

Market Review

The first quarter of 2015 was a seesaw of sorts for the S&P 500 Index, but it ended the period up only 0.95%. The market lost 3.00% in January, bounced back with a 5.75% gain in February, and declined 1.58% in March. Small cap stocks fared better, as represented by the Russell 2000 Index, with a 4.32% gain for the quarter after a lackluster 2014. The developed international and emerging markets showed signs of improvement, gaining 4.88% and 2.24%, respectively, as represented by the MSCI EAFE and MSCI EM indices. Interestingly, the 10-year Treasury rate declined modestly during the quarter despite a higher likelihood of a rate hike this year, driving a pretty solid 1.45% return for the Barcap Intermediate Gov't/Credit Index.

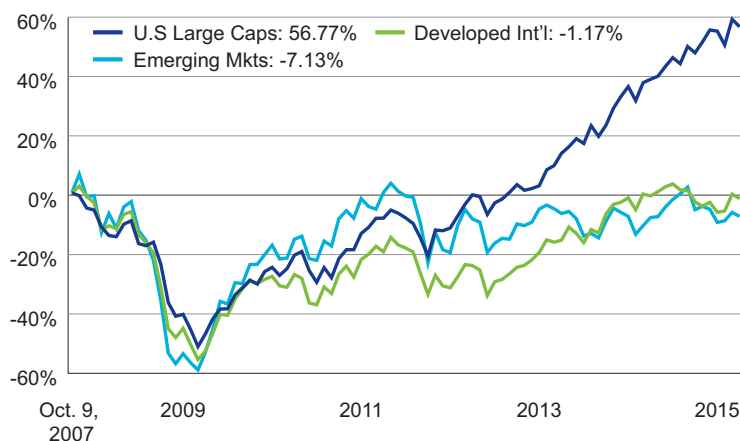
Market Returns	Q1 2015
U.S. Large Caps	0.95%
U.S. Mid Caps	3.95
U.S. Small Caps	4.32
Bonds	1.45
International Developed Markets	4.88
Emerging Markets	2.24

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

Could This Be a Turning Point for Global Diversification?

The first quarter of 2015 felt like a possible turning point for investors with diversified portfolios like those in FundAdvisor. In fact, it was the first year since 2007 that both developed international markets and emerging markets have started the year ahead of the S&P 500. Looking back further, the international markets have still not returned to their 2007 highs despite a pretty strong recovery, whereas the U.S. market has gained almost 60% (see chart below). This long period of underperformance may have created some good opportunities in the international markets and we are seeing a lot of investors beginning to look abroad in the hope of higher future returns.

Cumulative Returns Since Market Peak On October 9, 2007



Source: Morningstar Direct. Data shown from 10/9/2007-3/31/2015. Please see Disclosures for index definitions.[†]

What Has Changed?

The U.S. recovery of the last 7 years can largely be attributed to aggressive monetary policies of the Federal Reserve (Fed), which helped the U.S. become the first major economy to emerge from the 2008-09 financial crisis. While the Fed was aggressively cutting interest rates and enacting Quantitative Easing (QE) to stimulate growth, many European countries were adopting austerity measures that actually hindered economic growth and caused unrest in some areas. But today those policies seem to be shifting the other way. The Fed ended its QE program in late 2014 and is preparing to raise interest rates later this year for the first time since the crisis began (there are countless opinions about when this will happen and by how much). At the same time, the European Central Bank is just beginning to embark on QE that could drive some economic improvement. The anticipation of these changes has had a dramatic impact on currency values and the dollar has gained over 20% versus the euro in just a few months. Ultimately, a stronger dollar could prove detrimental to U.S. companies and could provide a boost to global companies domiciled in Europe, much as it did for Japanese companies in 2013 when the dollar gained versus the yen.

Fund Performance

We have been very pleased with the performance of the FundAdvisor portfolios thus far in 2015 as most have outperformed their blended market benchmarks. Ten of the 13 mutual funds that make up our models have beaten their individual indices and 9 have outperformed their Morningstar peer group averages. Quarterly highlights include:

- **FMI Large Cap (FMIHX)** – gained 1.79% compared to 0.95% for the S&P 500; this is a relatively concentrated (25 stocks) fund with a great long-term track record of buying quality business at value prices.
- **Victory Munder Mid-cap Core Growth (MGOYX)** – gained 6.06% compared to 3.95% for the Russell Midcap Index; this has, in our opinion, been one of the most consistent midcap equity funds in the industry.
- **FMI International (FMIJX)** – gained 7.94% compared to 4.88% for the MSCI EAFE Index; this currency-hedged mutual fund is run by the same team as FMI Large Cap and has been one of the best international funds in the industry over the past 3 years.
- **Eaton Vance Global Macro Absolute Return (EIGMX)** – increased 1.89% versus 1.45% for the Barcap Intern. Gov't/ Credit Index; while this is not a traditional bond fund, it has been uncorrelated to the bond market and has performed very well over the past few years.

Rebalancing

While we have been pleased to see good performance from the funds in the program, we remain committed to continually trying to improve the portfolios and ensure that our current allocations reflect our longer term views. As such, we are in the process of evaluating asset allocations for all of our portfolios and will be rebalancing accounts to our new allocations at the end of April. In addition, we expect a few fund changes as we attempt to upgrade to better positions. We look forward to reporting those changes in our summer letter and encourage you to contact your Investment Executive with any questions.

Returns

as of March 31, 2015 *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	10.53	7.36	8.05	98.86	93.09	2.46	11.72	17.48	14.75	8.94	0.49	0.49
Diamond Hill Large Cap I	10.11	6.63	6.92	100.33	96.75	0.09	8.97	15.92	12.94	8.67	0.79	0.79
FMI Large Cap	10.38	7.65	8.07	90.64	80.63	1.79	11.59	15.56	12.90	9.05	0.94	0.94
S&P 500 Index	9.66	6.27	6.73	100.00	100.00	0.95	12.73	16.11	14.47	8.01	-	-
Mid Cap and Small Cap												
Vctry Munder Mid Cap Core Growth Y	11.31	7.48	8.37	89.73	83.89	6.06	14.81	16.78	16.10	10.04	1.16	1.13 ¹
Vanguard Extended Market Idx	11.72	8.10	9.22	100.60	98.45	5.30	10.25	17.51	15.96	10.17	0.10	0.10
Keeley Small Cap Value I	10.57	5.94	6.22	105.13	113.24	2.43	2.94	15.36	13.53	8.18	1.10	1.10
Russell 2500 Index	11.16	7.73	8.84	100.00	100.00	5.17	10.07	17.13	15.48	9.62	-	-
International												
FMI International	-	-	-	-	-	7.94	10.92	14.85	-	-	1.03	1.00 ²
Dodge & Cox Int'l Stock	10.27	3.88	4.66	111.47	104.69	4.20	1.48	12.25	7.99	6.98	0.64	0.64
MFS Int'l New Discovery	11.40	6.59	7.73	102.04	87.20	2.97	-0.48	9.27	9.69	8.48	1.14	1.14
MSCI EAFE Index	7.42	2.00	2.41	100.00	100.00	4.88	-0.92	9.02	6.16	4.95	-	-
Emerging Markets												
American Funds New World F2	11.67	6.31	7.13	78.10	70.96	2.94	-1.10	5.43	5.23	8.91	0.75	0.75
MSCI Emerging Markets Index	12.32	5.48	6.86	100.00	100.00	2.24	0.44	0.31	1.75	8.48	-	-
Intermediate Gov't/Credit												
Eaton Vance Glb Mcr Abs Rtn	4.84	4.83	4.96	69.78	-15.85	1.89	4.90	2.11	2.23	4.84	0.87	0.75 ³
Hartford Floating Rate	-	-	-	-	-	2.05	1.06	4.17	4.88	-	0.70	0.70
BarCap U.S. Intrm Govt/Credit	4.43	4.83	5.05	100.00	100.00	1.45	3.58	2.31	3.52	4.34	-	-
Short-Term Bond												
Vanguard Short-Term Inv Gr.	3.99	4.07	4.41	135.37	165.46	1.03	2.08	2.32	2.77	3.83	0.10	0.10
Citigroup USBIG Gov/Corp 1-3 yr	3.04	3.16	3.15	100.00	100.00	0.55	1.05	0.93	1.31	2.93	-	-
Dynamic Allocation												
BlackRock Global Allocation I	8.13	6.09	6.48	69.29	54.14	2.77	4.34	7.09	6.80	7.44	0.87	0.87
IVA Worldwide I	-	-	-	-	-	1.55	2.53	7.40	7.73	-	1.01	1.01
Kinetics Paradigm No Load	10.89	4.65	5.09	118.56	115.53	5.63	3.51	16.63	12.36	8.05	1.72	1.64 ⁴
Wells Fargo Avtg Abs Rtn A	-	-	-	-	-	1.29	0.82	4.94	-	-	1.41	1.41
Wintergreen Investor	-	-	-	-	-	-3.39	-6.71	4.71	6.41	-	1.85	1.85
Ivy Asset Strategy I	11.74	8.69	8.47	88.49	64.35	1.59	-2.06	8.02	7.83	10.44	0.73	0.73
MSCI World Index	8.32	3.99	4.46	100.00	100.00	2.31	6.03	12.19	10.01	6.39	-	-

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 Adviser has contractually agreed to waive its management fee and/or reimburse expenses so that the total annual operating expenses of Class A, C, R, R6 and Y of the Fund (excluding Acquired Fund Fees and Expenses and certain items such as interest, taxes and brokerage commissions) do not exceed the total net annual operating expenses of, respectively, Class A, C, R, R6 and Y of the Fund's predecessor, a series of the Munder Series Trust that was managed by Munder Capital Management ("MST Munder Mid-Cap Core Growth Fund") as of June 30, 2014. This agreement will remain in place for two years after the reorganization of the MST Munder Mid-Cap Core Growth Fund into the Fund (expected to be through October 31, 2016). As a result of this agreement, during that two year period, total annual operating expenses of the Fund's Class A, C, R, R6 and Y shares will not exceed 1.32%, 2.07%, 1.57%, 0.89% and 1.07%, respectively. The Adviser is permitted to recoup advisory fees waived and expenses reimbursed for up to three years after the fiscal year in which the waiver or reimbursement took place, subject to any operating expense limits in effect at the time of the original waiver or expense reimbursement and at the time of recoupment or reimbursement.

²The 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, 2016.

³Reflects net interest expense.

⁴The 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 after May 1, 2015.

Index Definitions: The **Barclays 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.

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