

June 30, 2014

Market Review

After a rocky start, the second quarter finished strongly for stock markets across the globe as investors returned to equities after a few of the first quarter bumps seemed to have been smoothed out. The improvement was presumably because the Russia/Ukraine situation that plagued the first quarter seems to have quieted down for now. Additionally, it seems that investors are expecting the “pent-up demand” that resulted from the weather-related slowdown in the first quarter to drive better results in the second half of the year. That remains to be seen and could leave the market exposed if the numbers aren’t as good as expected.

Market Returns	Q2 2014	YTD 2014
U.S. Large Caps	5.23%	7.14%
U.S. Mid Caps	4.97	8.67
U.S. Small Caps	2.05	3.19
Bonds	1.23	2.25
International Developed Markets	4.09	4.78
Emerging Markets	6.60	6.14

Source: Morningstar Direct. Please see Disclosures section for index definitions.[†]

In the second quarter, the S&P 500 Index gained a solid 5.23% and is now up 7.14% for the year, while international markets, as represented by the MSCI EAFE Index, were more subdued but gained 4.09% in the second quarter. The bond market continued to confound many investors as the 10-year Treasury yield declined 50 basis points to 2.53%, driving bond prices higher and the overall bond market was up 2.25% for the year, as represented by the Barcap Intermediate Gov’t/Credit Index. Small cap stocks have taken a breather as we expected after a strong 2013 and due to valuations that seem a bit stretched. Emerging markets, as represented by the MSCI Emerging Markets Index, surprised a lot of people with an almost 7% return in the second quarter after a flat year last year and a loss in the first quarter.

FundAdvisor Update

You may have noticed some changes to your account during the quarter as we went through our annual evaluation of asset allocation and rebalancing. As a reminder, rebalancing is intended to keep your account close to the risk/return profile that you and your Investment Executive decided on at the outset. It also forces the sale of the best performing positions to buy more of the worst performing positions — a buy low, sell high strategy that has been proven to add value over time.

Our asset allocation research shows that smaller cap stocks are relatively overvalued and that international stocks are attractive versus the U.S. Therefore, we have been decreasing small cap exposure over the past few years in favor of U.S. large cap stocks. We have also slightly over-weighted to the international markets, where the recovery in asset prices has lagged the U.S. since 2009. In addition, we made the following three fund changes:

- 1) **We replaced Thornburg International Value Fund with FMI International Fund.** On-going due diligence efforts uncovered changes to Thornburg’s management team which gives us uncertainty about the future of the fund; FMI is a much smaller, more nimble fund with a proven management team.
- 2) **We replaced T. Rowe Price Emerging Markets Fund with American Funds New World Fund.** American Funds offers a lower volatility way to play the emerging markets and owns some stocks in the developed markets (i.e., Europe, Japan, etc.) that do business in emerging markets.
- 3) **We replaced Royce Value Fund with Vanguard Extended Markets Fund.** There was a manager change at Royce and our on-going due diligence efforts did not give us comfort with the new manager; Vanguard offers more mid cap stock exposure and very low expenses.

As always, we thank you for your trust and will continue our rigorous monitoring and research in an effort to identify best-in-class investment managers for your portfolios.

Returns

as of June 30, 2014 *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	10.02	6.21	5.81	98.36	93.20	8.90	31.03	17.90	19.75	8.57	0.49	0.49
Diamond Hill Large Cap I	10.73	6.21	5.38	103.03	93.21	6.02	22.29	16.44	18.20	9.75	0.80	0.80
FMI Large Cap	10.23	7.08	6.66	93.33	79.10	8.39	23.14	15.62	17.79	9.80	0.96	0.96
S&P 500 Index	9.06	5.33	4.39	100.00	100.00	7.14	24.61	16.58	18.83	7.78	-	-
Mid Cap and Small Cap												
Munder Mid Cap Core Growth Y	11.94	7.38	6.28	89.56	85.05	5.16	22.55	13.99	20.09	9.86	1.15	1.15
Vanguard Extended Market Idx	12.41	7.45	6.97	100.59	98.43	6.14	27.00	16.00	21.95	10.33	0.10	0.10
Keeley Small Cap Value A	12.26	5.85	4.09	107.38	109.19	2.97	20.73	14.47	19.89	10.02	1.37	1.37
Russell 2500 Index	11.75	7.01	6.56	100.00	100.00	5.95	25.58	15.51	21.63	9.78	-	-
International												
FMI International	-	-	-	-	-	5.56	18.19	14.11	-	-	1.15	1.00 ¹
Dodge & Cox Int'l Stock	11.43	4.67	4.15	112.97	105.08	7.90	29.31	10.41	14.89	9.55	0.64	0.64
MFS Int'l New Discovery	13.12	7.69	7.07	103.64	88.01	5.19	20.07	10.50	17.16	10.78	1.14	1.14
MSCI EAFE Index	8.71	2.99	1.98	100.00	100.00	4.78	23.57	8.10	11.77	6.93	-	-
Emerging Markets												
American Funds New World F2	13.63	8.68	7.90	78.33	71.06	5.54	18.26	5.68	11.86	11.65	0.76	0.76
MSCI Emerging Markets Index	15.12	9.11	8.54	100.00	100.00	6.14	14.31	-0.39	9.24	11.94	-	-
Intermediate Gov't/Credit												
Eaton Vance Glb Mcr Abs Rtn	5.13	5.47	5.72	77.67	-10.24	0.89	0.44	1.08	3.07	5.25	1.02	0.71 ²
Hartford Floating Rate	5.10	4.18	5.13	-	-	2.22	5.47	5.48	8.34	-	0.71	0.71
BarCap U.S. Intrm Govt/Credit	4.36	5.02	5.23	100.00	100.00	2.25	2.86	2.83	4.09	4.33	-	-
Short-Term Bond												
Vanguard Short-Term Inv Gr.	4.00	4.26	4.59	134.02	154.03	1.71	3.29	2.58	4.05	3.87	0.10	0.10
Citigroup USBIG Gov/Corp 1-3 yr	3.10	3.48	3.59	100.00	100.00	0.50	1.08	0.97	1.68	2.95	-	-
Dynamic Allocation												
BlackRock Global Allocation I	8.80	6.88	6.57	71.07	54.23	3.69	13.89	6.95	9.88	8.47	0.88	0.88
IVA Worldwide I	-	-	-	-	-	5.44	15.79	7.33	11.47	-	1.02	1.02
Kinetics Paradigm No Load	12.50	5.15	3.71	119.36	111.84	4.66	25.08	15.77	17.11	10.02	1.72	1.64 ³
Wells Fargo Avtg Abs Rtn A	-	-	-	-	-	4.30	10.60	-	-	-	1.46	1.46
Wintergreen Investor	-	-	-	-	-	7.33	17.59	8.60	14.52	-	1.85	1.85
Ivy Asset Strategy I	13.52	10.28	9.16	91.30	62.40	-0.40	19.81	8.67	12.01	12.34	0.74	0.74
MSCI World Index	8.65	4.04	3.12	100.00	100.00	6.18	24.05	11.81	14.99	7.25	-	-

Performance shown is historical and 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 call (800) 853-2060.

Important 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. The performance 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.diamond-hill.com, www.dodgeandcox.com, www.eatonvance.com, www.fiduciarymgt.com, www.hartfordinvestor.com, www.ivafunds.com, www.ivyfund.com, www.keeleyfund.com, www.kineticsfund.com, www.mfs.com, www.munder.com, www.vanguard.com, www.wellsfargo.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 and Zephyr StyleADVISOR.

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 (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.

¹U.S. Large Caps represented by the **S&P 500 Index**. U.S. Mid Caps represented by the **Russell Midcap Index**. U.S. Small Caps represented by the **Russell 2000 Index**. Bonds represented by the **Barclays Capital Intermediate Government/Credit Index**. International Developed Markets represented by the **MSCI EAFE Index**. Emerging Markets represented by the **MSCI EM Index**.

Downside Capture Ratio measures a manager's performance in down markets relative to the market (benchmark) itself over the preceding 10-year period. **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 over the preceding 10-year period.

¹The investment adviser has voluntarily agreed to reimburse the Fund to the extent necessary to ensure that total annual fund operating expenses do not exceed 1.00% at least through January 31, 2015.

²Reflects net interest expense.

³The Investment Adviser to the Paradigm Portfolio has voluntarily agreed to waive management fees and reimburse Fund expenses so that Total Annual Fund Operating Expenses do not exceed the net expense ratio listed for the particular class. These waivers and reimbursements may be discontinued at any time.

Index Definitions: The **Barcap Capital Intermediate Government/Credit 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 **Morgan Stanley Capital International Europe, Australia and Far East (MSCI EAFE) Index** is an unmanaged index composed of the stocks of approximately 1,000 companies traded on 20 stock exchanges from around the world, excluding the U.S., Canada, and Latin America. The **MSCI 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 US 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 2000® Index** measures the performance of the 2000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market. The Russell 2000 Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. 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 **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. The Russell Midcap Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. The **Russell Top 200 Index** is an unmanaged index comprising the largest 200 securities by U.S. market cap. 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 see the credit quality of its securities deteriorate, 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.

DAVENPORT

ASSET MANAGEMENT

One James Center
901 East Cary Street, Suite 1100
Richmond, VA 23219
(888) 285-1863
www.davenportassetmanagement.com
DAMinfo@investdavenport.com

Davenport & Company LLC
Member: NYSE • FINRA • SIPC

Temp-Return Service Requested

Virginia and Regional Offices

Charlottesville, VA

600 East Water Street
Suite A
Charlottesville, VA 22902
(434) 296-9013

Danville, VA

Coleman Market Place
165 Holt Garrison Pkwy
Suite 570B
Danville, VA 24540
(434) 836-5528

Farmville, VA

101 North Main Street
Farmville, VA 23901
(434) 392-9813

Franklin, VA

105 West Fourth Avenue
Franklin, VA 23851
(757) 562-0053

Fredericksburg, VA

904 Princess Anne Street
Suite 102
Fredericksburg, VA 22401
(540) 373-1863

Greensboro, NC

628 Green Valley Road
Suite 410
Greensboro, NC 27408
(336) 297-2800

Lynchburg, VA

1104 Commerce Street
Suite 100
Lynchburg, VA 24504
(434) 948-1100

Norfolk, VA

World Trade Center
101 W. Main Street
Suite 4000
Norfolk, VA 23510
(757) 314-3600

Raleigh, NC

3605 Glenwood Plaza
Suite 390
Raleigh, NC 27612
(919) 571-6550

Richmond, VA

One James Center
901 East Cary Street
Suite 1100
Richmond, VA 23219
(804) 780-2000

Roanoke, VA

10 Franklin Road SE
Suite 450
Roanoke, VA 24011
(540) 345-1909

Sanford, NC

503 Carthage Street
Suite 300
Sanford, NC 27330
(919) 777-9823

Suffolk, VA

330 West Constance
Road
Suite 200
Suffolk, VA 23434
(757) 539-5355

Virginia Beach, VA

Pinehurst Centre
477 Viking Drive
Suite 200
Virginia, Beach 23452
(757) 498-4000

White Stone, VA

44 First Street
White Stone, VA 22578
(804) 435-7705

Williamsburg, VA

5400 Discovery Park Blvd
Suite 301
Williamsburg, VA 23188
(757) 258-2800