

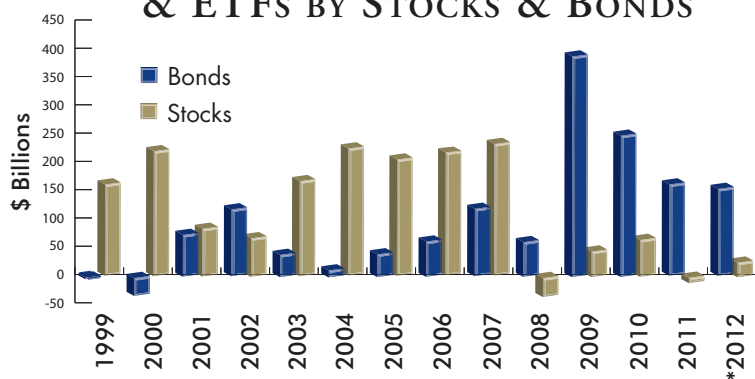
SO FAR, 2012 HAS BEEN A REMARKABLY GOOD YEAR.

We have had double digit returns in the U.S. and internationally, a feat that many of us would not have believed at the beginning of the year. The S&P 500 has gained 16.4%, emerging markets, as represented by the MSCI EM, have gained 12.0%, and international developed markets, as represented by the MSCI EAFE, are up 10.1%. We think this speaks to the resilience of the stock market and its unrelenting ability to “climb a wall of worry”, as most of the world has a vested interest in making sure that problems get solved, economies grow, and life goes on. There are certainly several big hurdles to overcome, namely elections in dozens of countries around the world, gaining clarity on the “fiscal cliff”, and stabilizing banks in Europe, so we expect that we could see some considerable volatility in the coming months. Therefore, we believe it is increasingly important to be sure that you are comfortable with your asset allocation so that you can fight the urge to try to time the market. As you evaluate the positioning of your portfolio, keep the following thoughts in mind:

MANY INVESTORS STILL FAVOR CONSERVATIVE PORTFOLIOS.

In recent years, “timing the market” has mostly meant carrying a much more conservative allocation (i.e. more cash and bonds) while you wait for the next big decline. In fact, about 80% of the cash invested in mutual funds and ETFs this year has gone into bonds, which have only gained about 4%. This trend has been persistent over the past three years, during which 75%, or more than \$800 billion of investor cash has flowed into bonds during a 50% increase in the S&P 500. Therefore, most investors have underparticipated in the 100%+ rally in the global stock market since early 2009 and will likely only be seduced by equity returns just in time for the next major market decline.

CASH INFLOWS TO MUTUAL FUNDS & ETFs BY STOCKS & BONDS



Source: Morningstar; *YTD as of 6/30/12. †

INTERNATIONAL MARKETS SEEM TO HAVE STABILIZED FOR NOW.

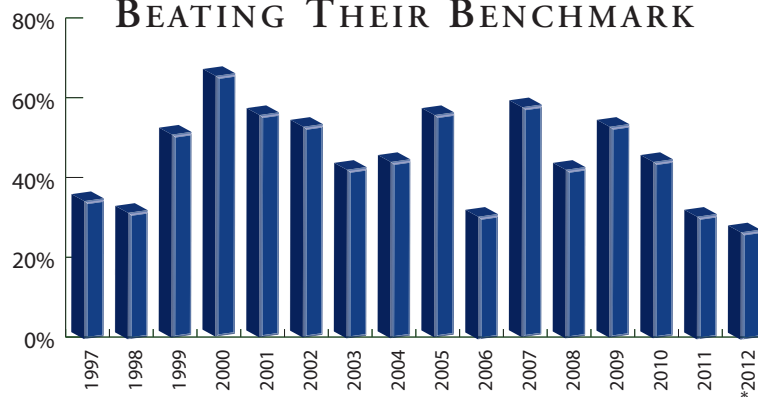
For the last two years, international stocks have collectively underperformed U.S. stocks. This is all part of the cycle; unfortunately, you never know when the cycle may turn. Many people were expecting Europe to take its toll on the stock market during a big summer selloff as we witnessed in 2010 and 2011. In fact, international markets outperformed the U.S. for only the

second time in two years, gaining more than 7% in the third quarter. The ECB’s recent announcement that it will buy unlimited amounts of government bonds from struggling members of the Eurozone appears to have been well received by investors. We continue to believe that international stocks are an important diversifier in a portfolio, since more than 80% of the world’s GDP and over 50% of the world’s stock market capitalization is outside the U.S. Many of the fund managers we have spoken with recently expressed their view that many European stocks provide significant exposure to the growth of the emerging market economies at much lower valuations; the longer-term potential appears promising.

IT HAS BEEN A TOUGH MARKET FOR MUTUAL FUND MANAGERS.

Over the past couple of years, the mutual fund industry has posted its worst performance since the late 1990s. Only 25% of funds have been able to beat their stated benchmark since the beginning of 2011, compared to a longer-term average of over 50%.

PERCENTAGE OF EQUITY FUNDS BEATING THEIR BENCHMARK



Source: Morningstar; *YTD as of 9/30/12. ††

You can see in the chart above that these are not unprecedented times and that the industry has experienced similar periods in the past. However, we continue to believe that our research process will identify the managers that have consistently outperformed the market over the long term. One of our most important disciplines has been to fight the urge to sell a great fund based on a short-term period of underperformance.

WE ARE ENTHUSIASTIC ABOUT THE FUND LINEUP IN THE FUNDADVISOR PROGRAM.

Some of the more cyclically positioned funds in the portfolios, namely Royce Value, Dodge & Cox International, and Diamond Hill Large Cap, posted solid outperformance in what turned out to be a risk-on scenario. On the following page, you will see that each fund in the program has a very strong long-term track record and solid rolling returns, which provide a better sense for the consistency of the manager’s performance. We continue to believe that the funds that you own have consistent long-term track records, focused strategies, reasonable fees, and very experienced management teams. However, we will continue to monitor them on a daily basis and won’t hesitate to make adjustments, as we find appropriate.

Returns as of September 30, 2012 *Returns greater than 1 year are annualized

FUND / INDEX NAME	ROLLING RETURNS					FUND / INDEX PERFORMANCE AT NET ASSET VALUE**					EXPENSE RATIO	
	Avg 1 Year	Avg 3 Year	Avg 5 Year	Up Capture	Down Capture	YTD	1 Year*	3 Years*	5 Years*	10 Years*	Gross	Net
LARGE CAP												
American Funds AMCAP F2	8.32	5.13	2.77	96.76	95.47	14.18	25.64	11.78	2.02	8.12	0.49	0.49
Diamond Hill Large Cap I	11.19	7.69	5.08	102.64	90.85	11.46	26.86	10.50	1.26	10.37	0.81	0.81
FMI Large Cap	10.60	7.76	5.66	93.55	77.96	13.97	26.17	11.61	3.61	10.36	0.97	0.97
S&P 500 Index	8.17	4.62	2.22	100.00	100.00	16.44	30.20	13.20	1.05	8.01	-	-
MID CAP AND SMALL CAP												
Munder Mid Cap Core	12.80	8.36	5.53	88.66	83.98	13.46	25.66	14.25	1.17	10.81	1.08	1.08
Royce Value Investment	15.62	11.40	8.32	105.30	91.52	6.47	19.09	8.80	2.55	14.78	1.17	1.17
Keeley Small Cap Value A	13.68	8.56	5.06	103.96	105.55	16.67	33.12	12.27	-0.86	10.87	1.35	1.35
Russell 2500 Index	12.17	7.60	4.31	100.00	100.00	14.33	30.93	14.06	2.80	10.86	-	-
INTERNATIONAL												
Thornburg International	13.55	10.49	8.34	98.40	86.58	9.95	14.47	4.32	-3.34	10.85	0.88	0.88
Dodge & Cox International	14.93	9.99	6.47	117.77	108.43	10.98	15.67	2.69	-3.70	11.72	0.64	0.64
MSCI EAFE Index	10.45	6.79	3.98	100.00	100.00	10.08	13.75	2.12	-5.24	8.20	-	-
EMERGING MARKETS												
T. Rowe Price Emerging Mkts	21.90	16.25	12.67	104.00	109.26	13.05	18.87	5.62	-3.37	16.04	1.26	1.26
MSCI Emerging Markets Index	21.53	17.10	14.11	100.00	100.00	11.98	16.93	5.63	-1.28	17.00	-	-
INTERMEDIATE GOV'T/CREDIT												
Delaware Diversified Income	7.93	7.60	7.19	133.63	66.31	6.27	8.63	7.97	8.29	8.10	0.97	0.92 ¹
PIMCO Total Return A	6.27	6.51	6.59	123.17	99.76	8.77	11.08	7.24	8.46	6.47	0.85	0.85
BarCap US Govt/Credit	4.73	4.86	5.03	100.00	100.00	3.53	4.40	5.18	5.71	4.76	-	-
SHORT-TERM BOND												
Vanguard Short-Term Inv Gr.	3.98	4.19	4.09	123.87	124.96	3.94	4.43	4.12	4.27	4.02	0.20	0.20
Citigroup USBIG Gov/Corp 1-3	3.32	3.74	4.05	100.00	100.00	1.05	1.31	1.90	3.27	3.24	-	-
DYNAMIC ALLOCATION												
BlackRock Global Allocation I	11.03	9.36	8.36	77.91	53.28	8.70	13.60	6.12	2.87	11.25	0.89	0.89
IVA Worldwide I	-	-	-	-	-	5.53	9.97	7.07	-	-	1.04	1.04
Kinetics Paradigm No Load	12.70	8.02	4.80	114.17	108.55	19.29	25.87	7.32	-4.59	10.23	1.78	1.64 ²
Quaker Strategic Growth I	8.46	4.36	2.80	90.11	97.52	9.81	19.46	5.81	-4.75	5.83	1.96	1.96
Wintergreen Investor	-	-	-	-	-	3.34	13.04	9.53	0.40	-	1.86	1.86
Ivy Asset Strategy I	12.31	12.34	12.00	80.26	59.62	14.12	22.14	6.31	3.69	10.63	0.75	0.75
MSCI World Index	9.05	5.59	3.06	100.00	100.00	13.01	21.59	7.48	-2.15	8.04	-	-

Performance data quoted represents past performance. Past performance is historical and not representative nor a guarantee of future results. Current performance may be lower or higher than the data quoted. To obtain performance data current to the most recent month-end, please call 1-800-853-2060.

Disclosures

It is important to note that short-term and trailing performance will fluctuate. We expect all of the funds at some point to experience underperformance versus their benchmarks and peer groups. However, we believe that our research process has helped us identify funds that are likely to perform well over the long-term. Our decision to remove a fund is not based on short-term performance, but on in-depth analysis using our Monitoring Criteria.

**Mutual funds are offered in the FundAdvisor program at net asset value, but are subject to an annual investment advisory fee of up to 1.25% with a minimum fee of \$125 per quarter. The Davenport wrap fee includes investment advice and brokerage execution. In addition to the FundAdvisor fee, clients will bear a proportionate share of each mutual fund's management and administrative expenses, including advisory fees paid to the mutual fund's investment advisors. This chart shows the actual performance of the shares at net asset value, and does not represent individual account performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the data quoted. To obtain performance data current to the most recent month-end, please visit the following web sites: www.americanfunds.com, www.blackrock.com, www.delawareinvestments.com, www.diamond-hill.com, www.dodgeandcox.com, www.fiduciarymgmt.com, www.ivafunds.com, www.ivyfund.com, www.keeleyfund.com, www.kineticsfund.com, www.munder.com, www.quakerfund.com, www.roycefund.com, www.thornburginvestments.com, www.troweprice.com, www.vanguard.com, www.wintergreenfund.com. The investment and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Mutual Fund and Index returns are provided by Morningstar.

†The bond category includes all Taxable and Municipal bond funds. Cash flows represent movement of money into and out of mutual funds in the categories listed.

††Equity Funds are defined as the oldest share class of all U.S. based domestic and international equity mutual funds. As of 9/30/12, there were 2,183 funds meeting this criteria. Their performance in each calendar year is compared to their prospectus benchmark as defined by Morningstar (benchmarks vary among funds).

You should consider each mutual fund's investment objectives, risks, charges and expenses carefully before investing. Each mutual fund's prospectus contains this and other important information, should be read carefully before investing or sending money, and can be obtained by contacting your Investment Executive, or by calling 1-800-853-2060. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Investing in securities carries risk including the possible loss of principal.

Downside Capture Ratio measures a manager's performance in down markets relative to the market (benchmark) itself. **Gross Expense Ratio:** The total annual operating expenses of a fund divided by its average net assets. **Net Expense Ratio:** The total annual operating expenses of a fund, less any fee waivers, divided by its average net assets. This is the expense ratio actually charged by the fund for the previous fiscal year. **Rolling Returns:** The annualized average return for a period ending with the listed year. **Upside Capture Ratio** measures a manager's performance in up markets relative to the market (benchmark) itself. ¹The Fund's distributor, Delaware Distributors, L.P. (Distributor), has also contracted to limit the Class A 12b-1 fee from February 28, 2012 through February 28, 2013 to no more than 0.25% of its average daily net assets. These waivers and reimbursements may only be terminated by agreement of the Manager and the Distributor, as applicable, and the Fund. ²The Investment Adviser to the Paradigm Portfolio has voluntarily agreed to waive management fees and reimburse Fund expenses so that Net Annual Fund Operating Expenses do not exceed 1.64%, excluding AFFE, through April 29, 2013. These waivers and reimbursements may be discontinued at any time by the Investment Adviser after April 29, 2013.

INDEX DEFINITIONS: The **Barclays Capital Intermediate Government/Corporate Index** is an unmanaged index composed of debt securities with maturities from one to ten years issued or guaranteed by the U.S. Treasury, U.S. Government agencies, quasi-federal corporations and fixed rate dollar denominated SEC-registered corporate debt that are rated investment grade or higher by Moody's Investors Service and Standard and Poor's Corporation or Fitch Investor's Service, in that order. The **Citigroup USBIG Government/Corporate 1-3 years Index** measures the performance of bonds issued in the U.S. investment-grade bond market. The **MSCI EAFE (Europe, Australasia, Far East) Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. The **MSCI EM (Emerging Markets) Index** is a capitalization-weighted index of stocks from 26 emerging markets that only includes issues that may be traded by foreign investors. The reported returns reflect equities priced in U.S. dollars and do not include the effects of reinvested dividends. The **MSCI World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The **Russell 2500® Index** measures the performance of the small to mid cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500 Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. 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.*

RISK CONSIDERATIONS: International funds invest primarily in equity securities of issuers outside the United States. International investments are subject to additional risks such as currency fluctuations, political instability, and the potential for illiquid markets. Funds that invest in foreign securities may involve greater risks, including political and economic uncertainties, as well as risk of currency fluctuations. Small and mid cap company stocks may be more volatile than stocks of larger, more established companies. Investments in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, while their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

The mutual fund categories are determined by Davenport using a combination of Morningstar categories and a returns-based style analysis provided by Zephyr StyleADVISOR.

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