

DAVENPORT

*EQUITY FUND*

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ANNUAL REPORT

March 31, 2008





# THE DAVENPORT EQUITY FUND LETTER TO SHAREHOLDERS

May 8, 2008

Dear Shareholders,

The following chart represents The Davenport Equity Fund's (the "Fund") performance and the performance of the S&P 500 Index\*, the Fund's primary benchmark, for the periods ending March 31, 2008.

	Q1 2008	1 Year	3 Years**	5 Years**	10 Years**	Since Inception** (1/15/98)	Gross Expense Ratio:
DAVPX	-7.88	3.44	7.61	12.24	4.22	5.24	0.96%
S&P 500	-9.44	-5.08	5.85	11.32	3.50	4.98	

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

\* 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. An investor cannot invest in an index and its returns are not indicative of the performance of any specific investment.

\*\*Annualized.

## Market Commentary

To say that current market conditions are unsettling would be an understatement. Investors are waking up daily to headlines of volatile stock prices, declining home values, rising oil prices, a collapsing U.S. dollar and an under-capitalized banking system. Recently, we awoke to news of Bear Stearns being bailed out by JP Morgan and the Federal Reserve at a price of \$2 per share, which is approximately 1% of its trading price of roughly \$150 per share a year ago. The equity markets continued the late 2007 retreat in the first quarter of 2008 with the S&P 500 Index down 9.4% and the Russell Midcap Index (down 10.0%). While not satisfied with negative results, we are pleased that the Fund outperformed its benchmark during the first quarter. Our economy is clearly slowing. Furthermore, we may be witnessing the end of a multi-decade debt boom. Bull markets tend to be driven in part by easy access to capital. Access to capital is supported by lending, which in turn is supported by faith and confidence. Currently, faith and confidence are lacking. As a result, we have been cautious in this environment. The Federal Reserve took unprecedented steps during the quarter to soften the blow, but probably won't be able to entirely offset this lack of confidence. During the quarter, the Federal Open Market Committee elected to lower the Fed Funds rate by 200 basis points and opened the discount window to broker dealers accepting an expanded list of assets as collateral. The Fed orchestrated the purchase of Bear Stearns by JP Morgan and agreed to guarantee the assets up to \$29 billion to facilitate the orderly liquidation of their portfolio and avoid further market turmoil. These actions have gone a long way to restore investors' confidence that the Fed is appropriately focused on the financial

markets. Nonetheless, the flight to quality from risk continues. In previous updates, we have discussed the growing popularity of riskier investments. Early last year, spreads between the riskiest debt and Treasury securities had contracted to the lowest levels seen in many years. In the past few months we have seen spreads widen considerably, doubling from year-ago levels, as rumors swirl around the credit worthiness of many institutions. We believe investors will continue to gravitate to, and pay a premium for, companies with high quality balance sheets and relatively stable business models with good cash generation. The Fund has been, and continues to be, positioned to take advantage of this shift in investor sentiment.

We have begun to search areas of the market where valuations have discounted the widely touted troubles of the day. While we remain cautious of companies whose assets and liabilities are difficult to assess, there are opportunities among those where the risk is in the companies' earnings which has been well telegraphed, is understood, and is reflected in valuations. Some of the depressed areas of the market, such as those related to housing and the consumer, have provided entry points to stocks at what we believe to be attractive valuations relative to their prospects in a recovery. We are reminded daily of the troubles the consumer faces and the difficulties in housing to the point of becoming numb to the news. Throughout the first quarter and into the beginning of the second, we have made some new investments in the Consumer Discretionary sector, an area in which we were underweighted for much of 2007. We believe now is the time to be planting a few seeds, recognizing that bad news may continue in the coming months, but that much of it has been accounted for in the valuations of many stocks. While investors' focus remains on troubles within the U.S. economy and financial markets, the drum beats on in much of the rest of the world. A slower U.S. economy will create a headwind for foreign economies, but it will not have the dampening effect it might have had a decade ago. We continue to favor companies with solid international operations, as the rising standard of living in other countries continues to create demand for products and services of these U.S. companies. New money is finding its way into individuals' pockets in many emerging markets which in turn is spent on toothpaste, beverages, cars, and computers. This demand should persist for far longer than the current weak domestic economy. Current pessimism surrounding our economy has created attractive valuations for some companies that will ride this wave of foreign wealth for years to come. Over the last year, the benefits of foreign exposure have become more apparent as slower growth for domestic operations has been partially offset by strong growth overseas. Additionally, a weak U.S. dollar has further aided earnings growth for companies doing business abroad as income is translated back into a relatively weak dollar. At some point this conversion will create a headwind for some of the names we own, but for now the benefits of owning these multinational businesses outweigh this risk. While we expect the markets to remain tumultuous in the short term, we believe this turbulence will present opportunities to buy companies at attractive prices and sell or reduce exposure to those for which we have become less enthusiastic. We will continue to seek opportunities that the current market presents to us, and carefully assess the investments we have already made. We look forward to reporting our progress to you in the summer.

## The Fund

The Fund was up 3.4% over the twelve months ending March 31, 2008, and outperformed the broader market with the S&P 500 down 5.1% during that time. We are pleased to have outperformed the market, but we hope for better absolute returns over time. During this challenging investment environment we have emphasized a few themes in our stock selection process.

We continue to believe quality large-cap stocks should have appeal. Large companies offer a number of benefits including ready access to capital, trading liquidity and international exposure. That said, large caps out performance of small caps could moderate or reverse near-term, given very depressed valuations for smaller companies. Despite the strong performance of large caps relative to small cap stocks over the last twelve months, the S&P 500's decline of 9.44% for the first quarter was barely ahead of a 9.90% decline for the Russell 2000, which is a common proxy for small cap performance.

The Fund has the flexibility to tilt between growth and value stocks and we have had a growth bias over the last year. We believe investors may be willing to pay a premium for companies able to consistently post above average growth. This bias helped over the last year by this style bias, as growth stocks out performed value stocks based on a comparison of the S&P 500 Citigroup Value Index (2) (down 11.51%) and the S&P 500 Citigroup Growth Index (up 2.68%). While this trend will undoubtedly sputter over short periods we feel the preference for growth stocks should persist for a while.

While the S&P 500 posted negative performance over the past twelve months, we had a few bright spots that helped our performance. Energy holdings such as EOG Resources and XTO Energy performed well in tandem with rising natural gas prices. Within the energy sector, we have been shifting exposure from huge integrated oil & gas companies, which may have difficulty growing, towards companies with better growth profiles. For instance, we recently sold ConocoPhillips and used the proceeds to re-establish a position in Cameco, which is the world's largest uranium producer. We had taken profits in this stock in late 2006 and thought it was attractive once again following a substantial decline. Relative performance during the year was also helped by the market's two most downtrodden sectors: Financials and Consumer Discretionary. In the case of Financials, we picked up some ground by avoiding many of the well publicized disasters in that industry and relatively stable performance from core holdings such as BB&T and Berkshire Hathaway. Within the Financial sector, we continue to emphasize quality and transparency. As for the Consumer Discretionary space, which suffered a tough 2007, we benefited from being underweight the sector. On a final positive note, we also got a lift in the strong Materials space from Rio Tinto, which was our top performer over the year. Our performance was hurt by the Consumer Staples sector, which was a bright spot in 2007, but suffered in the early part of 2008. While benefiting from an overweight position in the group, poor performance from SABMiller and Walgreen hurt results though we continue to like both stocks on a long term basis. We are pleased with how the Fund has weathered the turbulent market and hope in our next report to discuss strong absolute returns in addition to relative

performance. We are excited about the fund's prospects and its potential to benefit from an economic recovery. We believe the strategy we have outlined above will help us achieve our overriding long term goal: to deliver competitive returns with comfortable risk.

To learn more about our recent purchases please see below. As always if you would like to learn more about our strategy, please feel free to contact us. We look forward to reporting to you late this summer.


- (1) The **Russell Midcap Index** measures the performance of the 800 smallest companies in the Russell 1000, which represent approximately 25% of the total market capitalization of the Russell 1000.
- (2) The **S&P 500/Citigroup Value Index** is a capitalization weighted index of all the stocks in the S&P 500 that have lower price-to-book ratios.
- (3) The **S&P 500/Citigroup Growth Index** is a capitalization weighted index of all the stocks in the S&P 500 that have higher price-to-book ratios.

### **Recent Purchases**

**Cameco Corporation (CCJ)** is the world's largest uranium producer with roughly 550 million pounds of reserves. At 20 million pounds of annual production, the company accounts for roughly 20% of global uranium production. Moreover, Cameco is one of the few publicly traded ways to play the long term bullish outlook for uranium/nuclear energy and is the only "go to" name in the space for big money. Cameco has a healthy balance sheet with a debt to capitalization ratio of 18% and has been buying back stock. Moreover, free cash flow should ramp dramatically to over \$1 billion within a few years. The company's second largest deposit, Cigar Lake, flooded in 2006 and is not expected to resume production until 2011 at the earliest. This, along with lower uranium prices and softer financial results, has caused significant deterioration in CCJ's share price. That said, with the stock trading around 1x Net Asset Value (NAV) compared to the stock's historical range of 1.5x-2.0x, we believe most of the bad news is priced in at current levels.

**Marriott International Incorporated (MAR)** is a hotel franchiser/manager and time share developer. Marriott has nearly 2,900 lodging properties in the United States and 68 other countries across 18 brands. We are attracted to Marriott's royalty-like business model. Since it does not own the majority of its hotels, Marriott has a capital light business model driven by management, franchise and incentive fees. This translates into significant free cash flow. The company should be able to grow units under management 4%-5% annually, and has a robust pipeline with roughly 115,000 rooms either approved or under construction. Also encouraging is the company's commitment to buying back stock. Since 1998 the company has purchased over \$7 billion worth of its own stock and believes that it should be able to purchase another \$4.5-\$5 billion worth over the next five years.

**SABMiller PLC (SBMRY)** is a global brewer with sales across 60 countries. The company has over 150 beer brands including Miller, Peroni, Fosters, Castle, Redd's and Snow. SAB Miller has a truly global footprint that is skewed towards faster growing economies. (Snow is the leading beer in China). North America accounts for only 15-20% of total volumes with 32% of volumes from Africa and Asia, 20% from Latin America and 15% from Europe. While trading at a discount to domestic brewers such as Anheuser Busch, the company is growing faster, has a solid core of brands and is successfully introducing new concepts (i.e. Miller Chill). Moreover, we expect the company to be able to leverage its brand purchases, such as its recent purchase of Grolsch, across its global platform. Overall, we expect the company should be able to generate single digit sales growth while growing the bottom line in the low double digits.

isk Corporation (SNDK) is the world's largest supplier of innovative flash memory and data storage products. NAND flash memory, which founder Dr. Eli Harari and SNDK pioneered, has become one of the most important technology advancements of the past 20 years, all but replacing traditional film as the storage medium of choice and well on its way to doing the same to CDs and tapes in the market for portable audio. The company benefits not only from the sales of its own products, but from the general growth in NAND sales as most other market participants pay royalties to SNDK on their NAND sales. We believe flash memory will see increasing adoption as new consumer devices emerge (multimedia phones, solid state drives, etc.). We are also attracted to the company's intellectual property, which allows it to collect royalties from other NAND manufacturers. Using the low end of revenue and margin guidance, the company should be able to generate \$2.00+ of EPS (earnings per share) in 2008 and appears cheap at these depressed levels. Authorized for distribution only if preceded or accompanied by a prospectus. Where shown or quoted, recent company returns are stock price changes only, and reflect neither dividends nor any fees as associated with an investment in the Fund. This Report seeks to describe the Fund managers' current views of the market and to highlight selected activity in the Fund. Any discussion of specific securities is intended to help shareholders understand the Fund's investment style, and should not be regarded as a recommendation of any security.

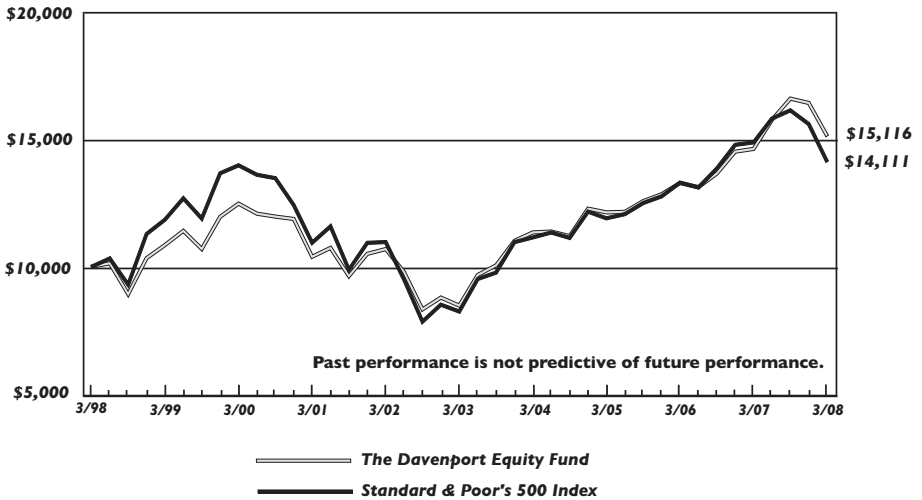
Sincerely,

Joseph L. Antrim, III  
President  
Davenport Equity Fund

# THE DAVENPORT EQUITY FUND

## PERFORMANCE INFORMATION (Unaudited)

**Comparison of the Change in Value of a \$10,000 Investment in The Davenport Equity Fund and the Standard & Poor's 500 Index**



	Average Annual Total Returns <sup>(a)</sup> (for periods ended March 31, 2008)		
	1 Year	5 Years	10 Years
The Davenport Equity Fund	3.44%	12.24%	4.22%
Standard & Poor's 500 Index	-5.08%	11.32%	3.50%

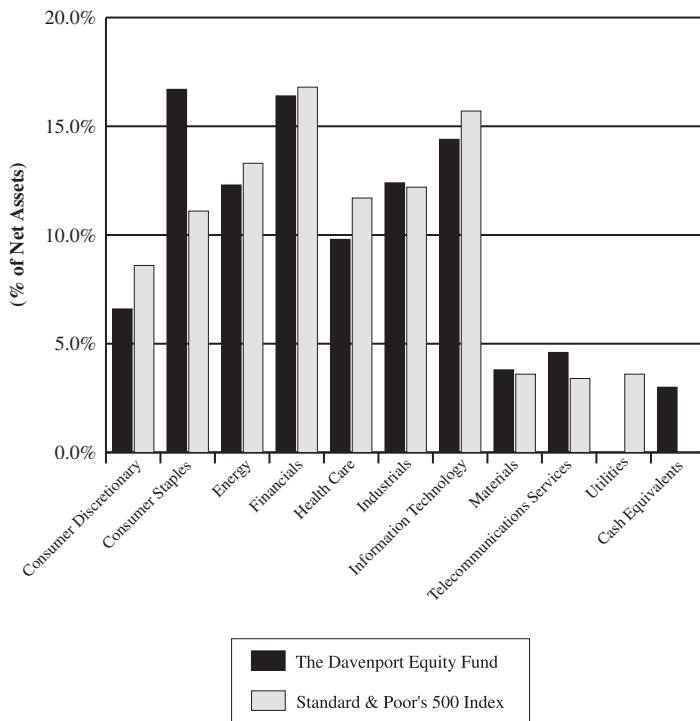
<sup>(a)</sup> The total returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

# THE DAVENPORT EQUITY FUND

## PORTFOLIO INFORMATION

### March 31, 2008 (Unaudited)

#### Sector Concentration vs. the Standard & Poor's 500 Index



#### Top Ten Equity Holdings

<u>Security Description</u>	<u>% of Net Assets</u>
General Electric Company	3.4%
Markel Corporation	2.6%
Berkshire Hathaway, Inc. - Class B	2.6%
Praxair, Inc.	2.5%
Danaher Corporation	2.4%
Colgate-Palmolive Company	2.4%
United Technologies Corporation	2.4%
Exxon Mobil Corporation	2.2%
United Parcel Service, Inc. - Class B	2.1%
L-3 Communications Holdings, Inc.	2.1%

# THE DAVENPORT EQUITY FUND

## SCHEDULE OF INVESTMENTS

March 31, 2008

Shares	COMMON STOCKS — 97.0%	Value
	<b>Consumer Discretionary — 6.6%</b>	
119,885	CarMax, Inc. <sup>(a)</sup> .....	\$ 2,328,167
70,523	Lowe's Companies, Inc. ....	1,617,798
58,470	Marriott International, Inc. ....	2,009,029
108,358	News Corporation .....	2,063,136
52,682	Omnicom Group, Inc. ....	2,327,491
		<u>10,345,621</u>
	<b>Consumer Staples — 16.7%</b>	
47,414	Colgate-Palmolive Company .....	3,694,025
71,241	CVS Caremark Corporation .....	2,885,973
62,461	Hershey Company (The) .....	2,352,906
78,625	Kraft Foods, Inc. ....	2,438,161
45,379	PepsiCo, Inc. ....	3,276,364
37,716	Procter & Gamble Company (The) .....	2,642,760
86,008	SABMiller PLC - ADR .....	1,887,205
53,800	Smithfield Foods, Inc. <sup>(a)</sup> .....	1,385,888
104,463	Sysco Corporation .....	3,031,516
65,087	Walgreen Company .....	2,479,164
		<u>26,073,962</u>
	<b>Energy — 12.3%</b>	
50,687	Cameco Corporation .....	1,669,630
36,119	Chevron Corporation .....	3,083,118
17,633	EOG Resources, Inc. ....	2,115,960
41,388	Exxon Mobil Corporation .....	3,500,597
33,198	Schlumberger Ltd. ....	2,888,226
19,564	Transocean, Inc. <sup>(a)</sup> .....	2,645,053
52,379	XTO Energy, Inc. ....	3,240,165
		<u>19,142,749</u>
	<b>Financials — 16.4%</b>	
50,687	American International Group, Inc. ....	2,192,213
49,689	Bank of America Corporation .....	1,883,710
61,822	BB&T Corporation .....	1,982,013
918	Berkshire Hathaway, Inc. - Class B <sup>(a)</sup> .....	4,106,122
64,057	Brookfield Asset Management, Inc. ....	1,718,649
53,914	Capital One Financial Corporation .....	2,653,647
11,375	Goldman Sachs Group, Inc. (The) .....	1,881,311
53,680	JPMorgan Chase & Company .....	2,305,556
9,379	Markel Corporation <sup>(a)</sup> .....	4,126,479
55,077	T. Rowe Price Group, Inc. ....	2,753,850
		<u>25,603,550</u>
	<b>Health Care — 9.8%</b>	
42,106	Allergan, Inc. ....	2,374,358
48,292	Eli Lilly & Company .....	2,491,384
43,679	Johnson & Johnson .....	2,833,457
63,450	Owens & Minor, Inc. ....	2,496,123
52,682	Wyeth .....	2,200,000
37,349	Zimmer Holdings, Inc. <sup>(a)</sup> .....	2,907,993
		<u>15,303,315</u>

# THE DAVENPORT EQUITY FUND

## SCHEDULE OF INVESTMENTS (Continued)

Shares	COMMON STOCKS — 97.0% (Continued)	Value
	<b>Industrials — 12.4%</b>	
49,051	Danaher Corporation .....	\$ 3,729,348
141,883	General Electric Company .....	5,251,090
30,133	L-3 Communications Holdings, Inc. ....	3,294,742
45,419	United Parcel Service, Inc. - Class B .....	3,316,495
53,521	United Technologies Corporation .....	3,683,315
		<u>19,274,990</u>
	<b>Information Technology — 14.4%</b>	
13,570	Apple Computer, Inc. <sup>(a)</sup> .....	1,947,295
75,432	Cisco Systems, Inc. <sup>(a)</sup> .....	1,817,157
106,562	Corning, Inc. ....	2,561,750
3,665	Google, Inc. <sup>(a)</sup> .....	1,614,323
108,558	Intel Corporation .....	2,299,258
21,352	International Business Machines Corporation .....	2,458,469
102,212	Microsoft Corporation .....	2,900,777
73,037	Nokia Oyj - ADR .....	2,324,768
125,520	Oracle Corporation <sup>(a)</sup> .....	2,455,171
88,802	SanDisk Corporation <sup>(a)</sup> .....	2,004,261
		<u>22,383,229</u>
	<b>Materials — 3.8%</b>	
46,017	Praxair, Inc. ....	3,876,012
4,949	Rio Tinto PLC - ADR .....	2,038,196
		<u>5,914,208</u>
	<b>Telecommunications Services — 4.6%</b>	
40,789	America Movil S.A. de C.V. - Series L - ADR .....	2,597,851
32,328	China Mobile Ltd. - ADR .....	2,424,923
22,350	Millicom International Cellular S.A. <sup>(a)</sup> .....	2,113,193
		<u>7,135,967</u>
	<b>Total Common Stocks (Cost \$126,978,911) .....</b>	<b>\$151,177,591</b>
		<u><u>151,177,591</u></u>
Shares	MONEY MARKET FUNDS — 2.4%	Value
3,753,235	First American Treasury Obligations Fund - Class Y (Cost \$3,753,235) .....	\$ 3,753,235
	<b>Total Investments at Value — 99.4%</b> (Cost \$130,732,146) .....	\$154,930,826
	<b>Other Assets in Excess of Liabilities — 0.6%</b> .....	<u>867,728</u>
	<b>Net Assets — 100.0%</b> .....	<u><u>\$155,798,554</u></u>

<sup>(a)</sup> Non-income producing security.

ADR - American Depositary Receipt

See accompanying notes to financial statements.

# THE DAVENPORT EQUITY FUND

## STATEMENT OF ASSETS AND LIABILITIES

### March 31, 2008

<b>ASSETS</b>	
Investments in securities:	
At acquisition cost.....	\$ 130,732,146
At market value (Note 1) .....	\$ 154,930,826
Dividends receivable .....	118,272
Receivable for investment securities sold .....	790,555
Receivable for capital shares sold.....	147,879
Other assets .....	10,602
<b>TOTAL ASSETS</b> .....	<u>155,998,134</u>
 <b>LIABILITIES</b>	
Payable for capital shares redeemed.....	70,832
Accrued investment advisory fees (Note 3).....	106,627
Accrued administration fees (Note 3).....	17,800
Accrued compliance fees (Note 3) .....	1,750
Other accrued expenses .....	2,571
<b>TOTAL LIABILITIES</b> .....	<u>199,580</u>
 <b>NET ASSETS</b> .....	 <u>\$ 155,798,554</u>
 Net assets consist of:	
Paid-in capital.....	\$ 128,669,019
Accumulated net realized gains from security transactions.....	2,930,855
Net unrealized appreciation on investments .....	24,198,680
Net assets .....	<u>\$ 155,798,554</u>
 Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value).....	 <u>11,270,286</u>
 Net asset value, offering price and redemption price per share (Note 1) .....	 <u>\$ 13.82</u>

See accompanying notes to financial statements.

**THE DAVENPORT EQUITY FUND**  
**STATEMENT OF OPERATIONS**  
**Year Ended March 31, 2008**

<b>INVESTMENT INCOME</b>	
Dividends .....	\$ 2,525,011
<b>EXPENSES</b>	
Investment advisory fees (Note 3) .....	1,214,671
Administration fees (Note 3) .....	218,071
Compliance service fees (Note 3).....	21,954
Custodian fees .....	20,650
Printing of shareholder reports .....	17,028
Professional fees .....	16,750
Trustees' fees and expenses.....	13,212
Registration fees .....	12,336
Insurance expense .....	9,290
Postage and supplies .....	7,156
Other expenses.....	6,086
<b>TOTAL EXPENSES</b> .....	<u>1,557,204</u>
<b>NET INVESTMENT INCOME</b> .....	<u>967,807</u>
<b>REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS</b>	
Net realized gains from security transactions .....	13,162,124
Net change in unrealized appreciation/depreciation on investments .....	<u>( 8,698,751 )</u>
<b>NET REALIZED AND UNREALIZED GAINS ON INVESTMENTS</b> .....	<u>4,463,373</u>
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS</b> .....	<u>\$ 5,431,180</u>

See accompanying notes to financial statements.

# THE DAVENPORT EQUITY FUND

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended March 31, 2008	Year Ended March 31, 2007
<b>FROM OPERATIONS</b>		
Net investment income .....	\$ 967,807	\$ 999,836
Net realized gains from security transactions.....	13,162,124	10,206,688
Net change in unrealized appreciation/ depreciation on investments .....	( 8,698,751 )	2,884,979
Net increase in net assets from operations .....	<u>5,431,180</u>	<u>14,091,503</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>		
From net investment income.....	( 970,615 )	( 1,012,305 )
From net realized capital gains on security transactions .....	<u>( 14,895,339 )</u>	<u>( 5,238,825 )</u>
Net decrease in net assets from distributions to shareholders .....	<u>( 15,865,954 )</u>	<u>( 6,251,130 )</u>
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold .....	18,325,065	11,901,066
Net asset value of shares issued in reinvestment of distributions to shareholders.....	15,101,443	5,939,200
Payments for shares redeemed .....	<u>( 18,848,280 )</u>	<u>( 22,948,178 )</u>
Net increase (decrease) in net assets from capital share transactions.....	<u>14,578,228</u>	<u>( 5,107,912 )</u>
<b>TOTAL INCREASE IN NET ASSETS .....</b>	<b>4,143,454</b>	<b>2,732,461</b>
<b>NET ASSETS</b>		
Beginning of year.....	<u>151,655,100</u>	<u>148,922,639</u>
End of year .....	<u>\$ 155,798,554</u>	<u>\$ 151,655,100</u>
<b>UNDISTRIBUTED NET INVESTMENT INCOME.....</b>	<u>\$ —</u>	<u>\$ 2,808</u>
<b>CAPITAL SHARE ACTIVITY</b>		
Sold .....	1,201,518	830,191
Reinvested .....	1,005,915	416,381
Redeemed.....	<u>( 1,221,802 )</u>	<u>( 1,606,678 )</u>
Net increase (decrease) in shares outstanding .....	985,631	( 360,106 )
Shares outstanding at beginning of year.....	<u>10,284,655</u>	<u>10,644,761</u>
Shares outstanding at end of year .....	<u>11,270,286</u>	<u>10,284,655</u>

See accompanying notes to financial statements.

# THE DAVENPORT EQUITY FUND

## FINANCIAL HIGHLIGHTS

### Selected Per Share Data and Ratios for a Share Outstanding Throughout Each Year

	Years Ended March 31,				
	2008	2007	2006	2005	2004
Net asset value at beginning of year .....	\$ 14.75	\$ 13.99	\$ 13.08	\$ 12.30	\$ 9.23
Income from investment operations:					
Net investment income .....	0.10	0.10	0.07	0.07	0.04
Net realized and unrealized gains on investments .....	0.53	1.28	1.17	0.78	3.07
Total from investment operations ....	0.63	1.38	1.24	0.85	3.11
Less distributions:					
Dividends from net investment income.....	(0.10)	(0.10)	(0.07)	(0.07)	(0.04)
Distributions from net realized gains .....	(1.46)	(0.52)	(0.26)	—	—
Total distributions .....	(1.56)	(0.62)	(0.33)	(0.07)	(0.04)
Net asset value at end of year .....	\$ 13.82	\$ 14.75	\$ 13.99	\$ 13.08	\$ 12.30
Total return <sup>(a)</sup> .....	3.44%	10.02%	9.48%	6.91%	33.72%
Net assets at end of year (000's) .....	\$ 155,799	\$ 151,655	\$ 148,923	\$ 138,181	\$ 121,769
Ratio of expenses to average net assets .....	0.96%	0.98%	0.98%	0.98%	1.00%
Ratio of net investment income to average net assets .....	0.60%	0.67%	0.50%	0.57%	0.35%
Portfolio turnover rate .....	37%	26%	39%	28%	25%

<sup>(a)</sup> Total return is a measure of the change in value of an investment in the Fund over the periods covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. Returns shown do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

See accompanying notes to financial statements.

# THE DAVENPORT EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

### March 31, 2008

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#### 1. Significant Accounting Policies

The Davenport Equity Fund (the Fund) is a no-load, diversified series of the Williamsburg Investment Trust (the Trust), an open-end management investment company registered under the Investment Company Act of 1940. The Trust was organized as a Massachusetts business trust on July 18, 1988. The Fund began operations on January 15, 1998.

The Fund's investment objective is long term growth of capital through investment in a diversified portfolio of common stocks. Current income is incidental to this objective and may not be significant.

The following is a summary of the Fund's significant accounting policies:

**Securities valuation** — The Fund's portfolio securities are valued as of the close of business of the regular session of the New York Stock Exchange (normally 4:00 p.m., Eastern time). Securities traded on a national stock exchange are valued based upon the closing price on the principal exchange where the security is traded. Securities which are quoted by NASDAQ are valued at the NASDAQ Official Closing Price. Securities which are traded over-the-counter are valued at the last sales price, if available, otherwise, at the last quoted bid price. Fixed income securities will ordinarily be traded in the over-the-counter market and common stocks will ordinarily be traded on a national securities exchange, but may also be traded in the over-the-counter market. When market quotations are not readily available, securities may be valued on the basis of prices provided by an independent pricing service. Short-term instruments (those with remaining maturities of 60 days or less) are valued at amortized cost, which approximates market value. Securities and other assets for which no quotations are readily available or are considered to be unreliable due to significant market or other events will be valued in good faith at fair value using methods determined by the Board of Trustees. Such methods of fair valuation may include, but are not limited to: multiple of earnings, multiple of book value, discount from market of a similar freely traded security, purchase price of security, subsequent private transactions in the security or related securities, or a combination of these and other factors.

**Repurchase agreements** — The Fund may enter into joint repurchase agreements with other funds within the Trust. The joint repurchase agreement, which is collateralized by U.S. Government obligations, is valued at cost which, together with accrued interest, approximates market. At the time the Fund enters into the joint repurchase agreement, the seller agrees that the value of the underlying securities, including accrued interest, will at all times be equal to or exceed the face amount of the repurchase agreement. In addition, the Fund actively monitors and seeks additional collateral, as needed.

**Share valuation** — The net asset value per share of the Fund is calculated daily by dividing the total value of the Fund's assets, less liabilities, by the number of shares outstanding. The offering price and redemption price per share of the Fund is equal to the net asset value per share.

**Investment income** — Interest income is accrued as earned. Dividend income is recorded on the ex-dividend date. Discounts and premiums on fixed-income securities purchased are amortized using the interest method.

**Security transactions** — Security transactions are accounted for on trade date. Gains and losses on securities sold are determined on a specific identification basis.

# THE DAVENPORT EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS (Continued)

Common expenses — Common expenses of the Trust are allocated among the funds within the Trust based on relative net assets of each fund or the nature of the services performed and the relative applicability to each fund.

Distributions to shareholders — Dividends arising from net investment income are declared and paid quarterly to shareholders of the Fund. Net realized short-term capital gains, if any, may be distributed throughout the year and net realized long-term capital gains, if any, are distributed at least once each year. The amount of distributions from net investment income and net realized gains are determined in accordance with federal income tax regulations which may differ from accounting principles generally accepted in the United States. The tax character of distributions paid during the years ended March 31, 2008 and 2007 was as follows:

Year Ended	Ordinary Income	Long-Term Capital Gains	Total
March 31, 2008	\$ 2,627,384	\$ 13,238,570	\$ 15,865,954
March 31, 2007	\$ 1,012,305	\$ 5,238,825	\$ 6,251,130

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Federal income tax — It is the Fund's policy to comply with the special provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. As provided therein, in any fiscal year in which the Fund so qualifies and distributes at least 90% of its taxable net income, the Fund (but not the shareholders) will be relieved of federal income tax on the income distributed. Accordingly, no provision for income taxes has been made.

In order to avoid imposition of the excise tax applicable to regulated investment companies, it is also the Fund's intention to declare as dividends in each calendar year at least 98% of its net investment income (earned during the calendar year) and 98% of its net realized capital gains (earned during the twelve months ended October 31) plus undistributed amounts from prior years.

The following information is computed on a tax basis for each item as of March 31, 2008:

Cost of portfolio investments .....	\$ 131,036,465
Gross unrealized appreciation .....	\$ 32,698,767
Gross unrealized depreciation .....	( 8,804,406 )
Net unrealized appreciation .....	\$ 23,894,361
Undistributed long-term gains .....	3,235,174
Accumulated earnings .....	<u>\$ 27,129,535</u>

The difference between the federal income tax cost of portfolio investments and the financial statement cost for the Fund is due to certain timing differences in the recognition of capital gains and losses under income tax regulations and accounting principles generally accepted in the United States. These "book/tax" differences are temporary in nature and are primarily due to the tax deferral of losses on wash sales.

# THE DAVENPORT EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS (Continued)

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On July 13, 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 (FIN 48) "Accounting for Uncertainty in Income Taxes." FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. The Fund adopted the provisions of FIN 48 on September 30, 2007. Management analyzed the Fund's tax positions taken on Federal income tax returns for all open tax years (tax years ended March 31, 2005 through March 31, 2008) for purposes of implementing FIN 48 and has concluded that no provision for income tax is required in the financial statements.

### 2. Investment Transactions

During the year ended March 31, 2008, cost of purchases and proceeds from sales and maturities of investment securities, other than short-term investments and U.S. government securities, amounted to \$58,825,093 and \$59,308,456, respectively.

### 3. Transactions with Affiliates

#### INVESTMENT ADVISORY AGREEMENT

The Fund's investments are managed by Davenport & Company LLC (the Adviser) under the terms of an Investment Advisory Agreement. Under the Investment Advisory Agreement, the Fund pays the Adviser a fee, which is computed and accrued daily and paid monthly, at an annual rate of .75% of its average daily net assets. Certain officers of the Trust are also officers of the Adviser.

#### MUTUAL FUND SERVICES AGREEMENT

Under the terms of a Mutual Fund Services Agreement between the Trust and Ultimus Fund Solutions, LLC (Ultimus), Ultimus provides administrative, pricing, accounting, dividend disbursing, shareholder servicing and transfer agent services for the Fund. For these services, Ultimus receives a monthly fee from the Fund at an annual rate of .15% on its average daily net assets up to \$25 million; .125% on the next \$25 million of such net assets; and .10% on such net assets in excess of \$50 million, subject to a minimum monthly fee of \$4,000, plus a shareholder recordkeeping fee at the annual rate of \$10 per shareholder account in excess of 1,000 accounts. In addition, the Fund pays out-of-pocket expenses including, but not limited to, postage, supplies and costs of pricing the Fund's portfolio securities.

Certain officers of the Trust are also officers of Ultimus, or of Ultimus Fund Distributors, LLC (the Distributor), the principal underwriter of the Fund's shares and an affiliate of Ultimus. The Distributor receives no compensation from the Fund for acting as principal underwriter.

#### COMPLIANCE CONSULTING AGREEMENT

Under the terms of a Compliance Consulting Agreement between the Trust and Ultimus, Ultimus provides an individual to serve as the Trust's Chief Compliance Officer and to administer the Trust's compliance policies and procedures. For these services, the Fund pays Ultimus an annual base fee of \$15,000 plus an asset-based fee equal to 0.01% per annum on net assets in excess of \$100 million.

# THE DAVENPORT EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### **4. Contingencies and Commitments**

The Fund indemnifies the Trust's officers and Trustees for certain liabilities that might arise from their performance of their duties to the Fund. Additionally, in the normal course of business the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

### **5. New Accounting Pronouncement**

In September 2006, the FASB issued Statement on Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements." This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. SFAS No. 157 applies to fair value measurements already required or permitted by existing standards. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The changes to current generally accepted accounting principles from the application of SFAS No. 157 relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. As of March 31, 2008, the Fund does not believe the adoption of SFAS No. 157 will impact the amounts reported in the financial statements. However, additional disclosures may be required about the inputs used to develop the measurements and the effect of certain of the measurements reported on the statement of changes in net assets for a fiscal period.

# THE DAVENPORT EQUITY FUND REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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The Board of Trustees and Shareholders of  
The Davenport Equity Fund of the Williamsburg Investment Trust:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The Davenport Equity Fund (the "Fund") (a series of the Williamsburg Investment Trust) as of March 31, 2008, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of March 31, 2008, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The Davenport Equity Fund at March 31, 2008, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

Cincinnati, Ohio  
May XX, 2008

# THE DAVENPORT EQUITY FUND

## BOARD OF TRUSTEES AND EXECUTIVE OFFICERS

### (Unaudited)

Overall responsibility for management of the Fund rests with the Board of Trustees. The Trustees serve during the lifetime of the Trust and until its termination, or until death, resignation, retirement or removal. The Trustees, in turn, elect the officers of the Fund. The officers have been elected for an annual term. The following are the Trustees and executive officers of the Fund:

Trustee	Address	Age	Position Held with the Trust	Length of Time Served
* Charles M. Caravati, Jr.	931 Broad Street Road Manakin-Sabot, VA	71	Chairman and Trustee	Since June 1991
* Austin Brockenbrough III	1802 Bayberry Court, Suite 400 Richmond, VA	71	Trustee	Since September 1988
* John T. Bruce	800 Main Street Lynchburg, VA	54	Trustee	Since September 1988
Robert S. Harris	100 Darden Boulevard Charlottesville, VA	58	Trustee	Since January 2007
J. Finley Lee, Jr.	448 Pond Apple Drive North Naples, FL	68	Trustee	Since September 1988
Richard L. Morrill	University of Richmond Richmond, VA	68	Trustee	Since March 1993
Harris V. Morrisette	100 Jacintoport Boulevard Saraland, AL	48	Trustee	Since March 1993
Erwin H. Will, Jr.	47 Willway Avenue Richmond, VA	75	Trustee	Since July 1997
Samuel B. Witt III	302 Clovelly Road Richmond, VA	72	Trustee	Since November 1988
Joseph L. Antrim III	One James Center 901 E. Cary Street Richmond, VA	62	President	Since November 1997
John P. Ackerly IV	One James Center 901 E. Cary Street Richmond, VA	44	Vice President	Since November 1997
Robert G. Dorsey	225 Pictoria Drive, Suite 450 Cincinnati, OH	51	Vice President	Since November 2000
Mark J. Seger	225 Pictoria Drive, Suite 450 Cincinnati, OH	46	Treasurer	Since November 2000
John F. Splain	225 Pictoria Drive, Suite 450 Cincinnati, OH	51	Secretary	Since November 2000
Tina H. Bloom	225 Pictoria Drive, Suite 450 Cincinnati, OH	39	Chief Compliance Officer	Since August 2006

\* Messrs. Bruce, Brockenbrough and Caravati are "interested persons" of the Trust within the meaning of Section 2(a)(19) of the Investment Company Act of 1940. Charles M. Caravati, Jr. is the father of Charles M. Caravati III, an officer of The Jamestown Funds, which are other portfolios of the Trust.

# **THE DAVENPORT EQUITY FUND**

## **BOARD OF TRUSTEES AND EXECUTIVE OFFICERS**

### **(Unaudited) (Continued)**

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Each Trustee oversees eleven portfolios of the Trust, including the Fund. The principal occupations of the Trustees and executive officers of the Fund during the past five years and public directorships held by the Trustees are set forth below:

Charles M. Caravati, Jr. is a retired physician. He is also the retired President of Dermatology Associates of Virginia, P.C.

Austin Brockenbrough III is President and Managing Director of Lowe, Brockenbrough & Company, Inc. (an investment advisory firm). He is a member of the Board of Directors of Tredegar Corporation (a plastics manufacturer) and Wilkinson O'Grady & Co., Inc. (a global asset manager).

John T. Bruce is a Principal of Flippin, Bruce & Porter, Inc. (an investment advisory firm).

Robert S. Harris is the C. Stewart Sheppard Professor of Business Administration at The Darden Graduate School of Business Administration at the University of Virginia. He was previously the dean at Darden. Professor Harris has published widely on corporate finance, financial markets and mergers and acquisitions and has served as a consultant to corporations and government agencies.

J. Finley Lee, Jr. is a financial consultant and the Julian Price Professor Emeritus at the University of North Carolina.

Richard L. Morrill is the Chancellor of the University of Richmond. He is also a member of the Board of Directors of Tredegar Corporation and Albemarle Corporation (polymers and chemical manufacturer).

Harris V. Morrissette is Chief Executive Officer of China Doll Rice Company. He is a member of the Board of Directors of BancTrust Financial Group, Inc. (a bank holding company) and EnergySouth, Inc. In addition, he is Chairman of Azalea Aviation, Inc. (an airplane fueling company).

Erwin H. Will, Jr. is the retired Chief Investment Officer of Equities of Virginia Retirement System (VRS). Subsequent to his retirement, he temporarily served as Acting Managing Director of Equities for VRS.

Samuel B. Witt III is the retired Senior Vice President and General Counsel of Stateside Associates, Inc. He is also a member of the Board of Directors of The Swiss Helvetia Fund, Inc. (a closed-end investment company).

Joseph L. Antrim III is Executive Vice President of the Adviser.

John P. Ackerly IV is Senior Vice President and Portfolio Manager of the Adviser.

Robert G. Dorsey is a Managing Director of Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC.

Mark J. Seger is a Managing Director of Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC.

John F. Splain is a Managing Director of Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC.

Tina H. Bloom is Vice President of Administration of Ultimus Fund Solutions, LLC.

Additional information about members of the Board of Trustees and executive officers is available in the Statement of Additional Information (SAI). To obtain a free copy of the SAI, please call 1-800-281-3217.

# THE DAVENPORT EQUITY FUND

## ABOUT YOUR FUND'S EXPENSES (Unaudited)

We believe it is important for you to understand the impact of costs on your investment. All mutual funds have operating expenses. As a shareholder of the Fund, you incur ongoing costs, including management fees and other Fund expenses. Operating expenses, which are deducted from the Fund's gross income, directly reduce the investment return of the Fund.

A mutual fund's ongoing costs are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The examples below are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period (October 1, 2007 through March 31, 2008).

The table below illustrates the Fund's costs in two ways:

**Actual fund return** – This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the Fund's actual return, and the third column shows the dollar amount of operating expenses that would have been paid by an investor who started with \$1,000 in the Fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for the Fund under the heading "Expenses Paid During Period."

**Hypothetical 5% return** – This section is intended to help you compare the Fund's costs with those of other mutual funds. It assumes that the Fund had an annual return of 5% before expenses during the period shown, but that the expense ratio is unchanged. In this case, because the return used is not the Fund's actual return, the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess the Fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that expenses shown in the table are meant to highlight and help you compare ongoing costs only. The Fund does not charge transaction fees, such as purchase or redemption fees, nor does it carry a "sales load."

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

More information about the Fund's expenses, including historical annual expense ratios, can be found in this report. For additional information on operating expenses and other shareholder costs, please refer to the Fund's prospectus.

	<b>Beginning Account Value Oct. 1, 2007</b>	<b>Ending Account Value March 31, 2008</b>	<b>Expenses Paid During Period*</b>
Based on Actual Fund Return	\$1,000.00	\$ 911.80	\$4.54
Based on Hypothetical 5% Return (before expenses)	\$1,000.00	\$1,020.25	\$4.80

\* Expenses are equal to the Fund's annualized expense ratio of 0.95% for the period, multiplied by the average account value over the period, multiplied by 183/366 (to reflect the one-half year period).

## **THE DAVENPORT EQUITY FUND**

### **OTHER INFORMATION (Unaudited)**

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A description of the policies and procedures that the Fund uses to vote proxies relating to portfolio securities is available without charge upon request by calling toll-free 1-800-281-3217, or on the Securities and Exchange Commission's (SEC) website at <http://www.sec.gov>. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is also available without charge upon request by calling toll-free 1-800-281-3217, or on the SEC's website at <http://www.sec.gov>.

The Trust files a complete listing of portfolio holdings for the Fund with the SEC as of the first and third quarters of each fiscal year on Form N-Q. These filings are available upon request by calling 1-800-281-3217. Furthermore, you may obtain a copy of these filings on the SEC's website at <http://www.sec.gov>. The Trust's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A complete listing of portfolio holdings for the Fund is updated daily and can be reviewed at the Fund's website at <http://www.investdavenport.com>.

## **FEDERAL TAX INFORMATION (Unaudited)**

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For the fiscal year ended March 31, 2008, certain dividends paid by the Fund may be subject to a maximum tax rate of 15%, as provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund intends to designate up to a maximum amount of \$2,627,384 as taxed at a maximum rate of 15%, as well as \$13,238,570 as long-term capital gain distributions. For the fiscal year ended March 31, 2008, 100% of the dividends paid from ordinary income by the Fund qualified for the dividends received deduction for corporations. Complete information will be computed and reported in conjunction with your 2008 Form 1099-DIV.

# **THE DAVENPORT EQUITY FUND**

## **DISCLOSURE REGARDING APPROVAL OF**

### **INVESTMENT ADVISORY AGREEMENT (Unaudited)**

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At an in-person meeting held on February 12, 2008, the Board of Trustees, including a majority of the Independent Trustees, approved the continuance for a one-year period of the Investment Advisory Agreement with the Adviser on behalf of The Davenport Equity Fund. Below is a discussion of the factors considered by the Board of Trustees along with the conclusions with respect thereto that formed the basis for the Board's approval.

In selecting the Adviser and approving the continuance of the Investment Advisory Agreement, the Trustees considered all information they deemed reasonably necessary to evaluate the terms of the Agreement. The principal areas of review by the Trustees were the nature, extent and quality of the services provided by the Adviser and the reasonableness of the fees charged for those services. These matters were considered by the Independent Trustees consulting with experienced counsel for the Independent Trustees, who is independent of the Adviser.

The Trustees' evaluation of the quality of the Adviser's services took into account their knowledge and experience gained through meetings with and reports of the Adviser's senior management over the course of the preceding year. Both short-term and long-term investment performance of the Fund was considered. The Fund's performance was compared to its performance benchmark and to that of competitive funds with similar investment objectives and to the Adviser's comparably managed private accounts. The Trustees also considered the scope and quality of the in-house capabilities of the Adviser and other resources dedicated to performing services for the Fund. The quality of administrative and other services, including the Adviser's role in coordinating the activities of the Fund's other service providers, were considered in light of the Fund's compliance with investment policies and applicable laws and regulations and of related reports by management and the Fund's independent public accountants in periodic meetings with the Trust's Audit Committee. The Trustees also considered the business reputation of the Adviser, the qualifications of its key investment and compliance personnel, and its financial resources.

In reviewing the fees payable under the Investment Advisory Agreement, the Trustees compared the advisory fees and overall expense levels of the Fund with those of competitive funds with similar investment objectives as well as the private accounts managed by the Adviser. The Trustees considered information provided by the Adviser concerning the Adviser's profitability with respect to the Fund, including the assumptions and methodology used in preparing the profitability information, in light of applicable case law relating to advisory fees. For these purposes, the Trustees took into account not only the fees paid by the Fund, but also so-called "fallout" benefits to the Adviser. The Trustees also considered the fact that all of the Fund's portfolio trades were executed by the Adviser at no cost to the Fund. In evaluating the Fund's advisory fees, the Trustees took into account the complexity and quality of the investment management of the Fund.

Based upon their review of this information, the Independent Trustees concluded that: (i) based on both the short-term and the long-term performance of the Fund (which exceeded the returns of both its primary benchmark (the S&P 500 Index) and the average of funds within its Lipper category) and other services provided under the Investment Advisory Agreement, they believe that the Adviser has provided quality portfolio management services to the Fund; (ii) although the advisory fees payable to the Adviser are in the higher range of fees for other comparably managed funds, they believe the fees to be reasonable given the quality of services provided by the Adviser; (iii) the total operating expense ratio of the Fund is lower than the average expense ratio for comparably managed funds, according to statistics derived from Morningstar, Inc., and (iv) the Adviser has further benefited the Fund's shareholders by executing portfolio transactions at no cost to the Fund.

# **THE DAVENPORT EQUITY FUND DISCLOSURE REGARDING APPROVAL OF INVESTMENT ADVISORY AGREEMENT (Unaudited) (Continued)**

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Given the size of the Fund and its expected growth, the Independent Trustees did not believe that at the present time it would be relevant to consider the extent to which economies of scale would be realized as the Fund grows, and whether fee levels reflect these economies of scale. The Independent Trustees also considered the “fallout” benefits to, and the profitability of, the Adviser but given the amounts involved viewed these as secondary factors in connection with the evaluation of the reasonableness of the advisory fees paid by the Fund.

No single factor was considered in isolation or to be determinative to the decision of the Trustees to approve continuance of the Investment Advisory Agreement. Rather the Trustees concluded, in light of a weighing and balancing of all factors considered, that it was in the best interests of the Fund and its shareholders to continue the Investment Advisory Agreement without modification to its terms, including the fees charged for services thereunder.

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## THE DAVENPORT EQUITY FUND

### **Investment Adviser**

Davenport & Company LLC  
One James Center  
901 East Cary Street  
Richmond, Virginia 23219-4037

### **Administrator**

Ultimus Fund Solutions, LLC  
P.O. Box 46707  
Cincinnati, Ohio 45246-0707  
1-800-281-3217

### **Custodian**

US Bank  
425 Walnut Street  
Cincinnati, Ohio 45202

### **Independent Registered Public**

#### **Accounting Firm**

Ernst & Young LLP  
1900 Scripps Center  
312 Walnut Street  
Cincinnati, Ohio 45202

#### **Legal Counsel**

Sullivan & Worcester LLP  
One Post Office Square  
Boston, Massachusetts 02109

### **Board of Trustees**

Austin Brockenbrough III  
John T. Bruce  
Charles M. Caravati, Jr.  
Robert S. Harris  
J. Finley Lee, Jr.  
Richard L. Morrill  
Harris V. Morrisette  
Erwin H. Will, Jr.  
Samuel B. Witt III

### **Officers**

Joseph L. Antrim III, President  
John P. Ackerly IV, Vice President