

Looking Ahead

JANUARY
2012

LETTER
TO OUR
CLIENTS



**COLEMAN
WORTHAM III**
*Chairman &
Chief Executive Officer*

Right about now you might feel as I do — like we've spent the last year on the local amusement park's largest roller coaster. Interestingly, since our founding almost 150 years ago, there have been two other periods with volatility at these levels and five others with half this level of volatility — and even half is still too high for comfort. The reassuring thing is that we have been there with advice for our clients through these uncertain times, and we seem to survive when we stay the course. It appears that we will end this year close to where we started. I think that bodes well for the future with as much chaos as we have endured.

We continue to be concerned about economic uncertainties and negative headlines that monopolize the media. We start every day investing for you and for ourselves, focusing on protecting all of our assets. While it is critical that our investment advice is sound, I think doing business with people you know and trust is equally important. As an independent, employee-owned firm, we are highly motivated to keep your investments safe and secure because ours are right there beside yours — and we are keenly focused on protecting and upholding our reputation for solid, prudent investment advice that stands the test of time.

An important component of the continuation of this independently owned model is to develop our management structure. As Henry Valentine did before me, it is now time to begin transitioning our leaders of the future. We are very pleased to announce that at our December Board meeting we unanimously elected I. Lee Chapman IV to be President and Chief Operating Officer. I will become Chairman and remain Chief Executive Officer as Lee assumes the daily, operational management of the firm.

Lee began his career in the financial services industry with Nations Securities in retail bank brokerage operations. A graduate of the University of Virginia, he joined Davenport in 1995 as a portfolio manager in Davenport Asset Management. With our primary focus on investment advice, Lee's experience in managing money uniquely qualifies him to be the next leader of our firm. As we usher in a new era of leadership, we intend to continue our promise to try to do for you what we do for ourselves.

Toward that end, you may remember that last year we told you about two new mutual fund strategies from Davenport Asset Management that complement our existing Core Fund. We are pleased to say that your response was overwhelmingly positive to the Value & Income and the Equity Opportunities funds. The markets have been challenging, but our funds have performed very well and we are generally meeting our goal to be among the top quartile of our peer group. While the mutual funds are new, the investment philosophies trace their roots to strategies we first tested with our own

money over five years ago. To us, investing is a long-term endeavor in which we own a part of real businesses — not mere pieces of paper. We want companies that are run by a talented management team, have solid growth prospects, and sell at reasonable valuation levels.

We seek the same qualities in running our own firm, and in developing the bright young professionals who form the leadership team around Lee Chapman. They are investors first, and are focused on providing you with superior advice and opportunity, as well as developing our business lines. Our people are key to Davenport's strong position for the next century of independence, and we updated our Mission Statement this year in order to clearly articulate our goals and values.

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.

As you see from the seeds that were planted in 2011, Davenport remains focused on planning for the future so that we can continue our pattern of steady growth. I am convinced that *Looking Ahead* is what it takes to serve you better today and for the many generations to come.

Thank you for your business and loyalty as a client, and best wishes for the New Year.

Very truly yours,



Coleman Wortham III
*Chairman &
Chief Executive Officer*



I. Lee Chapman IV
*President &
Chief Operating Officer*

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Past performance is no guarantee of future results. Investors should consider the funds' investment objectives, risk, and charges and expenses carefully before investing. The funds' prospectus contains this and other important information. A copy of the prospectus is available by request at 1-800-281-3217. Investors should read the prospectus carefully and discuss their goals with a qualified investment professional before deciding to invest.