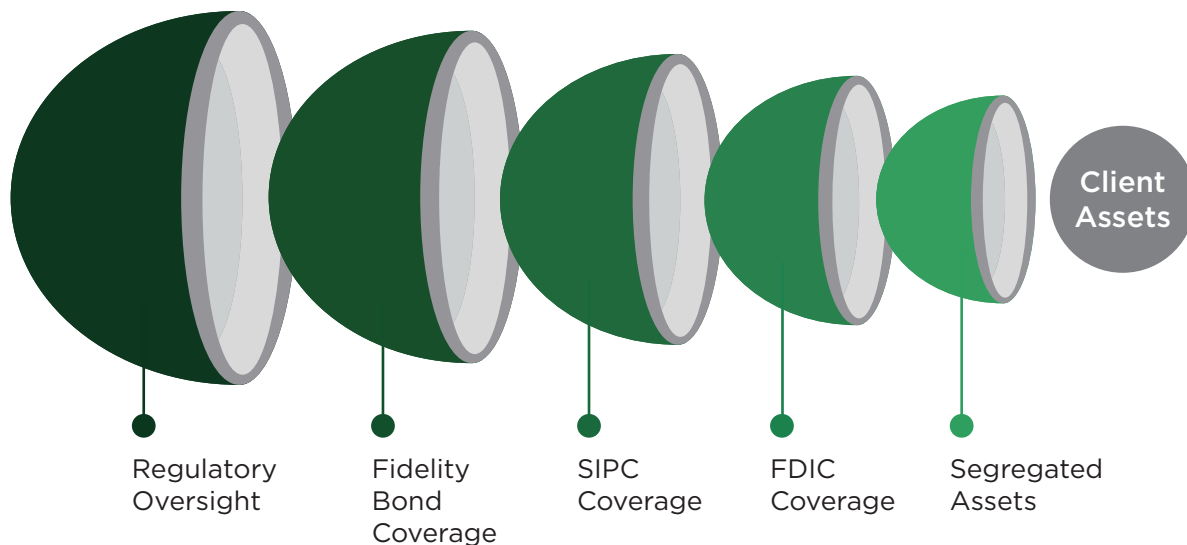


Understanding Account Protection

At Davenport, we are committed to protecting our clients' assets. As a dually registered Broker Dealer and Registered Investment Advisor, our firm is structured differently than a bank, with several layers of safeguards in place to protect customer assets.

Layers of Protection



Important Definitions

- **Segregated Assets:** The most important operational rule with which we (Davenport) must comply is the Securities and Exchange Commission's Rule 15c3-3, known as the "Possession and Control Rule." It requires Davenport to segregate paid-for customer securities from Davenport/firm-owned securities. We cannot use customer securities to meet a claim against Davenport or any other customer.
- **FDIC Coverage:** Federal Deposit Insurance Corporation (FDIC) protects customers against the loss of deposit accounts, such as brokered CDs and Liquid Insured Deposits Program investments offered through Davenport & Company, should the FDIC insured bank fail.
- **SIPC Coverage:** The Securities Investor Protection Corporation (SIPC) protects customers of SIPC-member broker-dealers if the firm fails financially and segregated assets are missing. Coverage is up to \$500,000 per customer for all accounts at the same institution, including a maximum of \$250,000 for cash.

Please be aware that SIPC does not protect investors if the value of their investments falls.

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- **Fidelity Bond Coverage:** Davenport maintains blanket fidelity bond coverage in excess of the minimum requirements imposed by the Financial Industry Regulatory Authority (FINRA). Davenport's coverage is \$50 million in total and \$25 million per incident. Our fidelity bond coverage provides that the insurance company will pay the insured business or individual for money or other property lost because of dishonest acts of its bonded employees. The bond covers all dishonest acts, such as larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, or willful misapplication, whether employees act alone or as a team.
- **Regulatory Oversight:** The Securities and Exchange Commission (SEC) acts independently of the U.S. government and was established by the Securities Exchange Act of 1934. The SEC enforces the federal securities laws and regulates the majority of the securities industry.

The Financial Industry Regulatory Authority (FINRA) is an independent, non-governmental organization that writes and enforces the rules governing registered brokers and broker-dealer firms in the United States.

The Municipal Securities Rulemaking Board, (MSRB) is a regulating body which creates rules and policies for investment firms and banks in the issuing and sale of municipal bonds, notes and other municipal securities.

Davenport is also subject to the National Association of Insurance Commissioners (NAIC), State Regulators, as well as other financial services oversight institutions.

Davenport & Company and Pershing LLC

Davenport entered a strategic clearing arrangement with Pershing LLC (a subsidiary of BNY Mellon, N.A.) in May 2021. Pershing became the clearing agent for Davenport & Company LLC and handles recordkeeping and operational services, such as execution and settlement of trades, custody of securities and cash balances for your account.

Pershing has been a leading global provider of financial business solutions for more than 80 years, and is the trusted choice of approximately 1,200 firms, representing more than seven million investors.

Together, Davenport and Pershing share a commitment to providing tailored service, diligent protection and accurate reporting of assets for investors.

Davenport Financial Strength and Conservative Approach

Our conservative balance sheet and risk-averse nature are among the greatest safeguards of our clients' assets. Davenport has been consistently profitable since our founding in 1863. The securities inventories that are carried by Davenport consist almost exclusively of high-grade municipal bonds, and inventory levels typically do not exceed one-third of our capital.

Davenport is fully committed to protecting the securities our clients entrust to us. Rigorous adherence to regulatory procedures, checks and balances, SIPC insurance coverage, blanket fidelity bond coverage, and a conservative, well capitalized balance sheet all work together to ensure the utmost protection of our clients' assets.

If you have any questions or need assistance, contact your Davenport Financial Advisor.