MARKET COMMENTARY

DAVENPORT
BUILDING WEALTH TOGETHER
1863

NOVEMBER 2024

- The best performing sector for October was Financials while the worst was Health Care
- Investors focusing on policy shifts following president-elect Trump's victory
- Remain on the lookout for rising U.S. debt levels
- Latest inflation data seems to support existing FOMC easing policy

The conclusion of the Presidential election cycle resolves a key driver of equity market uncertainty with the outcome spurring a post-election rally on November 6th. Investors have moved past the short-term uncertainty presented by two candidates with sharply differing policy platforms, polling near 50:50, towards handicapping future policy shifts with a keen focus on energy, health care, taxes, tariffs, and the potential for reduced regulatory headwinds. The initial positive market reaction to the election was accompanied by a sharp decline in the VIX Index, or fear gauge, which dropped to the mid-teens range post-election, having peaked at over 23 in the days preceding the election. Although equity markets have climbed post-election, we note that for the full month of October, the Dow Jones Industrial Average decreased by 1.3%, the S&P 500® index was down 1.0%, and the smaller cap weighted Russell 2000® decreased by 1.5%.

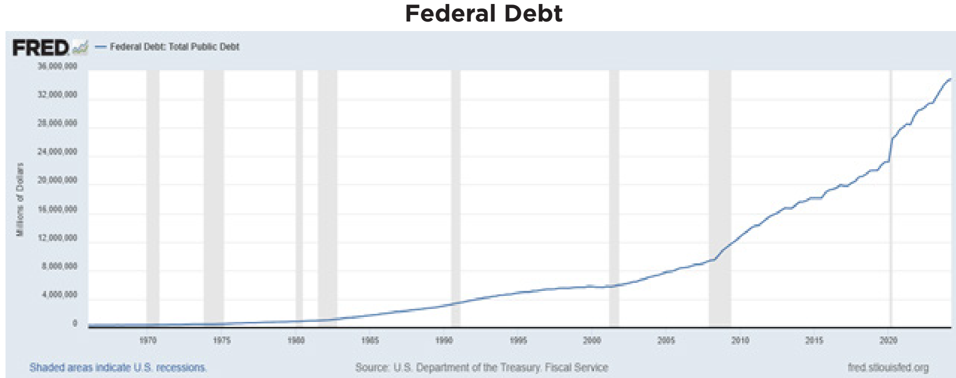
Leading into the election, only three of the eleven sectors of the S&P 500 increased during October. The best-performing sector for the month was Financials which increased 2.6% and was followed by the Communication Services sector which was up 1.8%. The weakest performance in the month was posted by the Health Care sector which decreased by 4.7% followed by the Materials sector which was down 3.5% and the Real Estate sector which dropped by 3.4%. For the prior twelve months period, the Information Technology sector was the best performer with a 51.0% increase followed by the Communication Services sector which was up 47.3%, while the Energy sector was the worst performer for the past twelve months with a 4.7% increase followed by the Health Care sector which was up 18.7%.

With the election in the rear-view mirror, focus now turns to where policy shifts may emerge under the new Trump administration. Much will depend on resolution of control of Congress and the ultimate level of support that new policy prescriptions may receive in the House. Nevertheless, it appears likely that the new administration will pursue efforts around increased tariffs, particularly on China, as well as pushing new initiatives to boost domestic energy production. Beyond these, we can likely expect to see efforts to roll back elements of the Inflation Reduction Act as well as a reduction in regulatory roadblocks including the pace of antitrust enforcement actions.

Against a backdrop of recently rising interest rates, U.S deficit spending, tax policy, and the expansion of Federal debt are emerging as key issues for the new President and for investors into 2025 and beyond. Concerns are growing around both the absolute level of debt and the debt to GDP ratio with forecasts from the Congressional Budget Office pointing to an annual deficit of $2.8 trillion by 2034 (up from recently reported fiscal 2024 levels of $1.83 trillion). Interest payments on U.S. debt are thus poised to become the largest line item in the federal budget in a few short years, impacting future economic growth prospects. Therefore, we expect investors will pay close attention to the path of the 10-year Treasury yield as a potential risk to sustaining equity market valuation over time.

The chart below highlights the significant growth in U.S. debt over the past 50+ years including the acceleration in the pace of debt expansion since the pandemic.

Federal Debt



Source: Federal Reserve Economic Data

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

The magnitude of the U.S. debt and its future trajectory was a concern linked to both presidential candidates on the campaign trail with promises to ramp federal spending during their administrations with policy proposals from Harris estimated to add $4 trillion in deficit spending, not to be outdone by Trump proposals estimated to drive deficits up by $7.8 trillion. Of course, campaign speeches do not equate to successful policy that is dependent on passage by Congress - a likely road block. Still, it is evident that the U.S. is poised to sustain record deficit spending over the next few years possibly driving heightened inflation; higher interest rates; and slowing economic growth prospects. We note that as debt to GDP increases, the nation is exposed to potentially increased risk of crowding out effects, particularly if interest rates were to rise substantially.

The chart below illustrates the growth in debt to GDP which displays the increasing burden from rising debt

Debt To GDP

Source: Federal Reserve Economic Data

Importantly, third quarter GDP growth reported by the Bureau of Economic Analysis (BEA) came through at 2.8% - down a tad from the 3.0% pace achieved in the second quarter but remaining sound overall. The Atlanta Fed GDPNow suggests a moderating course for real GDP with a fourth quarter current estimate tracking at 2.4%. In addition, the latest Personal Consumption Expenditures (PCE) inflation dataset from the BEA discussed below pointed to an annualized pace at 2.1% into September, closing in on the Fed's 2.0% target. And, although the Bureau of Labor Statistics (BLS) October Jobs report showed creation of just 12,000 new non-farm positions across the U.S., economists estimate that excluding exogenous factors (hurricanes and labor strike activity) trends remain reasonably solid likely pointing to about 100,000 jobs created (versus expectations targeting 100,000 – 120,000 from economists). The Jobs Opening and Labor Turnover (JOLTS) report for September issued by the BLS pointed to 7.4 million open positions nationwide representing 1.1 positions for each of the estimated 7.0 million unemployed Americans. Stats were largely unchanged from the August JOLTs report with new hires running at 5.6 million and separations at 5.2 million including 3.1 million quits and layoffs running at 1.8 million. The important tidbit we noted from this report was the quits rate – that has fallen below pre-COVID levels suggesting to us that folks are finding it a bit more challenging to move to new positions indicative of a weakening employment outlook on the cusp.

The BEA reported headline PCE rose by a seasonally adjusted 0.2% in September, with the 12-month inflation rate running at 2.1%, in line with economist projections. From a peak back in June 2022 that exceeded 7%, headline PCE has closed in on FOMC targeted levels of 2.0%. Still, Core PCE continues to run at a hotter pace having increased by 0.3% in the month with an annualized pace running at 2.7% (excluding energy and food costs) that came through 0.1% above forecasts but consistent with the annualized pace reported for August. The move in inflation was stronger for services where prices increased by 0.3% versus goods that experienced a decline of 0.1%. On a positive note, shelter costs eased from their prior persistent fast pace, with the latest monthly increase dipping to 0.3% (from 0.5% trend line), while energy costs fell by 2% as oil prices retrenched as the month proceeded. In sum, the takeaway on inflation is that latest data appears to support existing FOMC easing policy.

Where to from here?

Following the election, our views on the market and outlook remain essentially unchanged with stocks overall not appearing unusually cheap, with a range of uncertainties existing on the economic and geopolitical fronts. Still, the resolution of the election overhang combined with the potential for reduced tax headwinds and regulatory burdens, would appear to provide a new and quite constructive market tailwind.

We sense markets have priced in a soft landing with expectations for fast paced rate cuts by the FOMC into midyear 2025, along with a substantial ramp in corporate earnings. We look for a subdued U.S. economy near term with the FOMC gradually trimming the funds rate through 2025 potentially creating improved growth prospects into the second half of next year. As such, we continue to focus on selective investment while taking an intermediate-term investment time horizon. Our focus today remains on quality, well-managed company stocks having attractive relative valuations, while being poised to potentially benefit from lower rates and improved economic outlook into 2025.

MARKET AND ECONOMIC STATISTICS

Market Indices:	**10/31/2024**	**12/29/2023**	**% Change YTD**	**9/30/2024**	**% Change (Monthly)**
S&P Composite	5,705.45	4,769.83	19.62%	5,762.48	-0.99%
Dow Jones Industrials	41,763.46	37,689.54	10.81%	42,330.15	-1.34%
NASDAQ Composite	18,095.15	15,011.35	20.54%	18,189.17	-0.52%
Russell 2000	2,196.65	2,027.07	8.37%	2,229.97	-1.49%
FTSE 100	8,110.10	7,733.24	4.87%	8,236.95	-1.54%
Shanghai Composite	3,279.82	2,974.94	10.25%	3,336.50	-1.70%
Nikkei Stock Average	39,081.25	33,464.17	16.79%	37,919.55	3.06%
Stoxx Europe 600	505.39	478.99	5.51%	522.89	-3.35%
MSCI Emerging Markets	1,119.52	1,023.74	9.36%	1,170.85	-4.38%
MSCI Emerging Markets Small Cap	1,456.11	1,367.16	6.51%	1,519.49	-4.17%

Performance of S&P 500 by Industry:	**% of Index as of 10/31/2024**	**1 Month**	**3 Month**	**Year to Date**	**12 Months**
Consumer Discretionary	10.03%	-1.57%	4.20%	11.43%	31.85%
Consumer Staples	5.77%	-2.94%	3.28%	13.04%	20.56%
Energy	3.37%	0.71%	-4.38%	6.44%	4.72%
Financials	13.37%	2.55%	6.32%	23.48%	45.42%
Health Care	11.16%	-4.73%	-1.79%	7.62%	18.68%
Industrials	8.52%	-1.39%	4.54%	17.24%	36.97%
Information Technology	31.68%	-1.00%	2.60%	28.33%	50.98%
Materials	2.17%	-3.55%	0.97%	8.62%	23.01%
Communication Services	9.11%	1.80%	7.72%	30.18%	47.34%
Utilities	2.53%	-1.07%	9.81%	26.09%	35.17%
Real Estate	2.28%	-3.41%	4.87%	7.68%	33.18%
S&P 500 (Absolute performance)	100.00%	-0.99%	3.32%	19.62%	36.93%

Interest Rates:	**10/31/2024**	**12/29/2023**	**YTD Change (Basis Points)**	**9/30/2024**	**Month Change (BPS)**
Fed Funds Effective Rate	4.83%	5.33%	-50	4.83%	0
Prime Rate	8.00%	8.50%	-50	8.00%	0
Three Month Treasury Bill	4.54%	5.33%	-79	4.55%	-1
Ten Year Treasury	4.28%	3.88%	41	3.78%	50
Spread - 10 Year vs 3 Month	-0.26%	-1.45%	119	-0.77%	51

Foreign Currencies:	**10/31/2024**	**12/29/2023**	**% Change YTD**	**9/30/2024**	**% Change (Monthly)**
Brazil Real (in US dollars)	0.17	0.21	-16.2%	0.18	-5.8%
British Pound (in US dollars)	1.29	1.27	1.3%	1.34	-3.6%
Canadian Dollar (in US dollars)	0.72	0.76	-5.0%	0.74	-2.9%
Chinese Yuan (per US dollar)	7.12	7.10	0.3%	7.02	1.4%
Euro (in US dollars)	1.09	1.10	-1.4%	1.11	-2.3%
Japanese Yen (per US dollar)	152.03	141.04	7.8%	143.63	5.8%

Commodity Prices:	**10/31/2024**	**12/29/2023**	**% Change YTD**	**9/30/2024**	**% Change (Monthly)**
CRB (Commodity) Index	534.44	510.32	4.7%	540.27	-1.1%
Gold (Comex spot per troy oz.)	2743.97	2062.98	33.0%	2634.58	4.2%
Oil (West Texas int. crude)	69.26	71.65	-3.3%	68.17	1.6%
Aluminum (LME spot per metric ton)	2591.61	2345.50	10.5%	2608.72	-0.7%
Natural Gas (Futures 10,000 MMBtu)	2.71	2.51	7.7%	2.92	-7.4%

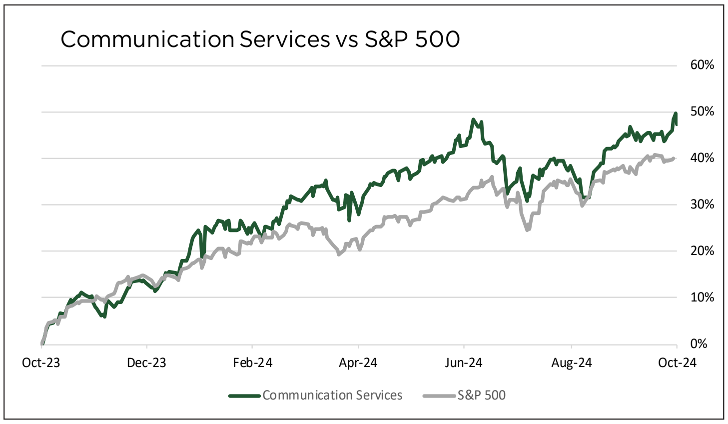
Economic Indicators:	**9/30/2024**	**1/31/2024**	**% Change YTD**	**8/31/2024**	**% Change (Monthly)**
Consumer Price Index	314.7	309.7	-1.6%	314.1	0.2%
Producer Price Index	257.3	255.0	-0.9%	257.6	-0.1%
	3Q24	**2Q24**	**1Q24**	**4Q23**	**3Q23**
GDP Growth Rate (Quarterly)	2.80%	3.00%	1.60%	3.20%	4.40%
Unemployment Rate (End of Month)	**October** **4.1%**	**September** **4.1%**	**August** **4.2%**	**July** **4.3%**	**June** **4.1%**

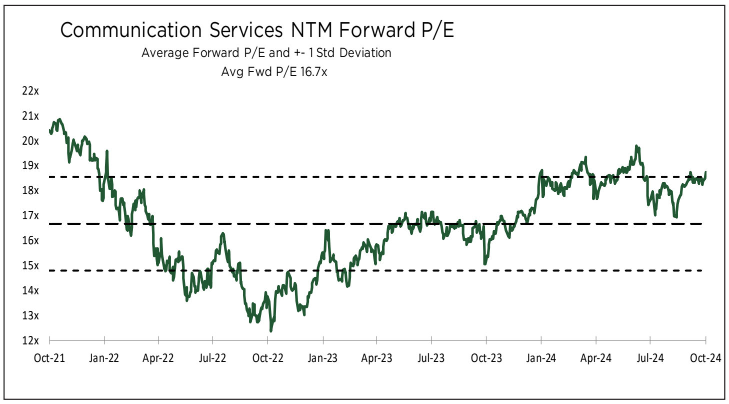
*GDP growth rate is calculated as the percent change from the previous period seasonally adjusted at annual rates. **S&P Sectors were re-named at the end of 2001. The sector Industrials is a combination of the former sectors Capital Goods & Transportation.Sources: Wall Street Journal, Bloomberg, The 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
1.80%	7.72%	30.18%	47.34%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-0.99%	3.32%	19.62%	36.93%

	Company Performance	1 Month
Leaders	T-Mobile US Inc	8.1%
	Live Nation Entertain-	7.0%
	Netflix Inc	6.6%
	Take-Two Interactive	5.2%
	Electronic Arts Inc	5.2%
Laggards	Interpublic Group	-7.1%
	Verizon Comm.	-6.2%
	Match Group Inc	-4.8%
	Omnicom Group Inc	-2.3%
	Warner Bros Discovery	-1.5%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$14.41	$15.20	$17.41
22.2x	21.1x	18.4x

Sector Update

Communications Services and its Entertainment, Interactive Media & Services, and Media sub-sectors outperformed the market in October. Prior to the 2024 elections, corporations had become more cautious in response to the global geopolitical and macro-economic environment. Given the clear outcome of the U.S. Presidential and Congressional election, corporations may be more inclined to increase their advertising and IT spending.

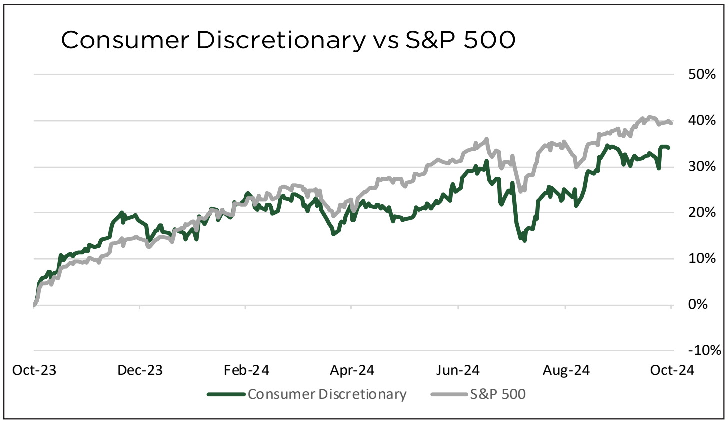
While the Interactive Media & Services sector outperformed the market in October, investors had a mixed reaction to companies results and outlook. Investors have become more concerned about Interactive Media & Services companies' high levels of spending on generative AI technology without obtaining near-term monetization of their gen AI investments. In addition, recent press reports suggest that the incoming Trump Administration may preside over a more benign regulatory environment than the Biden Administration.

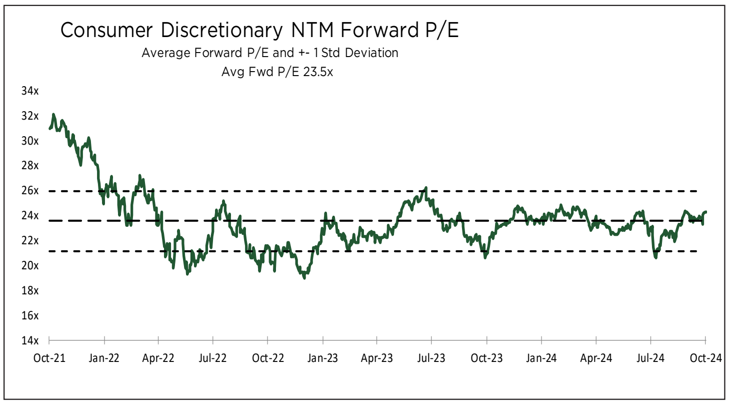
Entertainment companies in the streaming media and video game sectors, were among the top-performing equities in the Communications Services sector in October, after reporting better-than-expected results and providing outlooks ahead of the consensus estimates.

A leading Media company's disclosure that it may spin off its cable networks to its shareholders, may have contributed to the sector outperforming the market in October as investors anticipated increased consolidation in the Media sector.

The Communications Services sector appears close to fairly valued, with a P/E of 21.1x and 18.4x the consensus analyst FY24/FY25 EPS estimates, compared to estimated FY25 earnings growth of 15% and its average twelve-month forward P/E multiple of 16.7x.

CONSUMER DISCRETIONARY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-1.57%	4.20%	11.43%	31.85%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-0.99%	3.32%	19.62%	36.93%

	Company Performance	1 Month
Leaders	Norwegian Cruise Line	23.5%
	Carnival Corp	19.0%
	Royal Caribbean Cruis-	16.3%
	General Motors Co	13.2%
	Garmin Ltd	12.7%
Laggards	Aptiv PLC	-21.1%
	Genuine Parts Co	-17.9%
	Mohawk Industries Inc	-16.4%
	NIKE Inc	-12.7%
	Best Buy Co Inc	-12.5%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$56.59	$57.05	$63.44
27.9x	27.7x	24.9x

Sector Update

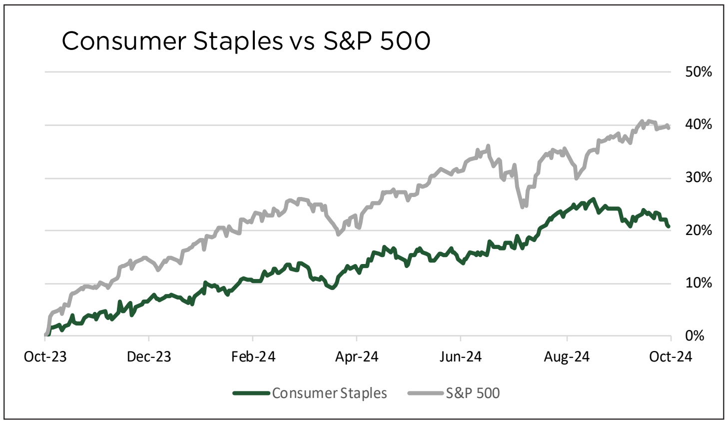
The Consumer Discretionary sector underperformed the broader market in October amidst a backdrop of mixed economic signals and uncertainty leading up to the November election. Among Consumer Discretionary subsectors, the only sector category that gained in the month was Hotel, Restaurants & Leisure. Subsectors that were softest included Auto Components, Distributors, Leisure Products, and Household Durables. The Consumer Discretionary sector has underperformed the S&P 500 for the 1-month, year-to-date, and trailing twelve months periods, as reflected in the accompanying chart.

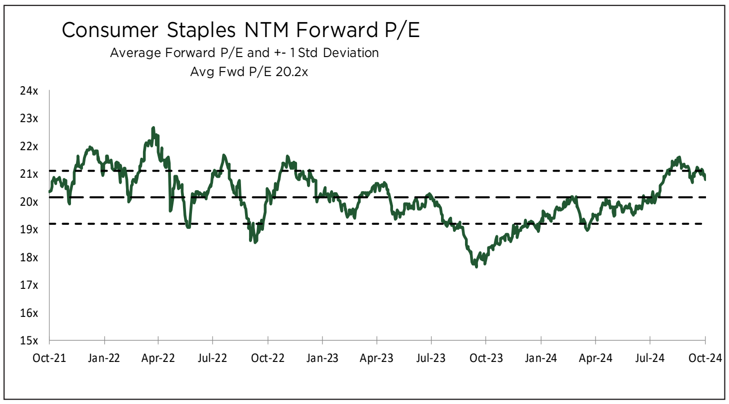
Thirty year mortgage rates climbed in October which appeared to slow refinancing activity as measured by the Mortgage Bankers Association (MBA). The MBA indicated that refinancing activity which had been climbing on lower rates, reversed course in the middle of October corresponding with the shift in rates. With improving economic signals, the expected pace of potential Fed rate cuts has declined presenting a headwind to the mortgage market.

The National Association of Realtors reported that September existing home sales fell 1% to an annual rate of 3.84 million which was the lowest level in 14 years. On a year-over-year basis, existing home sales dropped 3.5% while the median price increased 3% to $404,500. Homes available for sale jumped 23% versus a year ago representing a 4.3 months supply. The Chief Economist of the National Association of Realtors, Lawrence Yun, indicated: "Home sales have been essentially stuck at around a four-million-unit pace for the past 12 months, but factors usually associated with higher home sales are developing. There are more inventory choices for consumers, lower mortgage rates than a year ago and continued job additions to the economy."

The Census Bureau reported that monthly retail sales grew 0.4% in September versus August despite significant softness in gasoline sales. On a year-over-year basis, retail sales increased 1.7%. The September retail sales annual gain was fueled by growth of 7.9% in miscellaneous store retailers and 7.1% in nonstore retailers or online merchants. Reflecting lower gas prices versus last year, gasoline station sales dropped 10.7% representing by far the greatest decline amongst all retail industry categories.

Consumer Confidence surged in October reaching the highest levels seen in nine months at 108.7 according to the Conference Board. This level represented a sharp increase from the revised September confidence report of 99.2. We note that during 2024, confidence levels have been gradually deteriorating until this October report reversal. The improvement in confidence comes despite generally high price levels and the uncertainty linked to the Presidential election.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-2.94%	3.28%	13.04%	20.56%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-0.99%	3.32%	19.62%	36.93%

	Company Performance	1 Month
Leaders	Lamb Weston Holdings	20.0%
	Philip Morris	9.3%
	Altria Group Inc	6.7%
	Walgreens Boots	5.6%
	Walmart Inc	1.5%
Laggards	Estee Lauder Cos Inc	-30.8%
	Bunge Global SA	-13.1%
	Keurig Dr Pepper Inc	-12.1%
	Conagra Brands Inc	-11.0%
	Brown-Forman Corp	-10.5%

Consensus FY EPS / P/E

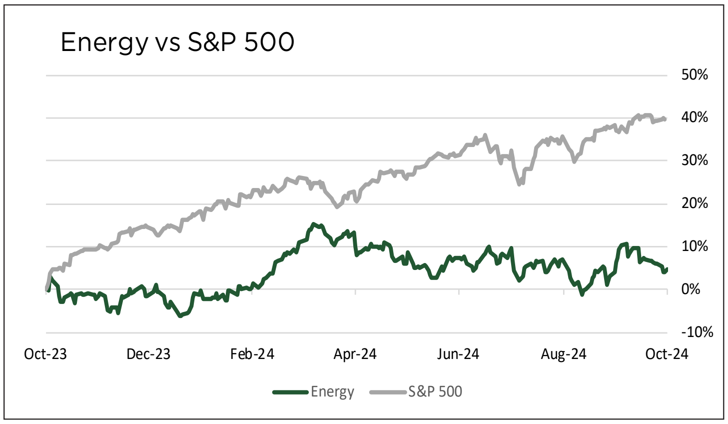
Last Year	Current Year	Next Year
$39.24	$39.85	$41.67
22.0x	21.6x	20.7x

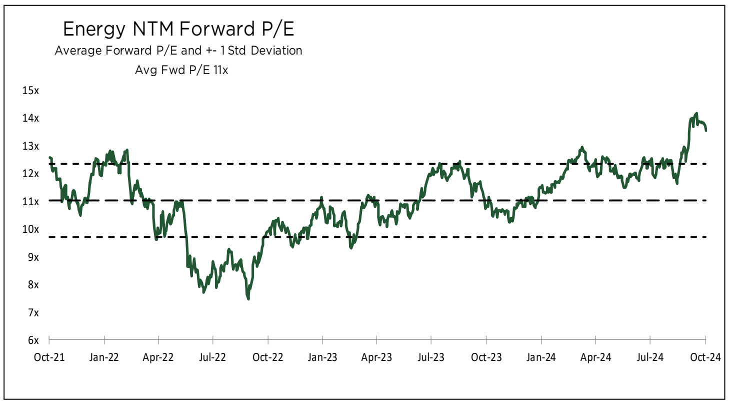
Sector Update

The Consumer Staples sector decreased 2.94% on average in October while underperforming the S&P 500 Index that declined by 0.99%. The Personal Products segment was the weakest with an 11% decrease reflecting stock price declines for companies exposed to China with weaker sales. Overall, sales currently remain pressured for the beverage segment with particular weakness for spirits and energy drinks. Spirits company stock prices weakened given ongoing concerns regarding inventory levels, pricing, consumer consumption and the uncertainty surrounding potential tariffs. For carbonated soft drinks, consumption trends strengthened throughout the latest quarter with strength from zero sugar offerings. Most packaged food stocks still trade near historic low valuation levels. The tobacco segment reported a strong month supported by strong quarterly updates due to favorable pricing, improved mix and continued contribution from innovation in the smokeless segment either with heat not burn or oral tobacco brand offerings. YTD through October, the Consumer Staples segment rose 13.04% vs the S&P 500 that increased 19.62%. Key focus for 2025 includes how to stimulate consumer purchases, appropriate level of promotions, brand support, and driving productivity savings. In addition, the potential for a stronger dollar could become a more relevant factor. Innovation remains critical to drive volume, retailer relations and top-line. With companies continuing to deleverage the balance sheets, the theme of potential merger and acquisitions continues. Portfolio transformation through divestments and acquisitions as well as streamlining the number of product offerings also remains a key theme.

The overwhelming conversation remains centered on consumer behavior globally as the consumer seems increasingly under more stress in 2H. Organic sales remain a leading indicator of earnings risk vs upside potential. The need for more promotional price support remains a key factor in Q4 and into 2025 as companies seek to drive volume and sales. Confectionery companies face continued input cost pressures from higher cocoa costs and more moderate consumer consumption. The confectionery companies need to raise prices and control costs to mitigate the input cost pressures and support margins. The Consumer Staples segment trades with a forward P/E of 21.6x that is above its average forward P/E of 20.2x. We continue to advise a selective investment among the Consumer Staples stocks and a market weighting remains preferred. Many of the stocks also offer an attractive dividend yield.

ENERGY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
0.71%	-4.38%	6.44%	4.72%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-0.99%	3.32%	19.62%	36.93%

	Company Performance	1 Month
Leaders	Williams Cos Inc/The	14.7%
	Targa Resources Corp	12.8%
	Kinder Morgan Inc	11.0%
	ONEOK Inc	6.3%
	Baker Hughes Co	5.3%
Laggards	Marathon Petroleum	-10.7%
	Phillips 66	-7.3%
	Halliburton Co	-4.5%
	Schlumberger NV	-4.5%
	Valero Energy Corp	-3.9%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$53.32	$46.30	$50.73
12.8x	14.7x	13.4x

Sector Update

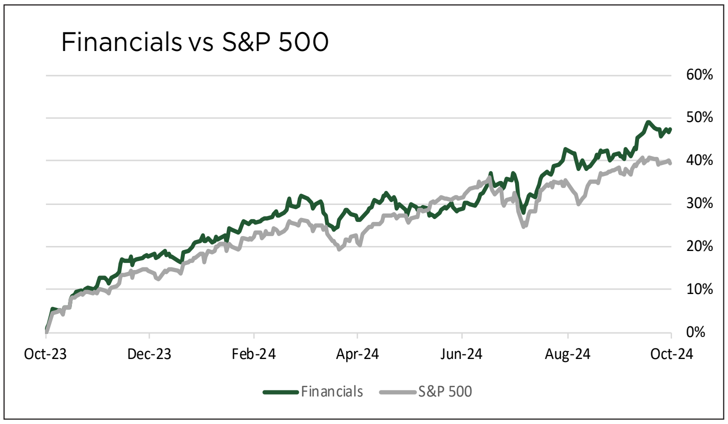
The Energy sector outperformed relative to the S&P 500 in October despite global macroeconomic concerns, the continuing conflict in the Ukraine and an escalation of hostilities in the Middle East weighing on sentiment. Amidst this backdrop, the Oil, Gas, & Consumable Fuels subsector outperformed the Energy Equipment & Services subsector for August. Overall, the energy sector has been underperforming the S&P 500 on a 3-month, YTD, and trailing twelve-months basis.

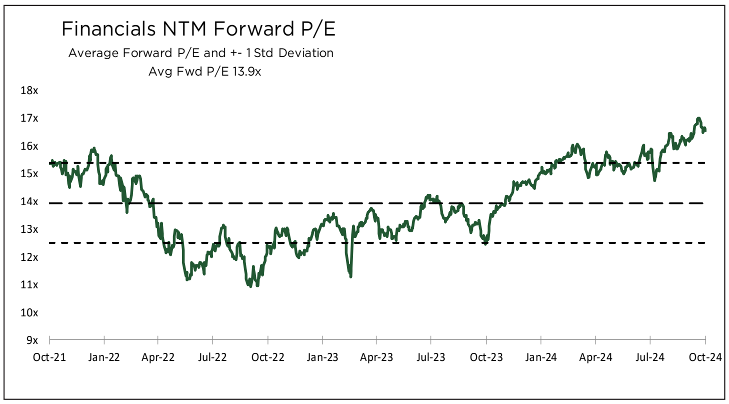
In its monthly report, OPEC cut its forecast for global oil demand growth in 2024 for the third consecutive downward revision. In the report, OPEC forecasts world oil demand will rise by 1.93 million barrels per day (bpd) in 2024 which is down from last month's figure of 2.03 million bpd. Additionally, OPEC cut its 2025 global demand growth estimate to 1.64 million bpd from the previous figure of 1.74 million bpd. Heading into 2025, OPEC+ is expected to start unwinding voluntary output cuts in which 2.5 million bpd could be added in just over a month potentially putting downward pressure on prices, according to Bloomberg.

The International Energy Agency's (IEA) mid-October report slightly cut global oil demand expectation from last month to just under 900 k/bpd for 2024. The forecast demand reduction is linked to ongoing expected weakness in Chinese consumption. The IEA detailed that China currently accounts for ~20% of global demand gains compared to ~70% in 2023. OPEC cut its 2024 China oil growth forecast to 580 k/bpd from 650 k/bpd. According to Reuters, the gap between the IEA and OPEC's forecasts is equal to more than 1% of world demand. The IEA also released their World Energy Outlook 2024 report where it indicates that peaks in oil, natural gas, and coal demand were visible this decade based on current government polices – the first time this has happened. The IEA's view is still in stark contrast to OPEC's forecasts where the cartel predicted oil demand would keep growing for decades to come, reaching 116 million barrels a day in 2045.

West Texas Intermediate (WTI) crude oil prices moved lower to $69.26 at the end of the month from the $68.17 level seen last month. Natural gas prices increased considerably to $2.71 from $2.92 last month. Retail gasoline cooled slightly to $3.10 from the $3.17 figure seen a month ago.

The Baker Hughes oil rig count decreased to 585 in October from the 587-level in September. For the week ending October 25, U.S. crude oil inventories came in at 425.5 million barrels which is ~4% below the five-year average for this time of year and compares to last month's number of 413 million barrels. 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 2024. 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 ~13.2 million barrels per day at the end of the month.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
2.55%	6.32%	23.48%	45.42%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-0.99%	3.32%	19.62%	36.93%

	Company Performance	1 Month
Leaders	Raymond James	21.0%
	Wells Fargo & Co	14.9%
	MarketAxess Holdings	13.0%
	Northern Trust Corp	11.7%
	Morgan Stanley	11.5%
Laggards	Erie Indemnity Co	-16.9%
	Arch Capital Group Ltd	-11.9%
	Everest Group Ltd	-9.2%
	S&P Global Inc	-7.0%
	Aflac Inc	-6.3%

Consensus FY EPS / P/E

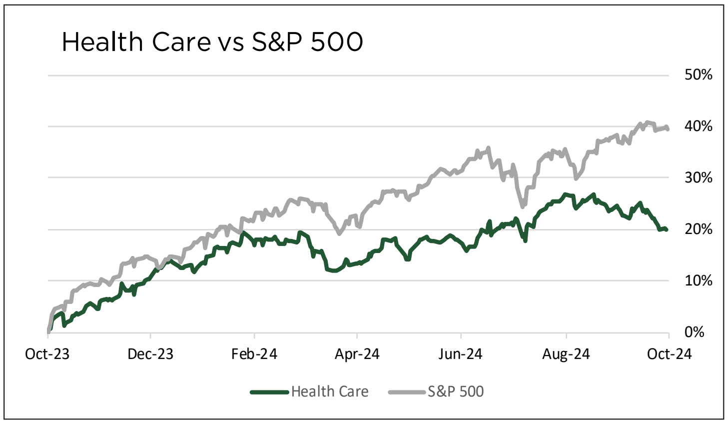
Last Year	Current Year	Next Year
$44.23	$45.28	$47.57
17.5x	17.1x	16.3x

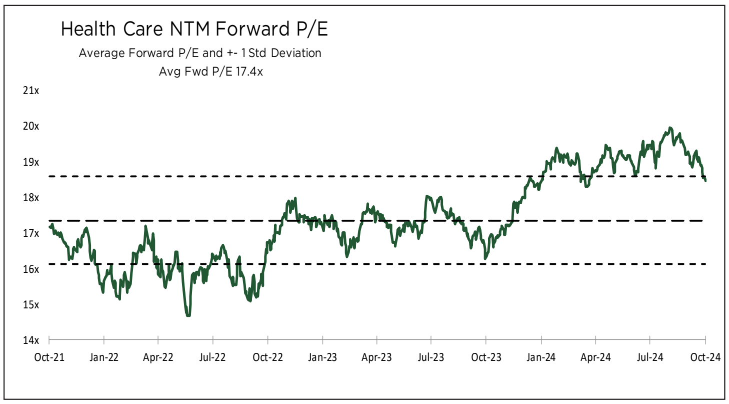
Sector Update

The Financials sector gained 2.6% in October, outpacing the 1% decline in the S&P 500® index. The Financials group was the best-performing sector in the month. Q3 results were generally better-than-expected for the sector, with Banks and Consumer Finance names outperforming subdued forecasts. Economic releases underscored continued relative strength in the economy, keeping a pro-cyclical investor tilt in-place. Financials outperformed the broader market index in the past three- and twelve-month period by 300 bps and 850 bps, respectively.

Sub-sector returns in the period were strong in October, with the exception of the Insurance group. Banks were the leading sub-sector in October, up 5.9% in the month as Q3 earnings were solid on increasing capital markets activity and forward guidance suggesting a potential bottoming in net interest incomes as the yield curve steepens into 2025. Increasing odds of a Trump presidency, and commensurate expansionary fiscal policy appeared to drive a material back-up in longer-term bond yields, furthering the thesis that interest margins for lenders could expand in the next twelve months given Fed anchored short-term yields are falling. The Capital Markets sub-sector gained 3.6% in the month on increasing activity driven by more accommodative Fed policy and expectations of further policy rate reduction into 2025 driving investment banking fees from M&A and capital issuance on lower financing costs. Consumer Finance gained 3.2% in the month as credit loss performance appeared to stabilize sequentially, albeit at levels ~25% above pre-pandemic normal. Insurers were the weakest performing sub-sector in October, particularly reinsurance names given costly storm damage estimates from Hurricanes Helene and Milton.

At period-end, the Financials Sector traded at a forward P/E ratio of 16.3x FY25 expectations, well above its three-year average forward twelve-month multiple (13.9x). Current valuations appear very full; however, assuming a non-recession scenario, Financials could possess solid earnings growth potential in the medium-term as loan growth rebounds, interest incomes benefit from a steepening yield curve, fee incomes rebound on capital markets activity picking up, and credit reserving needs decelerate. Near-term limited loan growth prospects and potentially softer labor data on the near horizon should temper expectations. Net, we view Financials as an equal-weight and look for selective opportunity in lenders with solid balance sheets and positive NII trajectory into 2025.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-4.73%	-1.79%	7.62%	18.68%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-0.99%	3.32%	19.62%	36.93%

	Company Performance	1 Month
Leaders	Incyte Corp	12.1%
	Bristol-Myers Squibb Co	7.8%
	Gilead Sciences Inc	5.9%
	Dexcom Inc	5.1%
	Solventum Corp	4.1%
Laggards	Elevance Health Inc	-22.0%
	Regeneron Pharma.	-20.3%
	IDEXX Laboratories Inc	-19.5%
	Align Technology Inc	-19.4%
	Teleflex Inc	-18.7%

Consensus FY EPS / P/E

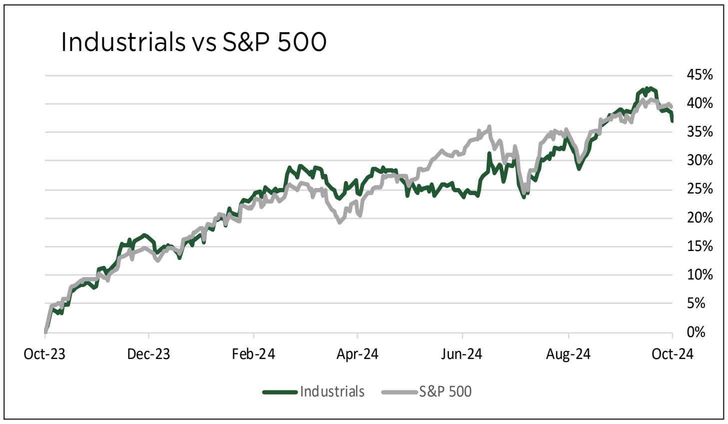
Last Year	Current Year	Next Year
$75.79	$80.31	$96.39
22.6x	21.3x	17.8x

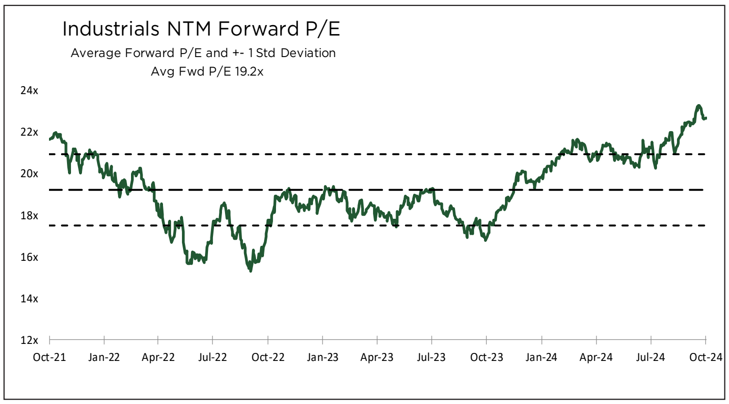
Sector Update

The Health Care sector declined by 4.73% in October, underperforming the S&P 500's 0.99% loss. During October, volatility was heightened leading up to the November election. Strong medical utilization remained a core theme within the sector, while waning Life Science activity in China remained at the forefront on investor's minds. Additionally, several Health Care firms reported earnings during the month with mixed results.

Early in October, certain quality ratings by the Center for Medicare & Medicaid Services (CMS) were published on the CMS's website. While the official quality ratings have not yet been published, the unofficial release had a mixed impact on Health Insurance stocks. The higher of a rating that health insurance firms achieve, the more money insurance firms receive from the government as a 'bonus' payment for offering Medicare. Additionally, multiple Health Care firms reported earnings results during the month. Strong medical utilization drove decent earnings results for MedTech firms, although hurricane related impacts affected the country's largest hospital operator. Life Science Tools companies have recently noted an encouraging normalization of in demand from pharmaceutical companies, although smaller Biotech firms remain cautious about spending. The operating environment in China remains a key question for Life Science Tools investor's given the persistent uncertainty surrounding the region.

Every Health Care subsector declined during October, with Life Science Tools and Health Care Providers & Services reporting the largest drops. The Life Science Tools subsector reported an 11.1% decline during the month, followed by a 7.3% loss from Health Care Providers & Services. The Pharmaceutical subsector reported a 4.6% drop during the month, while the Biotech and Healthcare Equipment & Supplies subsectors reported declines of 1% and 1.8%. The Health Care sector trades at a current forward P/E ratio of 21.3x, above the historical average of 17.4x.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-1.39%	4.54%	17.24%	36.97%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-0.99%	3.32%	19.62%	36.93%

	Company Performance	1 Month
Leaders	United Airlines Holdings	37.2%
	Paycom Software Inc	25.5%
	GE Vernova Inc	18.3%
	Dayforce Inc	15.8%
	Snap-on Inc	14.0%
Laggards	Huntington Ingalls Ind.	-30.0%
	A O Smith Corp	-16.4%
	Stanley Black & Decker	-15.6%
	Builders FirstSource Inc	-11.6%
	Equifax Inc	-9.8%

Consensus FY EPS / P/E

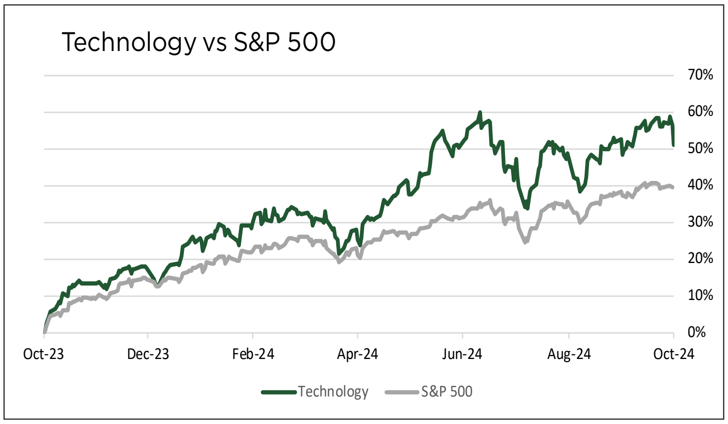
Last Year	Current Year	Next Year
$45.52	$44.18	$51.64
24.8x	25.6x	21.9x

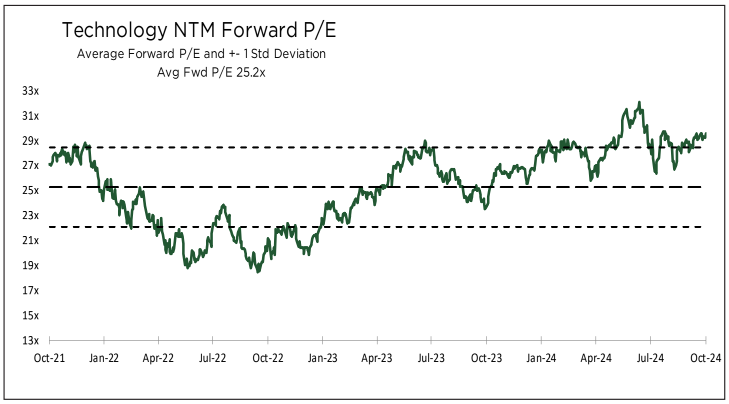
Sector Update

The Industrial Sector decreased 1.39% in October, underperforming the 0.99% loss from the S&P 500. The Industrials sector has underperformed the S&P 500 on a year-to-date basis, although the sector has outperformed the S&P 500 on both a 3-month and trailing-twelve-month basis. Following outperformance in September related to the Federal Reserve's interest rate cut, growing concerns around deficit spending may have negatively impacted the Industrials sector.

The Institute for Supply Management's Purchasing Managers Manufacturing Index (PMI) contracted for the seventh consecutive month in October. The overall economy continued in expansion for the 54th consecutive month after one month of contraction in 2020. The New Orders Index remained in contraction territory following a reading of 47.1%. Still, the New Orders Index increased 1% compared to September's reading of 46.1%. Only two of the largest six manufacturing industries expanded in October, including Food, Beverage & Tobacco Products and Computer & Electronic Products. In total, 5 manufacturing industries reported growth in October while 11 reported contractions. Lastly, the Production Index significantly declined in October. The Production Index registered a reading of 46.2%, a 3.6% decline compared to September.

Within the Industrials sector, the best-performing subsectors in the month were Airlines with an 16.9% gain and Trading Companies & Distributors with a 5.1% gain. The worst-performing subsectors in the month were Building Products with a 6.6% decline and Aerospace and Defense with a 4.4% decline. The Industrial Sector is currently trading at a Forward P/E ratio of 25.6x, exceeding its three-year average of approximately 19.2x.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-1.00%	2.60%	28.33%	50.98%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-0.99%	3.32%	19.62%	36.93%

	Company Performance	1 Month
Leaders	Palantir Technologies	11.7%
	NVIDIA Corp	9.3%
	Salesforce Inc	6.5%
	GoDaddy Inc	6.4%
	F5 Inc	6.2%
Laggards	Qorvo Inc	-31.0%
	Super Micro Computer	-30.1%
	Enphase Energy Inc	-26.5%
	First Solar Inc	-22.0%
	Teradyne Inc	-20.7%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$124.13	$134.90	$160.56
35.1x	32.3x	27.2x

Sector Update

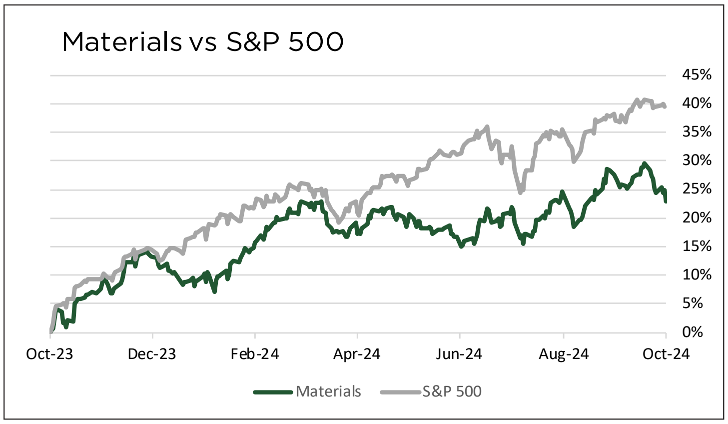
The Technology sector declined 1% in October, inline with the market. The Semiconductors & Semiconductor Equipment sub-sector continued to outperform the market in October (+2.4%) driven by the performance of NVIDIA and other semiconductor companies that benefit from robust demand for their semiconductor solutions to support hyperscale computing networks for gen AI. Leading hyperscale cloud companies reporting of robust gen AI demand may have led investors to bid up the shares of semiconductor companies that supply chips for gen AI.

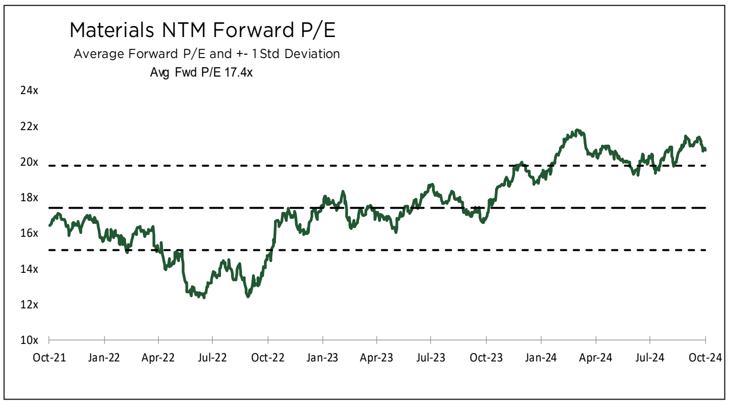
The semiconductor space was impacted by weak demand in the automotive and industrial markets. Several semiconductor companies reported that the weak macro-economic environment, particularly in the U.S. and Europe, contributed to weaker-than-expected demand in the industrial and IOT markets.

Most leading software companies have been slow to monetize gen AI, which may have contributed to the Software sub-sector underperforming the market. However, investors could become more positively inclined toward the Software sector over the next year, since their incorporation of gen AI into their cloud-based applications and their introduction of gen AI copilots and automated AI agents to facilitate communications and work flows, could contribute to their potential monetization of gen AI in 2025.

The Communications Equipment sub-sector outperformed the market in October (+1.8%). Leading communications equipment providers are benefiting from higher enterprise and hyperscale cloud company demand for their communications equipment solutions to connect global data centers and hyperscale computing networks to support gen AI.

The Technology sector appears fully valued, with a P/E of 32.3x and 27.2x the consensus analyst FY24/FY25 EPS estimates, compared to estimated FY25 EPS growth of 19% and its average twelve-month forward P/E of 25.2x.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-3.55%	0.97%	8.62%	23.01%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-0.99%	3.32%	19.62%	36.93%

	Company Performance	1 Month
Leaders	International Paper Co	13.7%
	Martin Marietta	10.0%
	Vulcan Materials Co	9.4%
	Packaging Corp of	6.3%
	Air Products and Chem.	4.3%
Laggards	Newmont Corp	-15.0%
	Ball Corp	-12.8%
	Freeport-McMoRan Inc	-9.8%
	Dow Inc	-9.6%
	LyondellBasell Ind.	-9.4%

Consensus FY EPS / P/E

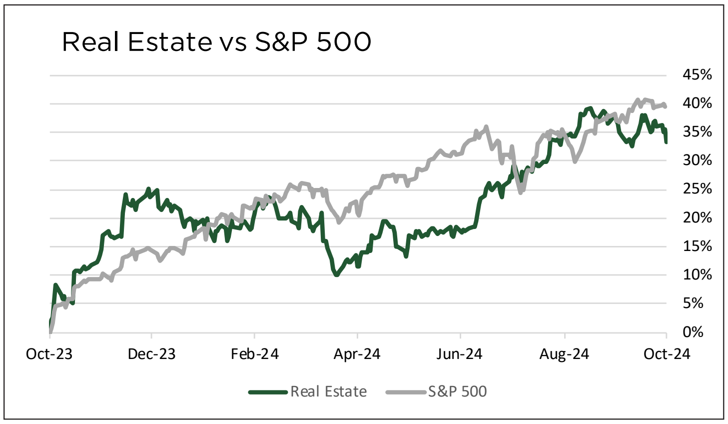
Last Year	Current Year	Next Year
$24.82	$25.42	$29.43
23.6x	23.1x	19.9x

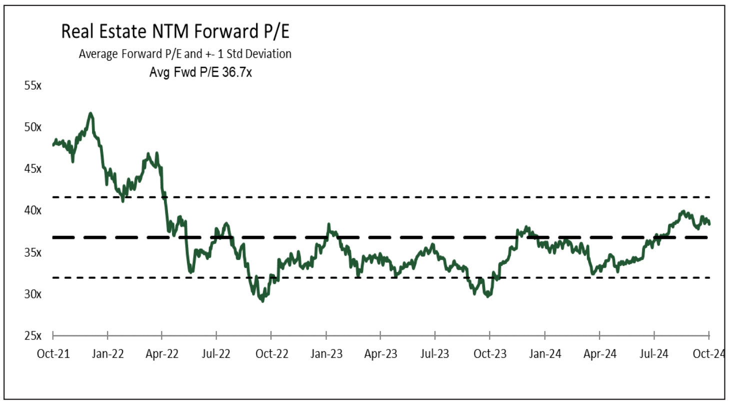
Sector Update

The Materials segment decreased 3.55% in October and underperformed the S&P 500 Index which decreased by 0.99%. Construction Materials was the strongest segment reflecting expectations for lower interest rates. Metals and Mining reversed its prior month strength and was the weakest segment as stocks posted a decline on news that China is now not expected to introduce further stimulus measures. Investors have traded away as they assess the long-term risk profile for the group as well as the expectation for a less aggressive easing cycle by the Fed. Enhanced uncertainty from potential tariffs is now a factor to monitor in 2025. YTD through October, the Materials segment increased 8.62% vs the S&P 500 that rose 19.62%. The Materials segment now trades with an average forward P/E of about 23.1x and above its historical valuation range of 17.4x. Selective investment among the group remains a key factor with a preference for strong management teams, high-quality businesses and strong balance sheets. With strong company balance sheets and likely lower rates, further portfolio transformation could occur including divestment of non-core assets and additions.

Volume and operating leverage remain key variables influencing results for the chemical producers. As demand normalizes, companies should benefit from improved capacity utilization, higher margins and greater profits. Management continues to seek cost savings and investment opportunities supported by capital investment. Key factors for FY25 include volume, pricing, costs, macro trends, currency movement, inventory levels, potentially lower interest rates and ongoing portfolio transformation. Construction and chemical companies expect lower interest rates should begin to benefit results and support momentum into 2025. Additionally, the impact of hurricanes in the Southeast of the US should influence Q4 results. Movement in mortgage rates influence home buying activity and investor interest in the segment. Uncertainties do persist including consumer behavior and end market demand (construction, agriculture, additives, durables, autos, etc). Looking forward to FY25, homebuilder stocks should continue to benefit from tailwinds including a favorable supply/demand outlook, expectations for lower interest rates, higher expect volumes and strong balance sheets.

REAL ESTATE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-3.41%	4.87%	7.68%	33.18%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-0.99%	3.32%	19.62%	36.93%

	Company Performance	1 Month
Leaders	Digital Realty Trust Inc	10.1%
	Welltower Inc	5.4%
	CBRE Group Inc	5.2%
	Iron Mountain Inc	4.1%
	Equinix Inc	2.3%
Laggards	Invitation Homes Inc	-10.9%
	Prologis Inc	-10.6%
	Public Storage	-9.6%
	Crown Castle Inc	-9.4%
	Extra Space Storage Inc	-9.4%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$12.77	$12.94	$13.67
21.2x	20.9x	19.8x

Sector Update

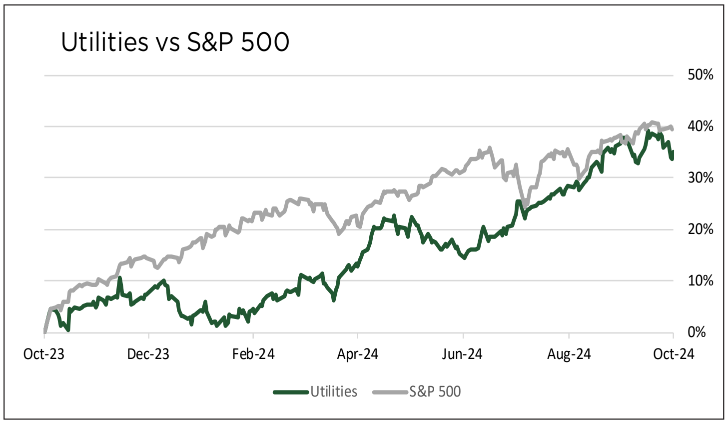
October saw the Real Estate sector underperform the S&P 500 – registering a 3.41% decline that contrasts with the broad market's dip of 0.99%. We sense that a combination of two factors drove the end of a brief period of outperformance by Real Estate. First, a 'sell on the news' move likely arose with investors locking in some profits post the shift in Fed policy in mid-September when the FOMC moved to an easing policy trimming the funds rate by 50 BPS. Then, subsequent economic reports pointed to the U.S. economy as being stronger than earlier anticipated on the employment, wage and spending fronts that catalyzed a sharp rise across the yield curve. The Real Estate sector is frequently viewed as a bond proxy type of investment with higher interest rates weighing on sector valuations.

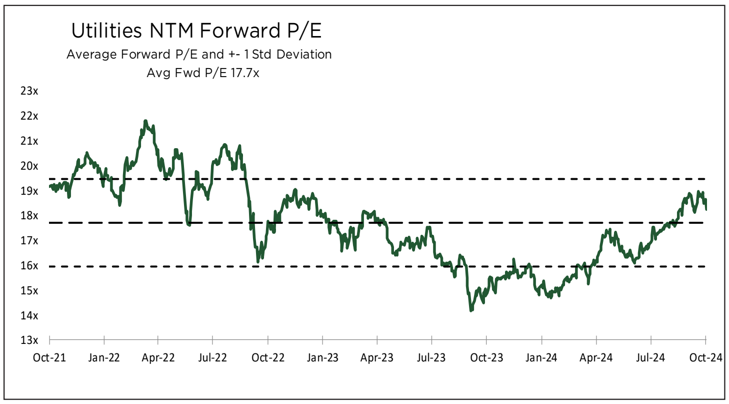
Thus, an economic outlook shift arose in the 3Q after earlier macro disinflationary trends positioned many Real Estate firms to report stronger than anticipated operating results in the 2Q - with strongest gains being reported from housing and self-storage groups (performance also being closely tied to housing). Recent updates offered post Labor Day and into 3Q earnings season indicate progress slowed this quarter on new leasing activity, occupancy rates, and pricing power on renewals with many trimming their business outlook into 2025. Thus, the same sector stocks that had led Real Estate gains into late summer were under pressure into the 3Q with Invitation Homes, Public Storage and Extra Space Storage selling off. Prologis appears well positioned longer term in the warehousing space, although new capacity (notably in California) remains to be absorbed with rental rates on the decline that has pressured the shares. Crown Castle – a leader in the cell tower group – saw its shares under pressure as the firm moves to auction off its fiber business with reputed bids coming in short of company expectations, while telecom companies have announced plans to retrench on capex investment in 2025.

In contrast, firms targeting the data center, senior care, and retailing sectors have delivered as expected on 3Q2024 operating results. AI emergence continues to drive data center demand positioning firms such as Digital Realty to ramp rental rates on renewals, while also delivering on substantial new project development. Welltower and Ventas have experienced strong gains from their SHOP – company owned and operated senior care assisted living lines of business, while the triple net lease side of the business is sound. And, CBRE Group has seen their advisory business rise as transaction activity ramped on expectations for the U.S. to achieve an economic soft landing.

We sense future returns for Real Estate will likely remain closely tied to interest rates and growth prospects for the U.S. economy. Latest jobs datasets point to a gradual softening as emerging that depending upon intensity could weigh on consumer and business spending, impacting real estate leasing demand. Still, a moderating economy escaping recession along with anticipated lower interest rates if forthcoming should be supportive for bond proxy issues such as real estate over the intermediate term. In the meantime, the emerging AI trade should continue to 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
-1.07%	9.81%	26.09%	35.17%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-0.99%	3.32%	19.62%	36.93%

	Company Performance	1 Month
Leaders	Entergy Corp	17.6%
	Vistra Corp	5.4%
	Dominion Energy Inc	3.0%
	Xcel Energy Inc	2.3%
	PG&E Corp	2.3%
Laggards	AES Corp/The	-17.8%
	NextEra Energy Inc	-6.2%
	FirstEnergy Corp	-5.7%
	American Water Works	-5.6%
	Edison International	-5.4%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$19.92	$20.44	$22.45
20.4x	19.9x	18.1x

Sector Update

Utilities declined 1.1% in October, slightly below the 1% pullback in the S&P 500® index in the same period. The Utilities group has outperformed the broader market index in the past three-months and year-to-date period by ~6.5 percentage points in both periods. All Utilities sector components finished October lower than the prior month, largely reflecting a back-up in longer-term interest rates in the month with the ten-year yield up ~50bps in the period. Despite the interest rate headwind, Utilities performance was broadly consistent with the market as power demand is expected to remain in a multi-year upswing driving earnings growth potential well above historical averages into the next decade.

The Sector's secular growth potential is driven by industry forecasts suggesting global data center power demand could grow from approximately 2% of consumption to about 10% by 2030, led by the U.S. with nearly 20% of total power consumption by data centers toward the end of the decade. Proliferation of AI and advanced chip technology requires significantly more power than traditional CPUs, driving expectations of a ~15x increase in global data center power demand into 2030.

As a reflection of growing power demand, an all-of-the-above approach to power generation including traditional gas fired, renewable, and nuclear sources are likely to benefit. Local utility Dominion (D) recently announced an agreement with Amazon (AMZN) to explore potential small modular reactor (SMR) to power data center operations in Virginia. Northern Virginia's data center footprint remains the most significant in the U.S., approximately five times larger than the next largest, Dallas—and a key driver of industry forecasts projecting a 5.5% annual power demand growth rate in the next ten years in the state.

Entergy (ETR) was the leading performer in October, up 17.6% in the month after a ~16% gain on the last day of October following a slight earnings beat, narrowed guidance range, and suggestion that the company could expand its nuclear operations. Following significant appreciation in nuclear utilities like Constellation (CEG) in the past year, any mention of nuclear capex growth is garnering significant investor attention despite relatively uncertain regulatory approval and viability.

After robust year-to-date performance (+26%), the Utilities sector now trades at a modest premium to its historical average P/E of 17.7x. On the other hand, the group continues to appear reasonably valued given new secular growth tailwinds and upside optionality from potential defensive rotation against an uncertain macro backdrop. Given these factors, we continue to view the Sector as an Overweight.

ECONOMIC CALENDAR

Date	Release	For	Prior
4-Nov	Factory Orders	Sep	-0.20%
5-Nov	Trade Balance	Sep	-$70.4B
5-Nov	S&P Global US Services PMI - Final	Oct	55.2
5-Nov	ISM Services PMI	Oct	54.90%
6-Nov	MBA Mortgage Applications Index	11/2	-0.10%
6-Nov	EIA Crude Oil Inventories	11/2	-0.515M
7-Nov	Initial Claims	11/2	216K
7-Nov	Continuing Claims	10/26	1862K
7-Nov	Productivity-Prel	Q3	2.50%
7-Nov	Unit Labor Costs-Prel	Q3	0.40%
7-Nov	Wholesale Inventories	Sep	0.10%
7-Nov	EIA Natural Gas Inventories	11/2	+78bcf
7-Nov	FOMC Rate Decision	Nov	4.75-5.00%
7-Nov	Consumer Credit	Sep	$8.9B
8-Nov	Univ. of Michigan Consumer Sentiment - Prelim	Nov	70.5
12-Nov	Treasury Budget	Oct	N/A
13-Nov	MBA Mortgage Applications Index	11/9	N/A
13-Nov	Core CPI	Oct	0.30%
13-Nov	CPI	Oct	0.20%
13-Nov	EIA Crude Oil Inventories	11/9	N/A
14-Nov	Continuing Claims	11/2	N/A
14-Nov	Core PPI	Oct	0.2%
14-Nov	Initial Claims	11/9	N/A
14-Nov	PPI	Oct	0.00%
14-Nov	EIA Natural Gas Inventories	11/9	N/A
15-Nov	Export Prices ex-ag.	Oct	-0.90%
15-Nov	Import Prices ex-oil	Oct	0.10%
15-Nov	Retail Sales	Oct	0.40%
15-Nov	Retail Sales ex-auto	Oct	0.50%
15-Nov	Capacity Utilization	Oct	77.50%
15-Nov	Industrial Production	Oct	-0.30%
15-Nov	Business Inventories	Sep	0.30%
18-Nov	NAHB Housing Market Index	Nov	43
18-Nov	net Long-Term TIC Flows	Sep	$111.4B
19-Nov	Housing Starts	Oct	1354K
19-Nov	Building Permits	Oct	1428K
20-Nov	MBA Mortgage Applications Index	11/16	N/A
20-Nov	EIA Crude Oil Inventories	11/16	N/A
21-Nov	Initial Claims	11/16	N/A
21-Nov	Continuing Claims	11/9	N/A
21-Nov	Existing Home Sales	Oct	3.84M
21-Nov	Leading Indicators	Oct	-0.50%

ECONOMIC CALENDAR

21-Nov	EIA Natural Gas Inventories	11/16	N/A
22-Nov	Univ. of Michigan Consumer Sentiment - Final	Nov	N/A
26-Nov	FHFA Housing Price Index	Sep	0.30%
26-Nov	S&P Case-Shiller Home Price Index	Sep	5.20%
26-Nov	Consumer Confidence	Nov	108.7
26-Nov	New Home Sales	Oct	738K
27-Nov	MBA Mortgage Applications Index	11/23	N/A
27-Nov	Personal Income	Oct	0.30%
27-Nov	Personal Spending	Oct	0.50%
27-Nov	PCE Prices	Oct	0.20%
27-Nov	PCE Prices - Core	Oct	0.30%
27-Nov	Initial Claims	11/23	N/A
27-Nov	Continuing Claims	11/16	N/A
27-Nov	Durable Orders	Oct	-0.80%
27-Nov	Durable Goods -ex transportation	Oct	0.40%
27-Nov	Adv. Intl. Trade in Goods	Oct	-$108.2B
27-Nov	Adv. Retail Inventories	Oct	0.80%
27-Nov	Adv. Wholesale Inventories	Oct	-0.10%
27-Nov	GDP - Second Estimate	Oct	2.80%
27-Nov	GDP Deflator - Second Estimate	Oct	1.80%
27-Nov	Pending Home Sales	Oct	7.40%
27-Nov	EIA Crude Oil Inventories	11/23	N/A
27-Nov	EIA Natural Gas Inventories	11/23	N/A

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® 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 BLOOMBERG PROFESSIONAL service, BLOOMBERG Data, and BLOOMBERG Order Management Systems (the 'Services') are owned and distributed locally by Bloomberg Finance L.P. ('BFLP') and its subsidiaries in all jurisdictions other than Argentina, Bermuda, China, India, Japan, Korea (the "BLP Countries"). BFLP is a wholly-owned subsidiary of Bloomberg L.P. ("BLP"). BLP provides BFLP with global marketing and operational support and service for the Services and distributes the Services either directly or through a non-BFLP subsidiary in the BLP Countries. The Services include electronic trading and order-routing services, which are available only to sophisticated institutional investors and only where the necessary legal clearances have been obtained. BFLP, BLP and their affiliates do not provide investment advice or guarantee the accuracy of prices or information in the Services. Nothing on the Services shall constitute an offering of financial instruments by BFLP, BLP or their affiliates. BLOOMBERG, BLOOMBERG PROFESSIONAL, BLOOMBERG MARKET, BLOOMBERG NEWS, BLOOMBERG ANYWHERE, BLOOMBERG TRADEBOOK, BLOOMBERG BONDTRADER, BLOOMBERG TELEVISION, BLOOMBERGRADIO, BLOOMBERG PRESS AND BLOOMBERG.COM are trademarks and service marks of BFLP, a Delaware limited partnership, or its subsidiaries.

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.

DAVENPORT
BUILDING WEALTH TOGETHER
1863

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
114 West 2nd 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.*