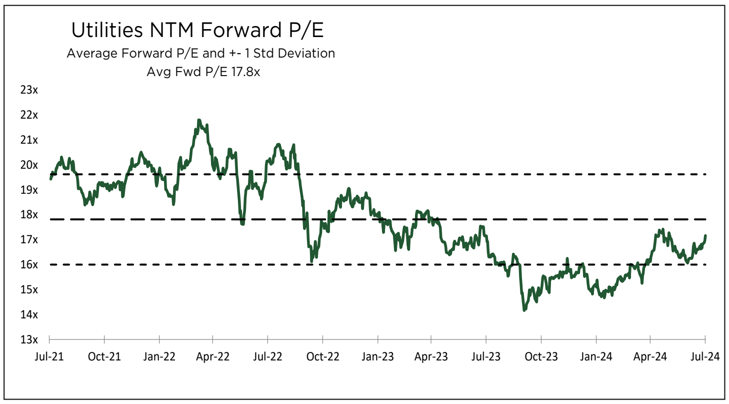
Beyond the macro disinflation trend, many firms from the Real Estate sector also reported stronger than anticipated operating results for 2Q2024. Leading the pack was CBRE Group, which advanced 26.5% in July after reporting better than forecast results – notably from the firm's property management and advisory services in the commercial REIT sector – that drove a measurable raise to 2024E FFO forecasts. Likewise, upside results and guidance increases were forthcoming from both BXP and American Tower, while Iron Mountain increased their dividend distribution by 10% after reporting a strong record in 2Q2024.

In contrast, other firms delivered mixed results for 2Q2024 and or a guarded outlook into 2H2024. UDR's results were in line with street expectations, but management noted a somewhat softening of occupancy rates and leasing spreads in their apartment operations. Mid America Apartments results fell a bit short of analyst forecasts (that had anticipated a down quarter) and trimmed guidance. Investors are trying to understand if variability was due to normal seasonality, lower resident mobility with weakening employment trends, or the rising capacity of a new volume in the sunbelt. Host Hotels shares softened after delivering better than forecast 2Q2024 results, but management suggested recovery from 2023 fires on Maui along with moderating leisure travel as factors heading into 2H2024.

We sense future returns for Real Estate will likely remain closely tied to interest rates and the U.S. economy. The latest jobs datasets point to softening as underway. A recession, if forthcoming, could stifle consumer and business spending, impacting real estate leasing demand. Still, a moderating economy escaping recession along with expected lower interest rates would be supportive for bond proxy issues such as real estate over the intermediate term. In the meantime, the emerging artificial intelligence trade (AI) should drive data center demand, while senior housing fundamentals have improved with enhanced earnings/FFO potential into 2H2024.

UTILITIES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
6.73%	9.10%	14.82%	8.52%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
1.13%	9.66%	15.78%	20.34%

	Company Performance	1 Month
Leaders	Eversource Energy	14.5%
	Pinnacle West Capital	12.1%
	American Electric Pow-	11.8%
	Ameren Corp	11.5%
	Edison International	11.4%
Laggards	CenterPoint Energy Inc	-10.4%
	Vistra Corp	-7.9%
	Constellation Energy	-5.2%
	NRG Energy Inc	-3.5%
	AES Corp/The	1.3%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$19.17	$20.44	$22.36
19.3x	18.1x	16.5x

Sector Update

Utilities delivered a strong 6.7% gain in July, materially outperforming the 1.1% monthly gain in the broader market S&P 500® index hampered by weaker performance in its highest weighted mega-cap technology names. All but four Utilities sector components finished July higher than the prior month, led by more traditional multi-utilities with high-multiple names like Vistra (VST) and Constellation (CEG) retrenching in the period. The Utilities sector continues to benefit from heightened investor interest as an AI growth theme, given increasing data center demand poised to drive significant multi-year investment in power production and delivery in the US and abroad. The sector also rallied to a greater extent on a pullback in interest rates across the yield curve, with the 10-year treasury yield falling more than 35bps in the month toward 4%, its lowest level since February 2024.

Despite strong performance in July, the Utilities sector continues to lag the S&P gains over the past three- and twelve-month periods.

Eversource (ES) was the best-performing Utility in July, up 14.5% in the period after closing a 50% sale of an offshore wind project while receiving a handful of street price target increases. More importantly, Eversource was the worst-performing Utility, down 20% in the twelve-month period leading into July. That is, ES leading the group in the month appears to reflect a broadening improvement in sentiment toward ‘traditional’ Utilities on the back of lower rates.

Interest rate direction and macro uncertainty may continue to be primary drivers of Utility performance into year-end, as exemplified in recent performance against heightened volatility and lower rates in early August.

The Utilities sector continues to appear reasonably valued relative to its historical trend as the group has closed the gap toward its three-year average forward earnings multiple of 17.8x. The sector remains a beneficiary of lower rates and could see valuation expand if soft landing optimism erodes—driving a defensive rotation in the broader market while providing attractive current yields and multi-year opportunities supporting earnings growth. Given these factors, we continue to see Utilities as overweight relative to its 2.39% weight in the S&P.

ECONOMIC CALENDAR

Date	Release	For	Prior
5-Aug	S&P Global US Manufacturing PMI - Final	Jul	56.0
5-Aug	ISM Non-Manufacturing Index	Jul	48.8%
6-Aug	Trade Balance	Jun	-$75.0B
7-Aug	MBA Mortgage Applications Index	8/3	-3.9%
7-Aug	EIA Crude Oil Inventories	8/3	-3.44M
7-Aug	Consumer Credit	Jun	$11.3B
8-Aug	Continuing Claims	7/27	1877K
8-Aug	Initial Claims	8/3	249K
8-Aug	Wholesale Inventories	Jun	0.6%
8-Aug	EIA Natural Gas Inventories	8/3	+18 bcf
12-Aug	Treasury Budget	Jul	-$66.0B
13-Aug	Core PPI	Jul	0.4%
13-Aug	PPI	Jul	0.2%
14-Aug	MBA Mortgage Applications Index	8/10	NA
14-Aug	Core CPI	Jul	0.1%
14-Aug	CPI	Jul	-0.1%
14-Aug	EIA Crude Oil Inventories	8/10	NA
15-Aug	Retail Sales	Jul	0.0%
15-Aug	Retail Sales ex-atuo	Jul	0.4%
15-Aug	Initial Claims	8/10	NA
15-Aug	Continuing Claims	8/3	NA
15-Aug	Import Prices	Jul	0.0%
15-Aug	Import Prices ex-oil	Jul	0.2%
15-Aug	Export Prices	Jul	-0.5%
15-Aug	Export Prices ex-ag.	Jul	-0.6%
15-Aug	Capacity Utilization	Jul	78.8%
15-Aug	Industrial Production	Jul	0.6%
15-Aug	Business Inventories	Jun	0.5%
15-Aug	NAHB Housing Market Index	Aug	42
15-Aug	EIA Natural Gas Inventories	8/10	NA
15-Aug	Net Long-Term TIC Flows	Jun	-$54.6B
16-Aug	Building Permits	Jul	1446K
16-Aug	Housing Starts	Jul	1353K
16-Aug	Univ. of Michigan Consumer Sentiment - Prelim	Aug	NA
19-Aug	Leading Indicators	Jul	-0.2%
21-Aug	MBA Mortgage Applications Index	8/17	NA
21-Aug	EIA Crude Oil Inventories	8/17	NA
22-Aug	Initial Claims	8/17	NA
22-Aug	Continuing Claims	8/10	NA
22-Aug	Existing Home Sales	Jul	3.89M
22-Aug	EIA Natural Gas Inventories	8/17	NA
23-Aug	New Home Sales	Jul	617K

ECONOMIC CALENDAR

26-Aug	Durable Goods - ex transportation	Jul	NA
26-Aug	Durable Orders	Jul	NA
27-Aug	FHFA Housing Price Index	Jun	NA
27-Aug	S&P Case-Shiller Home Price Index	Jun	NA
27-Aug	Consumer Confidence	Aug	NA
28-Aug	MBA Mortgage Applications Index	8/24	NA
28-Aug	EIA Crude Oil Inventories	8/24	NA
29-Aug	Adv. Intl. Trade in Goods	Jul	NA
29-Aug	Adv. Retail Inventories	Jul	NA
29-Aug	Adv. Wholesale Inventories	Jul	NA
29-Aug	Continuing Claims	8/17	NA
29-Aug	GDP - Second Estimate	Q2	NA
29-Aug	GDP Deflator - Second Estimate	Q2	NA
29-Aug	Initial Claims	8/24	NA
29-Aug	Pending Home Sales	Jul	NA
29-Aug	EIA Natural Gas Inventories	8/24	NA
30-Aug	PCE Prices	Jul	NA
30-Aug	PCE Prices - Core	Jul	NA
30-Aug	Personal Income	Jul	NA
30-Aug	Personal Spending	Jul	NA
30-Aug	Univ. of Michigan Consumer Sentiment - Final	Aug	NA

DISCLOSURES

This information has been compiled from various sources we believe to be reliable, however, there is no guarantee of its accuracy or completeness. Any opinion expressed herein is based upon our interpretation of the information from such source. This information is not furnished in connection with a sale or offer to sell securities or in connection with the solicitation of an offer to buy securities. Our firm, or its offices or members of their families, may at times, have a long or short position in the securities mentioned herein and may make purchases or sales of these securities while this memorandum is in circulation.

Past performance is not indicative of future results.

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.

Sectors and sector components defined by Standard & Poor's GICS Level 1 index. For the list of all holdings in GICS Level 1 index sectors, contact your Davenport Financial Advisor.

Leaders: Represent top five best stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

Laggards: Represent top five worst stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

Members: The GICS Level 1 Telecommunication Services sector has only three component companies. This sector will not include "Leaders and Laggards", but will show all three members and their price performance over the previous calendar month.

S&P 500®: 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.

Dow Jones Industrials: The Dow Jones Industrial Average is an index of 30 "blue chip" stocks of U.S. "industrial" companies.

NASDAQ Composite: The Nasdaq-100 Index is a "modified capitalization-weighted" index designed to track the performance of a market consisting of the 100 largest and most actively traded non-financial domestic and international securities listed on The Nasdaq Stock Market, based on market capitalization.

Russell 2000®: The Russell 2000® Index is a capitalization-weighted index designed to measure the performance of a market consisting of the 2,000 smallest publicly traded U.S. companies (in terms of market capitalization) that are included in the Russell 3000® Index. Source: London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"). © LSE Group 2021. 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.

FTSE 100: The FTSE 100 is an index of the leading shares on the London Stock Exchange. Shanghai Composite: The SSE Composite Index is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

Nikkei Stock Average: Nikkei is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index comprised of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the United States.

Stoxx Europe 600: The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

MSCI Emerging Markets: The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. (MSCI Website).

MSCI Emerging Markets Small Cap: The MSCI Emerging Markets Small Cap Index includes small cap representation across 23 Emerging Markets countries. With 1,889 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. The small cap segment tends to capture more local economic and sector characteristics relative to larger Emerging Markets capitalization segments.

US Dollar Index (USDX, DXY): An index (or measure) of the value of the United States dollar relative to a basket of currencies, often referred to as a basket of US trade partners' currencies.

VIX: The ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

Shanghai Composite (SSE Index): The Shanghai Composite Index, also known as the SSE Index is a stock market index of all stock (A shares and B shares) that are traded at the Shanghai Stock Exchange.

Bloomberg Index Services Limited. 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.

Certification: As the primary authors of this report, we hereby certify that the views and opinions expressed herein accurately reflect our personal views and opinions about the principal subject(s) of this report. Further, I hereby certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or personal views expressed herein.

Please contact your Davenport Financial Advisor for more information.

A Legacy of Excellence, a Commitment to Independence

Our mission is to serve our clients' best interests in pursuing their financial goals. We attract talented professionals who are guided by integrity and experience. Our firm fosters a collaborative environment in which time-tested principles are combined with current analytical tools to create investment strategies that serve our clients' needs. Independent and employee-owned since 1863, Davenport & Company is a trusted financial advisor to generations of families and institutions.

CORPORATE HEADQUARTERS

One James Center | 901 East Cary Street, Suite 1100 | Richmond, Virginia 23219
(804) 780-2000 (800) 846-6666
www.investdavenport.com

Abingdon
153 W. Main St., Ste. 100
Abingdon, VA 24210
(276) 274-8277

Atlanta*
515 E. Crossville Rd., Ste. 380
Roswell, GA 30075
(404) 865-4040

Charlotte*
101 North Tryon St., Ste. 1220
Charlotte, NC 28246
(704) 375-0550

Charlottesville
600 E. Water St., Ste. A
Charlottesville, VA 22902
(434) 296-9013

Danville
165 Holt Garrison Pkwy., Ste. 570B
Danville, VA 24540
(434) 836-5528

Farmville
101 North Main St.,
Farmville, VA 23901
(434) 392-9813

Franklin
105 West Fourth Ave.
Franklin, VA 23851
(757) 562-0053

Fredericksburg
904 Princess Anne St., Ste. 102
Fredericksburg, VA 22401
(540) 373-1863

Greensboro
628 Green Valley Rd., Ste. 306
Greensboro, NC 27408
(336) 297-2800

Harrisonburg
21 Carpenter Lane, Suite 101
Harrisonburg, VA 22801
(540) 383-6550

Kilmarnock
141 Technology Park Dr.
Kilmarnock, VA 22482
(804) 435-7705

Leesburg*
19301 Winmeade Dr., Ste. 218
Leesburg, VA 20176
(571) 223-5893

Lynchburg
1104 Commerce St.
Lynchburg, VA 24504
(434) 948-1100

Marion
201 East Main St., Ste. 103
Marion, VA 24354
(276) 243-0008

Newport News
11827 Canon Blvd., Ste. 404
Newport News, VA 23606
(757) 595-5740

Norfolk
101 West Main St., Ste. 4000
Norfolk, VA 23510
(757) 314-3600

Raleigh
3605 Glenwood Ave., Ste. 310
Raleigh, NC 27612
(919) 571-6550

Richmond
901 East Cary St., Ste. 1100
Richmond, VA 23219
(804) 780-2000

Roanoke
10 Franklin Road S.E., Ste. 450
Roanoke, VA 24011
(540) 345-1909

Sanford
201 Chatham Street., Ste. 1
Sanford, NC 27330
(919) 777-9823

Staunton
59 Lee Highway
Verona, VA 24482
(540) 430-7696

Suffolk
330 West Constance Rd., Ste. 200
Suffolk, VA 23434
(757) 539-5355

Towson*
8600 LaSalle Rd., Ste. 618
Towson, MD 21286
(410) 296-9426

Virginia Beach
477 Viking Dr., Ste. 200
Virginia Beach, VA 23452
(757) 498-4000

Williamsburg
5400 Discovery Park Blvd., Ste. 301
Williamsburg, VA 23188
(757) 258-2800

Nashville*
3200 West End Ave., Ste 503
Nashville, TN 37203
(615) 208-6596

**Public Finance office.*