MARKET COMMENTARY

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DECEMBER 2022

- November was a positive month for all of the eleven S&P 500® sectors
- Fed Chair signaled the pace of rate hikes is poised to slow
- Thanksgiving weekend shopping up 8% vs last year

Equity markets in November moved broadly higher continuing the trend set in October as companies generally delivered better than expected third quarter earnings. In November, the outlook for a more benign monetary policy backdrop appears to have provided further market support with commentary from Fed Chair Powell adding to investor optimism around the potential for easing rate headwinds. With this backdrop, the VIX Index or "fear gauge" continued its move to the downside dropping from the 26 range at the beginning of the month to end at just over 20. For the full month, all major equity indexes were positive with the Dow Jones Industrial Average increasing 5.7%, the S&P 500 index up 5.4%, and the smaller cap weighted Russell 2000® up 2.2% for the month.

November was a positive month for all of the eleven individual S&P industry sectors. The best performing sector was Materials which increased 11.5% followed by the Industrials sector which increased 7.6% for the month. The weakest performance in the month was posted by the Energy sector which increased 0.7% followed by the Consumer Discretionary sector which was up 0.8%. For the prior twelve month period, the Energy sector was the best performer with a 69.1% increase followed by the Consumer Staples sector up 9.9%, while the Communication Services sector was the worst performer for the past twelve months with a 33.7% decrease followed by the Consumer Discretionary sector which was down 29.8%.

Fed Chair Powell commented on the pace of rate hikes while speaking at the Hutchins Center on Fiscal and Monetary Policy at the Brookings Institute in late November. Powell confirmed that the pace of rate hikes is poised to slow in the near term after four consecutive 75 bps increases experienced earlier this year. Although markets rallied with Powell's commentary, what remains to be seen is how far the Fed goes with its tightening strategy and how long peak rates are sustained. As Powell noted in his speech, 'Given our progress in tightening policy, the timing of moderation is far less significant than the questions of how much further we will need to raise rates to control inflation, and the length of time it will be necessary to hold policy at a restrictive level. It is likely that restoring price stability will require holding policy at a restrictive level for some time. History cautions strongly against prematurely loosening policy. We will stay the course until the job is done.'

The National Retail Federation (NRF) reported that record numbers of Americans, 196.7 million, were shopping over the Thanksgiving weekend. With shoppers spending $325 on average on holiday purchases over the weekend, the NRF suggests spending was up 8% from last year's average supporting forecasts for overall holiday spending to ramp by 6-8% this year. Other figures from Adobe Analytics point to record online spending during the holiday shopping weekend with Black Friday sales up 2.3% followed by Cyber Monday sales that increased 5.8%. Of course, factoring in inflation, overall spending has been impacted as price increases running at 40-year highs hit Americans' pocketbooks. Thus, consumers are out shopping, but they're shopping for deals with leading retailers initiating discounts early this holiday season.

After seeing S&P 500 earnings per share grow at 2.5% for the third quarter driven by a surge in profits from the Energy sector, the street consensus for the fourth quarter looks for earnings to decline by 2.4% bringing 2022 growth in at about 5.2%. Looking into 2023, 1Q/2Q forecasts center on growth paced at 1.5%/0.8% with a second half earnings rebound forecast to drive about 6% growth for the full year. However, we view existing forecasts as potentially being overly optimistic and poised to head lower as we enter the New Year given weakening economic trends that could drive 2023 results flattish with 2022 levels.

At current levels, the S&P 500 trades at over 17x 2023 estimated earnings forecasts suggesting to us that the overall market is relatively fairly valued given the economic uncertainties that exist. Still, we expect that the Fed may pause on interest rate hikes in late spring 2023, holding the funds rate in the 500 bps range into yearend which could set the stage for a return to growth later in 2H2023 and 2024. Thus, for investors willing to look out two to three quarters, we view this as an opportune time to establish and or add to positions among reasonably valued, quality stocks. We remain very selective employing a barbell strategy that focuses on quality, lower beta, dividend paying companies as well as select growth stocks trading at relatively depressed valuations while possessing products remaining in demand offering solid longer term growth potential.

DAVENPORT EQUITY RESEARCH

Ann H. Gurkin
(804) 780-2166
agurkin@investdavenport.com

F. Drake Johnstone
(804) 780-2091
djohnstone@investdavenport.com

Jeff Omohundro, CFA
(804) 780-2170
jomohundro@investdavenport.com

Joel M. Ray, CFA
(804) 780-2067
jray@investdavenport.com

Evan J. Gilbert, CFA
(804) 915-2749
egilbert@investdavenport.com

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

Davenport & Company LLC
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MARKET AND ECONOMIC STATISTICS

Market Indices:	**11/30/2022**	**12/31/2021**	**% Change YTD**	**10/31/2022**	**% Change (Monthly)**
S&P Composite	4,080.11	4,766.18	-14.39%	3,871.98	5.38%
Dow Jones Industrials	34,589.77	36,338.30	-4.81%	32,732.95	5.67%
NASDAQ Composite	11,468.00	15,644.97	-26.70%	10,988.15	4.37%
Russell 2000	1,886.58	2,245.31	-15.98%	1,846.86	2.15%
FTSE 100	7,573.05	7,384.54	2.55%	7,094.53	6.74%
Shanghai Composite	3,151.34	3,639.78	-13.42%	2,893.48	8.91%
Nikkei Stock Average	27,968.99	28,791.71	-2.86%	27,587.46	1.38%
Stoxx Europe 600	440.04	487.80	-9.79%	412.20	6.75%
MSCI Emerging Markets	972.29	1,232.01	-21.08%	848.16	14.64%
MSCI Emerging Markets Small Cap	1,141.98	1,412.34	-19.14%	1,045.08	9.27%

Performance of S&P 500 by Industry:	**% of Index as of 11/30/22**	**1 Month**	**3 Month**	**Year to Date**	**12 Months**
Consumer Discretionary	10.42%	0.81%	-7.16%	-29.62%	-29.84%
Consumer Staples	6.96%	6.20%	5.95%	-0.05%	9.90%
Energy	5.12%	0.65%	13.48%	64.24%	69.05%
Financials	11.53%	6.83%	9.97%	-7.32%	-4.43%
Health Care	15.28%	4.66%	11.54%	-1.53%	7.17%
Industrials	8.44%	7.57%	9.54%	-4.12%	0.88%
Information Technology	26.41%	5.84%	0.31%	-22.37%	-19.78%
Materials	2.68%	11.50%	9.81%	-8.76%	-2.07%
Communication Services	7.48%	6.85%	-6.24%	-35.34%	-33.71%
Utilities	3.00%	6.51%	-3.90%	-0.68%	8.62%
Real Estate	2.67%	6.76%	-6.05%	-24.30%	-16.94%
S&P 500 (Absolute performance)	100.0%	5.38%	3.16%	-14.39%	-10.66%

Interest Rates:	**11/30/2022**	**12/31/2021**	**YTD Change (Basis Points)**	**10/31/2022**	**Month Change (BPS)**
Fed Funds Effective Rate	3.83%	0.09%	374	3.08%	75
Prime Rate	7.00%	3.25%	375	6.25%	75
Three Month Treasury Bill	4.33%	0.09%	425	3.37%	96
Ten Year Treasury	3.61%	1.51%	210	4.05%	-44
Spread - 10 Year vs 3 Month	-0.55%	1.43%	-198	0.68%	-123

Foreign Currencies:	**11/30/2022**	**12/31/2021**	**% Change YTD**	**10/31/2022**	**% Change (Monthly)**
Brazil Real (in US dollars)	0.19	0.18	7.3%	0.19	-0.3%
British Pound (in US dollars)	1.21	1.35	-10.9%	1.15	5.1%
Canadian Dollar (in US dollars)	0.75	0.79	-5.8%	0.73	1.6%
Chinese Yuan (per US dollar)	7.09	6.36	11.6%	7.31	-2.9%
Euro (in US dollars)	1.04	1.14	-8.5%	0.99	5.3%
Japanese Yen (per US dollar)	138.07	115.08	20.0%	148.71	-7.2%

Commodity Prices:	**11/30/2022**	**12/31/2021**	**% Change YTD**	**10/31/2022**	**% Change (Monthly)**
CRB (Commodity) Index	564.26	578.31	-2.4%	549.59	2.7%
Gold (Comex spot per troy oz.)	1768.52	1829.20	-3.3%	1633.56	8.3%
Oil (West Texas int. crude)	80.55	75.21	7.1%	86.53	-6.9%
Aluminum (LME spot per metric ton)	2447.50	2806.00	-12.8%	2216.75	10.4%
Natural Gas (Futures 10,000 MMBtu)	6.93	3.73	85.8%	6.36	9.0%

Economic Indicators:	**9/30/2022**	**12/31/2021**	**% Change YTD**	**8/31/2022**	**% Change (Monthly)**
Consumer Price Index	296.8	280.1	5.9%	295.6	0.39%
Producer Price Index	253.1	232.0	9.1%	252.2	0.4%
	Q3 2022	**Q2 2022**	**Q1 2022**	**Q4 2021**	**Q3 2021**
GDP Growth Rate (Quarterly)	2.60%	-0.60%	-1.60%	7.00%	2.70%
Unemployment Rate (End of Month)	**October** **3.7**	**September** **3.5**	**August** **3.7**	**July** **3.5**	**June** **3.6**

*GDP growth rate is calculated as the percent change from the previous period seasonally adjusted at annual rates. **S&P Sectors were re-named at the end of 2001. The sector Industrials is a combination of the former sectors Capital Goods & Transportation.Sources: Wall Street Journal, Bloomberg, The Department of Labor, The Bureau of Labor Statistics, The Bureau of Economic Analysis, US Treasury website.

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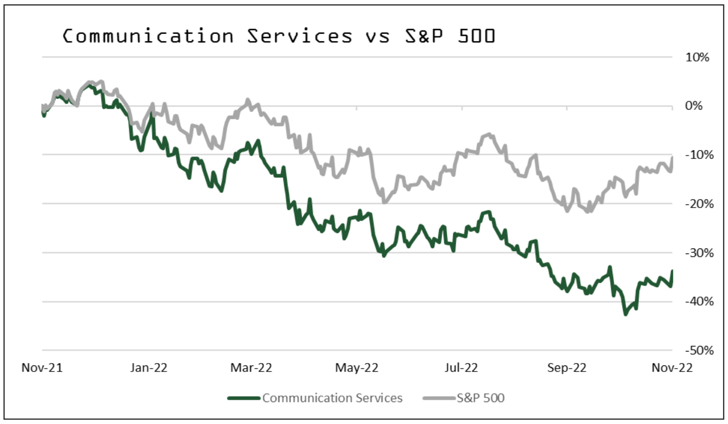
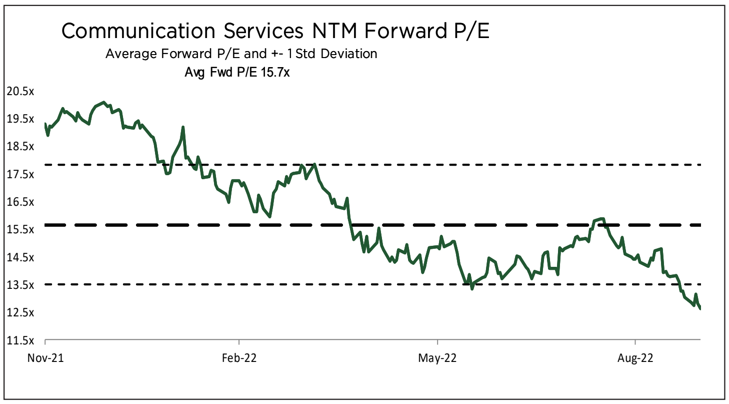
COMMUNICATIONS SERVICES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
6.85%	-6.24%	-35.34%	-33.71%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
5.38%	3.16%	-14.39%	-10.66%

	Company Performance	1 Month
Leader	Meta Platforms Inc	26.8%
	Match Group Inc	17.0%
	Comcast Corp	15.4%
	Interpublic Group	15.3%
	News Corp	13.5%
Laggards	Lumen Technologies Inc	-25.7%
	Warner Bros Discovery	-12.3%
	Take-Two Interactive	-10.8%
	Live Nation Ent.	-8.6%
	Walt Disney Co/The	-8.1%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$11.16	$11.06	$12.14
15.5x	15.6x	14.2x

Sector Update

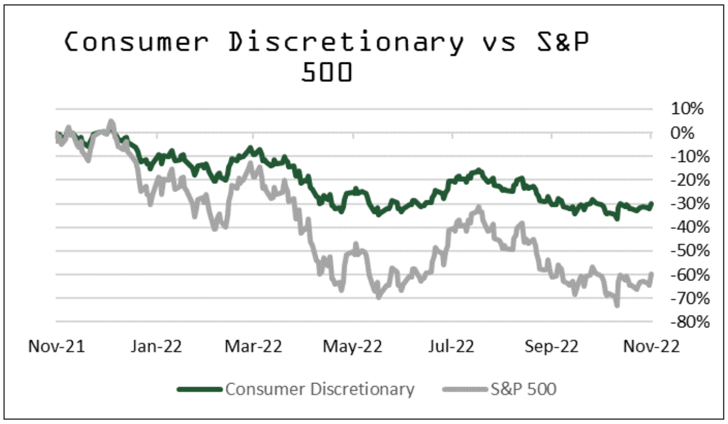
Communications Services outperformed the market in November (+6.85%) due to the decline of the Entertainment sub-sector. We consider Communications Services close to fairly valued, with a forward P/E of 15.6x, in line with its historic valuation.

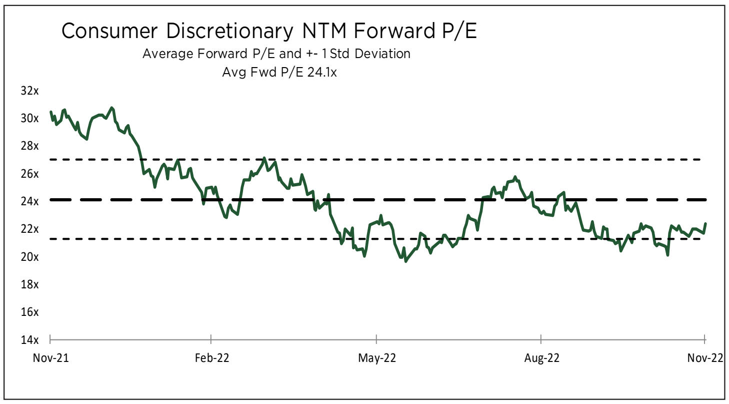
The Interactive Media & Services sub-sector outperformed the market in November (+10.3%) driven by the rebound in Meta Platforms shares after the company modified its FY23 guidance. META's shares declined sharply in October after the company provided FY23 operating expense and capital expenditure guidance that was higher than investor expectations. Two weeks after issuing its initial FY23 guidance, Meta Platforms announced that it planned to lay off 11,000 employees representing 13% of its work force. The company reduced its FY23 operating expense guidance from $96 to $101 billion to $94 to $100 billion and lowered its FY23 capital expenditures guidance from $34 to $39 billion to $34 to $37 billion.

The Entertainment sector underperformed the market in November (-3%) due to the decline in Disney shares. The company recently provided investors with FY23 revenue and adjusted operating income guidance (+9% year-over-year) that was well below the consensus analyst estimate.

Disney's Direct to Consumer (DTC) streaming media business reported a peak loss of $1.47 billion in Q-4 22. Investors were disappointed that the company no longer expected its DTC business to become profitable in FY24 and may not become profitable until the second half of FY24. Within twelve days of reporting its Q-4 22 results, Disney's Board of Directors fired CEO Bob Chapek and hired Bob Iger to become CEO for the next two years. The company's Board of Directors asked Mr. Iger to set the strategic direction for Disney for renewed growth and to work with the Board of Directors to develop the company's next CEO. At a recent town hall meeting with employees, Bob Iger told employees that Disney needs to focus on driving improved profits in its streaming business instead of subscriber growth.

CONSUMER DISCRETIONARY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
0.81%	-7.16%	-29.62%	-29.84%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
5.38%	3.16%	-14.39%	-10.66%

	Company Performance	1 Month
Leader	Etsy Inc	40.7%
	Wynn Resorts Ltd	30.9%
	Bath & Body Works Inc	27.3%
	Best Buy Co Inc	24.7%
	Las Vegas Sands Corp	23.2%
Laggards	Advance Auto Parts	-20.5%
	Tesla Inc	-14.4%
	Newell Brands Inc	-6.1%
	Amazon.com Inc	-5.8%
	Dollar Tree Inc	-5.2%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$37.95	$40.93	$52.12
29.9x	27.7x	21.7x

Sector Update

The Consumer Discretionary sector in November once again lagged the broader equity market although it did end up slightly positive for the month as seen in the accompanying table. Sub-sector performance was led by significant increases in the Textiles, Apparel & Luxury Goods, Auto Components and Specialty Retail categories. Lagging categories included Automobiles, Internet & Direct Marketing Retail and Leisure Products sub-sectors. Looking at the relative performance of Consumer Discretionary stocks, the sector has significantly underperformed the S&P 500 with the group in deep negative territory for the 3-month, year-to-date and trailing twelve month periods.

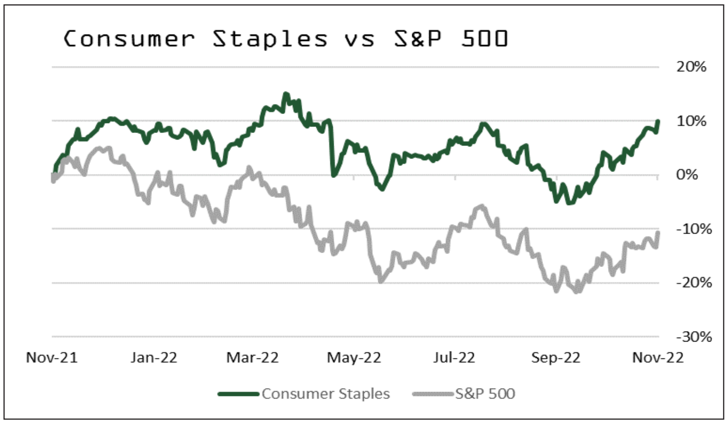
The University of Michigan reported that consumer sentiment declined in November to 56.8 from 59.9 in October. Consumer sentiment has dropped sharply from last November when it stood at 73.6 as consumers were responding favorably to macro trends at the time including the apparent benefits from COVID booster shots. Factors impacting consumer sentiment more recently include rising inflation and concerns about the potential for the economy to slip into recession as interest rates climb on tighter Fed policy.

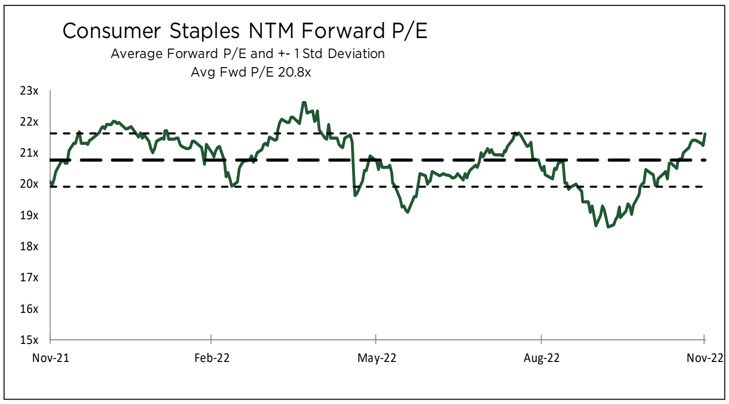
In November the Census Bureau reported that October retail sales increased a stronger-than-expected 1.3% with consumers continuing to spend strongly despite a host of challenging macro factors including rising inflation. The October increase reflected the largest one-month move since February and a significant pickup from September's flat sales result. On an annual basis, retail sales increased 8.3% which did represent a slight deceleration from 8.6% in September. Core retail sales, excluding autos and gas stations, increased 0.9% for October which was well ahead of the 0.4% CPI report for the month indicating that spending remains robust even after considering inflation.

The housing market continues to register the impact from rising mortgage rates with the Case-Shiller index of prices declining for the third month in a row for September according to reports released in late November. The Case-Shiller index dropped 1.2% for the month with all twenty cities tracked experiencing declines. On a year-over-year basis, home prices are still up 10.4% which was a slowdown from the prior month's increase of 13.1%.

Weakness in housing indicators continues to be evident including declining trends in existing home sales which dropped for the ninth consecutive month in October according to the National Association of Realtors. For the month, existing home sales dropped 5.9% to a seasonally adjusted annual rate of 4.43 million. Versus the prior year, existing home sales dropped a sharp 28.4%. Affordability continues to be a key factor impacting home sales including home price levels and mortgage rates while the supply of available homes for sale also continues to weigh on the market.

CONSUMER STAPLES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
6.20%	5.95%	-0.05%	9.90%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
5.38%	3.16%	-14.39%	-10.66%

	Company Performance	1 Month
Leader	Estee Lauder Cos Inc	17.6%
	Walgreens Boots	13.7%
	Procter & Gamble Co	10.8%
	Church & Dwight Co Inc	10.4%
	Mondelez Int.	10.0%
Laggards	Kellogg Co	-5.0%
	Tyson Foods Inc	-3.0%
	Hershey Co/The	-1.5%
	Keurig Dr Pepper Inc	-0.4%
	Sysco Corp	-0.1%

Consensus FY EPS / P/E

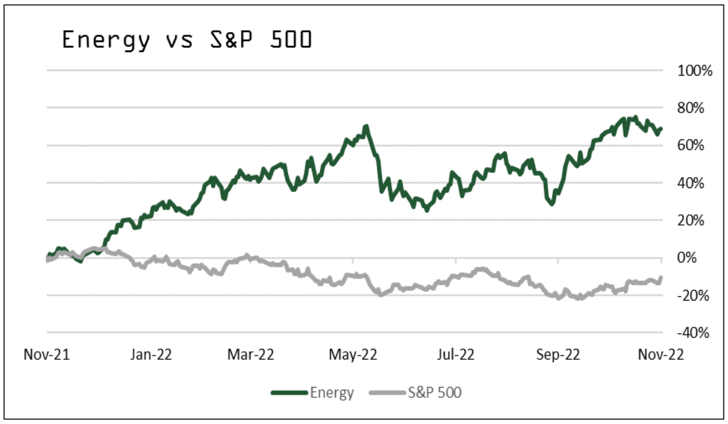
Last Year	Current Year	Next Year
$35.14	$35.86	$38.04
22.9x	22.4x	21.1x

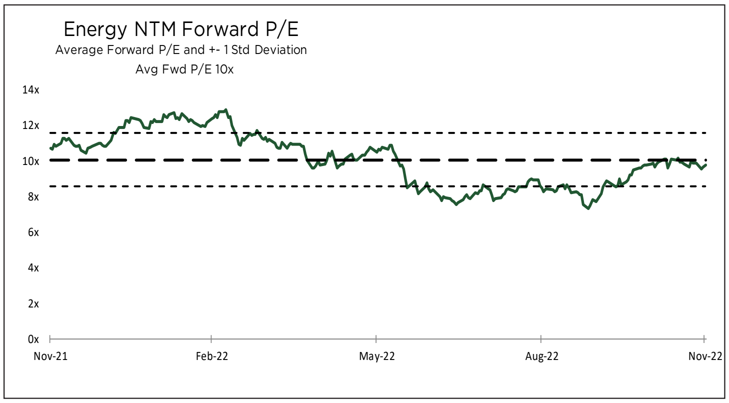
Sector Update

The Consumer Staples sector increased 6.20% on average in November and outperformed the S&P 500 Index that increased 5.38% for the month. All segments reported gains for the month with the greatest performance in the Personal Products segment. YTD through November, the Consumer Staples sector has decreased 0.05% on average and has significantly outperformed the S&P 500 Index that has declined 14.39%. The Consumer Staples segment is now trading with a current forward P/E of about 22.4x which is towards the upper end of its historic trading range and above its average P/E. With the uncertain global economic backdrop, investor sentiment remains favorable to exposure to the more defensive stock segment. We continue to advise the selective investment among the Consumer Staples stocks.

Heading into year and calendar 2023, focus on the consumer and shopping behavior within the Consumer Staples segments remains key. Additional key topics center on the macro environment across global, pricing, inventory levels, retailer relations, portfolio management and mix, and ESG. Consumers continue to face a great deal of pressure in the current macro environment as inflation rises faster than wages. Higher income consumers continue to spend backed by stronger balance sheets while lower income consumers face increasing cost pressures and exhibit more selective spending behaviors globally. Those consumers are gravitating towards lowering basket sizes and increasingly are substituting branded products with private label options. Consumers are also gravitating increasingly towards offerings with lower price/ounce or smaller package sizes. The continued benefit of pricing along with the potential for some moderation in input cost pressures could set up potential margin upside surprises for companies over the next year. The potential for increased promotional activity, competitive pressures, and product discounting remains a key trend to monitor entering 2023 for any potential challenge to margins. Within the food segment, sales for at home consumption remain strong and elasticity remains below historical levels. The snacking segment remains a key positive as it remains an affordable luxury for a more challenged consumer. Within the household and beauty channel, aggressive discounting from beauty companies very early in the holiday shopping season raises a key concern. Any news that the Chinese government could be easing lockdown restrictions supports a more favorable expectation for those companies with exposure to that market. We continue to prefer an investment in companies with pricing power, leading market shares, strong balance sheets, and experienced management.

ENERGY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
0.65%	13.48%	64.24%	69.05%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
5.38%	3.16%	-14.39%	-10.66%

	Company Performance	1 Month
Leader	ONEOK Inc	12.8%
	Targa Resources Corp	8.8%
	Marathon Petroleum	7.2%
	Valero Energy Corp	6.4%
	Williams Cos Inc	6.0%
Laggards	Devon Energy Corp	-11.4%
	Coterra Energy Inc	-10.3%
	Pioneer Natural	-8.0%
	Diamondback Energy	-5.8%
	Occidental Petroleum	-4.3%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$74.05	$80.94	$70.40
9.4x	8.6x	9.9x

Sector Update

Following a very strong October performance, the Energy sector trailed the broader market in November. The deceleration came amidst a range of macro concerns related to global demand including questions about China, in particular. Share price performance by sub-sector was led by Energy Equipment & Services with the Oil, Gas & Consumables sub-sector trailing during the period. Although the Energy sector lagged the S&P 500 during the month, the sector has outperformed on a three-month, year-to-date and on a trailing twelve-month basis, as seen in the accompanying table.

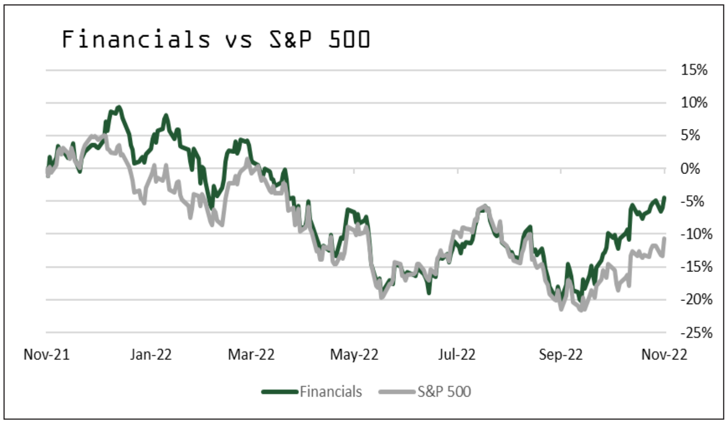
Ongoing lockdowns in China as the country continues to struggle with containing the pandemic under the zero COVID policy weighed on oil markets in November. Hopes that China might ease COVID policies with some possible steps to reduce curbs have been in flux as the nation seeks to combat the spread of the virus. COVID lockdowns in November erupted into spreading protests across the country with many expressing displeasure with the zero COVID policy.

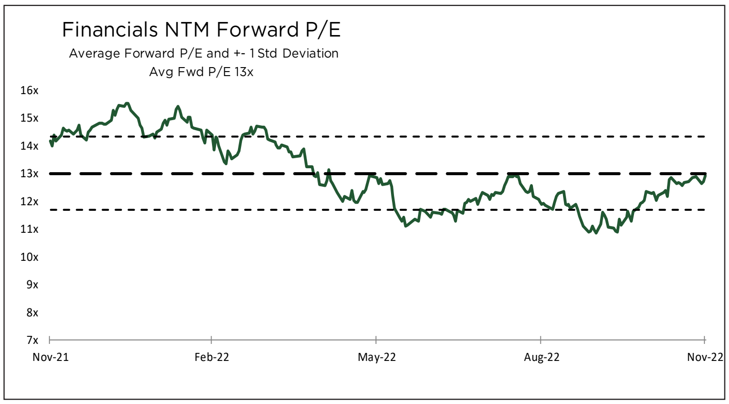
In early December, OPEC maintained production targets which comes ahead of the implementation of a $60 barrel price cap on Russian oil. In November, OPEC had trimmed its outlook for oil demand and cited considerable uncertainties related to the outlook for oil supplies. OPEC trimmed its forecast for oil demand growth in 2022 to 2.5 million barrels per day which was down 100,000 barrels per day from its prior forecast. The group also reduced its forecast for 2023 demand growth by 100,000 barrels per day bringing it to 2.2 million barrels per day. Macro factors continue to cloud the outlook with markets preparing for new Russian sanctions in December including the price cap and the EU planning to ban imports of Russian crude oil.

West Texas Intermediate crude oil prices moved lower in November from around $87 per barrel to end the month at almost $81 per barrel. Natural gas prices climbed during the month from about $6.36 per million Btu to end the month at about $6.93 per million Btu. Retail gasoline prices in November declined to $3.65 per gallon at the end of the month from the $3.86 average price seen at the end of October. We note that gasoline prices remain well above the prior year level of $3.48 per gallon.

The Baker Hughes oil rig count was up slightly in the month coming in at 627 rigs for November versus 610 rigs in October. Oil rig count at month-end was above the prior year level of 444 rigs as we have seen growth in rig counts over the past year. U.S. crude oil storage at 419 million barrels was down from last month's level of 433 million barrels. We note that storage levels have generally been declining off the 2020 pandemic highs and are currently below the prior year level of 433 million barrels. Following the downturn seen during the height of the pandemic in 2020, U.S. crude oil production has been in an uptrend which has continued during 2022. The trough daily production seen in 2020 was in the 9.7 million barrels per day range and has now rebounded to about 12.1 million barrels per day at the end of the month.

FINANCIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
6.83%	9.97%	-7.32%	-4.43%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
5.38%	3.16%	-14.39%	-10.66%

	Company Performance	1 Month
Leader	Invesco Ltd	24.7%
	T Rowe Price Group Inc	17.7%
	Franklin Resources Inc	14.3%
	Intercontinental	13.3%
	Morgan Stanley	13.3%
Laggards	Lincoln National Corp	-27.7%
	Signature Bank	-12.0%
	Assurant Inc	-5.6%
	Capital One Financial Corp	-2.6%
	Raymond James	-1.0%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$42.77	$41.83	$47.14
14.1x	14.4x	12.8x

Sector Update

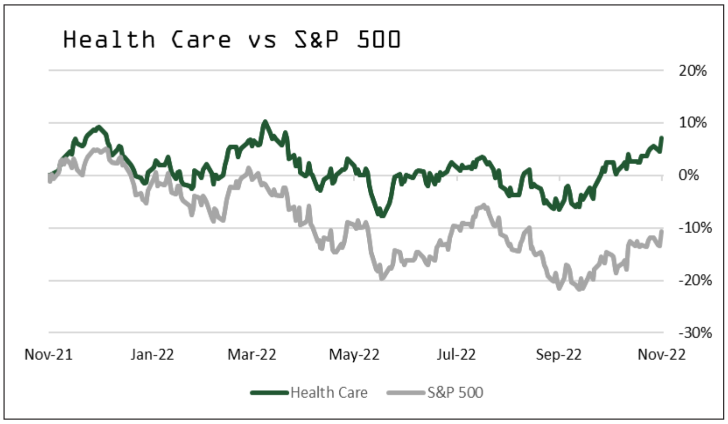
The Financials sector gained 6.83% in November, outpacing the S&P 500 return of 5.38% in the same period. Despite substantial concern around recessionary risks, the cyclically oriented sector leads the broader market returns over the past three month, year to date, and trailing twelve month periods in addition to the recent one month outperformance. The Capital Markets sub-sector was the best performer among Financials in the month on a 9% improvement. Individual equity leaders were centered in traditional asset managers that rebounded strongly following a softer than expected CPI print early in the month that drove a 'risk on' shift in the market. Importantly, higher market levels experienced thus far in Q4 bode well for asset manager fee revenues. In addition to Capital Markets, all other Financials subsectors enjoyed positive momentum in November including an 8% gain among Diversified Financial Services and better than 5% gains in Banks and Insurers.

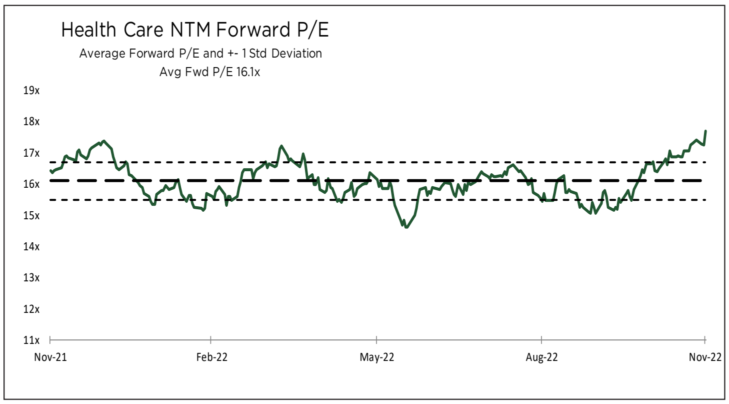
While the Consumer Finance subsector did post a 3.7% positive return in the month, the sub-sector lagged the market and the remainder of Financials. Mid-month credit reports from consumer lenders led to short-term downside moves around an increasing rate of credit losses and delinquencies, particularly in credit cards. On one hand, it was surprising to see a 34% M/M increase in card losses at Capital One (COF); however, the reported loss rate of 2.93% remains well below the 2016-2019 average of 4.7%. We continue to think that credit normalization (higher loss rates) is likely to trend toward pre-pandemic averages tied to inflation led declines in discretionary income; however, note these businesses have tremendous loss absorbing reserves in place. In the case of COF, the company has an allowance for credit losses (ACL) greater than 4% of its loans outstanding with a total loss rate of ~1.2% at the end of Q3. Sentiment remains very weak among consumer credit names with mid-single digit P/Es given the uncertainty around potential future losses, and time will tell whether provisioning needs will increase from recent levels.

With a pivotal Q3 earnings season now in the rear view, we expect macro factors including rate and Fed speculation are likely to steer the ship for the Financials group into year-end.

The FOMC continues to press hard in monetary tightening. Expectations point to the Fed moving forward with a 50bps hike in its last meeting of 2022 in mid-December. Market expectations of a terminal overnight rate in the 5.0-5.25% range in mid-2023 remain in place. The implications of continuously hawkish Fed talk and action are clear, suggesting the central bank will continue to tighten into restrictive territory despite a slowing macroeconomic backdrop and widespread recessionary concerns with a focus on reducing inflation and labor demand. The softer than expected November CPI print did well to quell concerns on another outsized 75 bps hike; however, continued strong reports on employment and wage gains may spoil the 'Fed Pause/ Pivot party'.

HEALTHCARE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
4.66%	11.54%	-1.53%	7.17%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
5.38%	3.16%	-14.39%	-10.66%

	Company Performance	1 Month
Leader	ABIOMED Inc	49.9%
	IDEXX Laboratories Inc	18.4%
	Henry Schein Inc	18.2%
	Bio-Rad Laboratories Inc	17.9%
	Moderna Inc	17.0%
Laggards	Catalent Inc	-23.7%
	Medtronic PLC	-9.5%
	Molina Healthcare Inc	-6.2%
	Illumina Inc	-4.7%
	Dexcom Inc	-3.7%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$81.87	$94.22	$91.71
19.8x	17.2x	17.6x

Sector Update

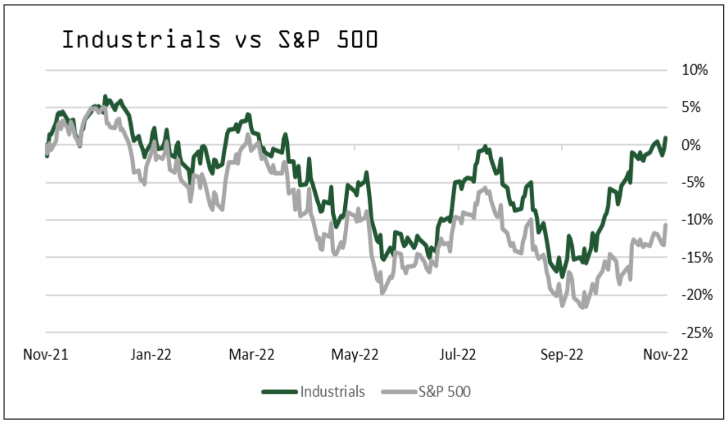
The broad based market extended its rally through November that saw the S&P 500 advancing smartly by 5.38% as investors increasingly looked for the Fed to slow its pace of interest rate hikes into yearend 2022. In contrast, the defensive Health Care sector lagged achieving a gain of 4.66%. Still, as illustrated in the adjacent table, over the past 3 month, year to date and trailing 12 month periods the Health Care sector has measurably outperformed the S&P 500 as the sector has delivered fairly consistent earnings growth during a period of challenged economic conditions during the COVID pandemic. That is, the defensive nature of the products and services offered by the sector typically results in outperformance during challenged economic/markets conditions. However, we note that currently trading at about 17.2x forward earnings, the Health Care sector's overall valuation trades at a premium to the historical average of 16.1x, while foreign exchange headwinds (Fx), shifting impacts and caseload of COVID globally, labor shortages, and inflationary pressures may weigh on individual company performance to varying degrees through at least 1H2023.

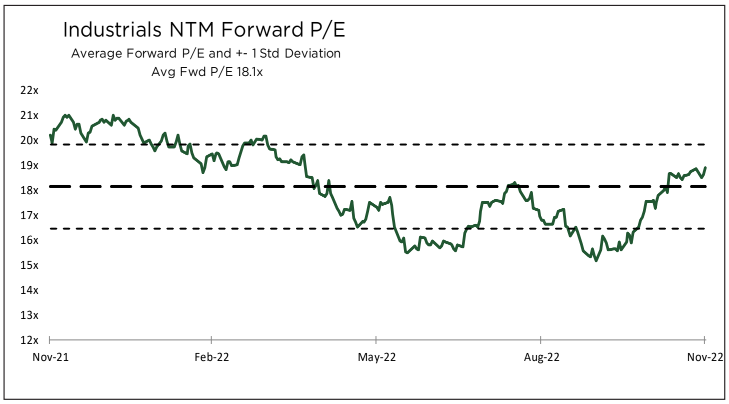
Most recent performance among leading Health Care stocks has been influenced extensively by operating results reported for the 3Q2022 period with firms that had disappointed earlier in the year – and experienced selling pressures – rebounding on improved operating trendline. IDEXX, Henry Schein and Bio-Rad Labs all fit into this category with their shares rebounding in November after experiencing selling pressure since mid-2022. And, leading the sector's gains this month was ABIOMED that accepted a $16.6 billion buyout offer from Johnson and Johnson that will fold in that firm's Impella cardiac assist device technology into its medtech division.

In contrast, macro and company specific headwinds that have persisted among some other firms resulted in heightened uncertainty, especially for the near term that pressured stock prices. Factors such as foreign exchange; inflationary pressures impacting labor and or raw material costs; and or varying product or service demand tied to abating COVID and weakening economic conditions emerging in the U.S. impacted results among companies such as Catalent and Medtronic. Molina Health saw its medical expense ratio rise above expectations from its managed care book of business, while a California MediCal RFP award being challenged in the courts has weighed on the firm's share valuation. And, Illumina shares softened with the arrival of formal notification by the European Commission of the agency's objections to the Grail acquisition that the agency has challenged and demanded to be unwound.

Although a range of headwinds persist for the Health Care Sector, related to supply chains, raw material and labor/wage costs, given the current uncertain macro-economic environment we sense that Health Care is poised to outperform into 2023 compared to many other more economically sensitive S&P sectors suggesting selective investment remains appropriate.

INDUSTRIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
7.57%	9.54%	-4.12%	0.88%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
5.38%	3.16%	-14.39%	-10.66%

	Company Performance	1 Month
Leader	Boeing Co	25.5%
	Expeditors Int	18.6%
	Equifax Inc	16.4%
	Copart Inc	15.7%
	Johnson Controls	14.9%
Laggards	Huntington Ingalls	-9.8%
	Generac Holdings Inc	-9.0%
	L3Harris Technologies	-7.9%
	Rollins Inc	-3.9%
	Northrop Grumman	-2.9%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$36.11	$40.58	$46.46
23.8x	21.1x	18.5x

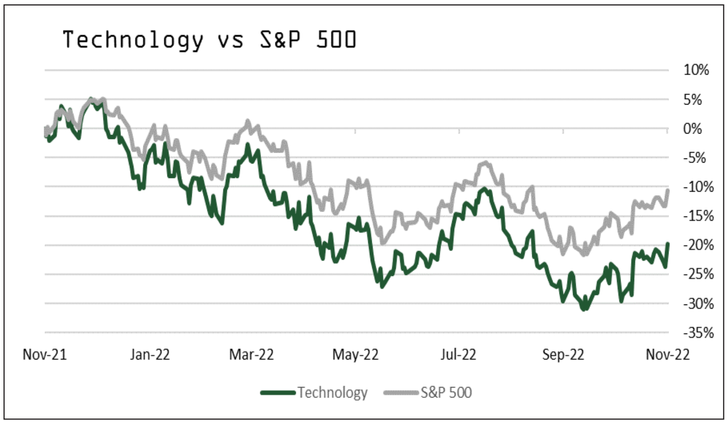
Sector Update

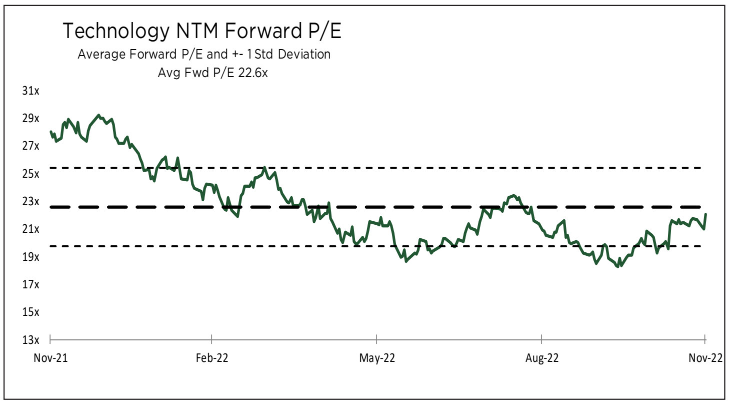
Generally better-than-expected third quarter earnings and a more benign monetary policy backdrop fared well for the cyclically-natured Industrial Sector in the month of November. The Industrial Sector registered an overall 7.57% gain for the month, ahead of the S&P 500's 5.38%. Each subsector also ended in positive territory, led by Air Freight & Logistics, Building Products, and Road & Rail. As shown in the accompanying table, the sector has outperformed the broader market on a 1 month, 3 month, Year-to-Date, and Trailing-Twelve-Month basis, despite mounting concerns that the Federal Reserve may push the economy into recession by employing overly tight monetary policy. Boeing (BA) led the sector with a 25.5% monthly return, driven by positive free cash flow and revenue projections stated by management, a new customer announcement for its 737 Max, and an October delivery report that was viewed positively by investors. Huntington Ingalls (HII) was the worst performing stock in the sector for the month with a -9.8% return, driven by a top-line miss on their quarterly sales call.

For the month of November, U.S. manufacturing activity contracted for the first time in 2.5 years, the lowest reading since the onset of the COVID pandemic, although a silver lining emerged as prices paid by factories for inputs fell for the second straight month. This indicated to investors that inflation could finally be abating, which could pave the way for an easing of monetary policy – a positive for equities in the Industrial Sector.

The November manufacturing PMI registered 49%, 1.2% lower than the October reading of 50.2%. A reading under 50% represents a contraction in the manufacturing sector of the economy, a number that the PMI reading has fallen beneath. PMIs remain a macro lens into earnings revisions, suggesting that global earnings estimates may be poised to fall. Demand eased for the month, with the New Orders Index remaining in contraction territory. The Customers' Inventories Index climbed 7.1%, and the Backlog of Orders Index moved deeper into contraction. The Industrial Sector is trading at a Forward P/E of 21.1x, 1.8x higher than last month's Forward P/E of 19.3x – driven primarily by the positive price action seen throughout the sector this month.

INFORMATION TECHNOLOGY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
5.84%	0.31%	-22.37%	-19.78%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
5.38%	3.16%	-14.39%	-10.66%

	Company Performance	1 Month
Leader	DXC Technology Co	261.4%
	SolarEdge Tech	29.9%
	Advanced Micro Dev.	29.3%
	Microchip Technology	28.3%
	NVIDIA Corp	25.4%
Laggards	Fidelity National	-12.5%
	Global Payments Inc	-9.2%
	Fortinet Inc	-7.0%
	PayPal Holdings Inc	-6.2%
	Autodesk Inc	-5.8%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$93.63	$103.09	$114.60
25.3x	23.0x	20.7x

Sector Update

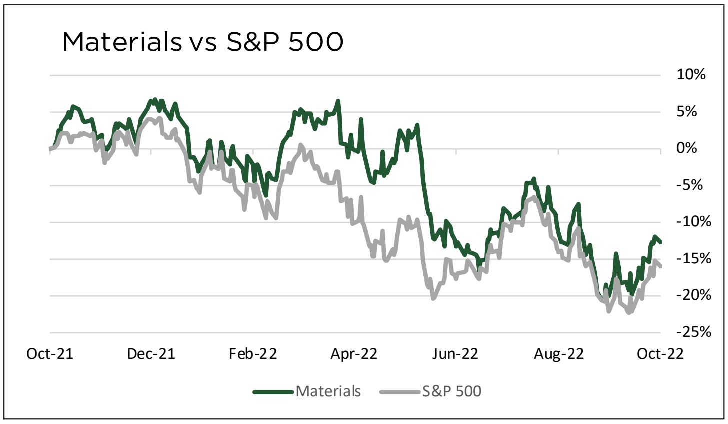
The Technology sector continued to rebound in November (+5.8%) driven by the sharp rise in the Semiconductors & Semiconductor Equipment sub-sector (+17.9%). Given the rebound in Technology shares over the past two months, Technology valuations are somewhat elevated, with a forward P/E multiple of 23.0x, compared to its average forward P/E multiple of 22.9x. The Technology sector could underperform the market in the near-term if companies continue to reduce provide earnings guidance below current analyst estimates.

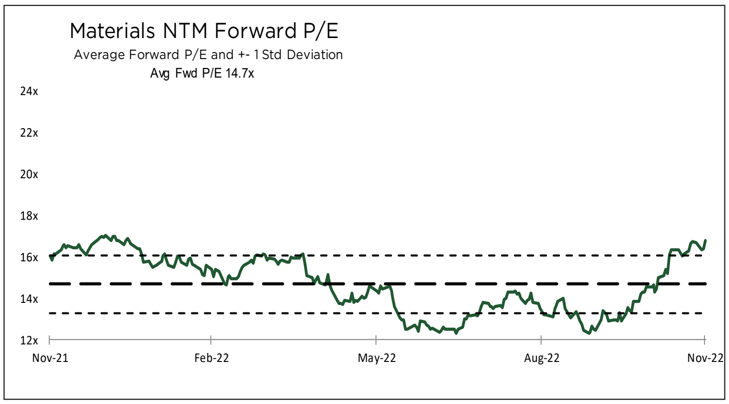
Given the substantial year-to-date decline in the semiconductor sector, with the potential for less aggressive interest rate increases by the U.S. Federal Reserve, investors may have increased their exposure to semiconductor companies in anticipation of improved demand over the next twelve to eighteen months.

Semiconductor demand remains inconsistent, with lower demand in the cloud data center, memory, PC, smartphone, and storage sectors and higher automotive and industrial demand. Semiconductor demand appears resilient in aerospace and defense, digital healthcare, energy, and factory automation. Given higher demand in the automotive and industrial markets, Analog Devices recently reported that its orders stabilized in Q-4 FY22 (the quarter ended in October) as higher demand in these markets offset lower demand in the consumer and communications markets.

The Software sector appreciated 7.9% in November but remained down 25.9% YTD. Given their global macroeconomic concerns, corporations are slowing their spending on cloud software.

Technology Hardware, Storage & Peripherals declined 3.1% in November due to Apple's warning of lower than expected iPhone 14 Pro and Pro Max production. Apple expects to produce 6 million fewer iPhone 14 Pro and Pro Max units in the December quarter due to the Chinese government's Covid restrictions. Recent news reports suggest that Foxconn's primary iPhone production plant in Zhengzhou, China will resume full production in late December and January. Given that the Chinese government's Covid restrictions have repeatedly disrupted the production of iPhones in China, recent news reports suggest that Apple plans to move 50% of its iPhone production from China to India and Vietnam by FY26.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
11.50%	9.81%	-8.76%	-2.07%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
5.38%	3.16%	-14.39%	-10.66%

	Company Performance	1 Month
Leader	Freeport-McMoRan	25.6%
	Air Products	23.9%
	DuPont de Nemours	23.3%
	PPG Industries Inc	18.4%
	Nucor Corp	14.1%
Laggards	Ecolab Inc	-4.6%
	Mosaic Co	-4.6%
	Albemarle Corp	-0.7%
	CF Industries Holdings	1.8%
	Corteva Inc	2.8%

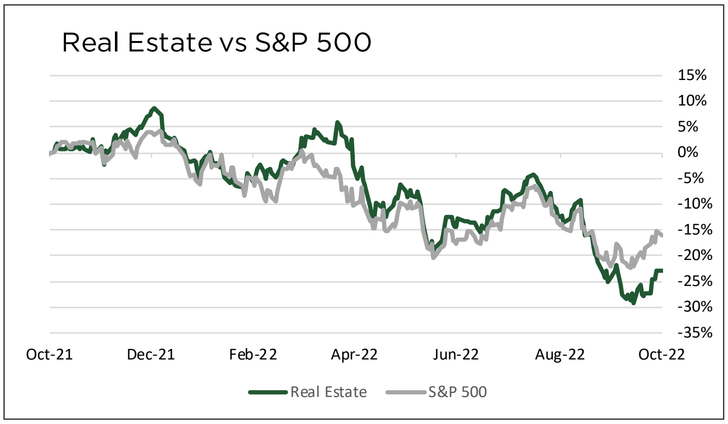
Consensus FY EPS / P/E

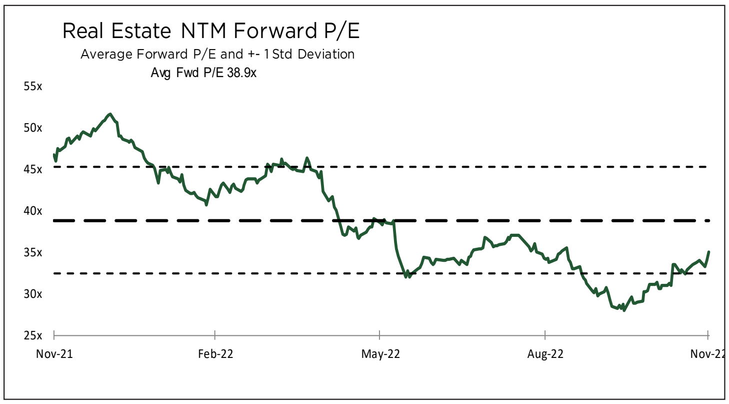
Last Year	Current Year	Next Year
$34.56	$33.89	$30.83
15.0x	15.3x	16.9x

Sector Update

The Materials segment increased 11.50% in November and significantly outperformed the S&P 500 Index that increased 5.38%. The strong performance reflected double-digit gains for all segments and a changing sentiment as the level of fear for the companies in the group lessens. The Metals and Mining segment was the strongest rising 18.1% followed by chemicals that increased 9.1% for the month. YTD through November, the Materials segment has decreased 8.76% outperforming the S&P 500 Index that is down 14.39%. The Materials segment is now trading with a current forward P/E of 15.3x that is just slightly above its average forward P/E of about 14.8x. The Metals and Mining segment performed strongly in November driven by the potential for China reopening and expected increased raw material purchases. The market is looking through the near-term in China and continued volatility and is trading on expected market recovery. Caution remains advised as a variety of scenarios persist and a more volatile path remains likely depending on the pace of reopening in China and global economies. Mining stocks traded higher during the month on prospects for increased demand driven by a forward looking market. Selective investment among the group remains a key factor, but the outlook remains favorable for long-term investors.

The slowdown in domestic housing demand this fall remains a key overhang in the group. As the housing group looks out to spring, the focus centers on demand, order rates, pricing, inventory, and interest rate movements. During November, the chemical stocks rebounded strongly reflecting improved sentiment and renewed interest in both the cyclical stocks and the market. The performance reflects the movement for less bad pressure from the energy crisis in Europe, better than expected Q3 results, some relief for currency, the dollar's strength, and a more resilient consumer. Uncertainties do persist including consumer behavior, the outlook for the construction industry, currency movement, and cost pressures. For 2023, the key focus centers on macro economies, consumer and end market demand, supply, currency movement, pricing, and moderation in input cost pressures. The Materials companies could begin to realize strengthening margins as input costs moderate. Execution remains critical in an ongoing volatile global environment.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
6.76%	-6.05%	-24.30%	-16.94%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
5.38%	3.16%	-14.39%	-10.66%

	Company Performance	1 Month
Leader	Equinix Inc	21.9%
	Ventas Inc	18.9%
	Welltower Inc	16.4%
	Federal Realty	12.2%
	CBRE Group Inc	12.2%
Laggards	Extra Space Storage	-9.4%
	Public Storage	-3.8%
	Boston Properties Inc	-0.9%
	Essex Property Trust	-0.8%
	AvalonBay	-0.1%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$7.23	$7.55	$6.96
34.0x	32.6x	35.3x

Sector Update

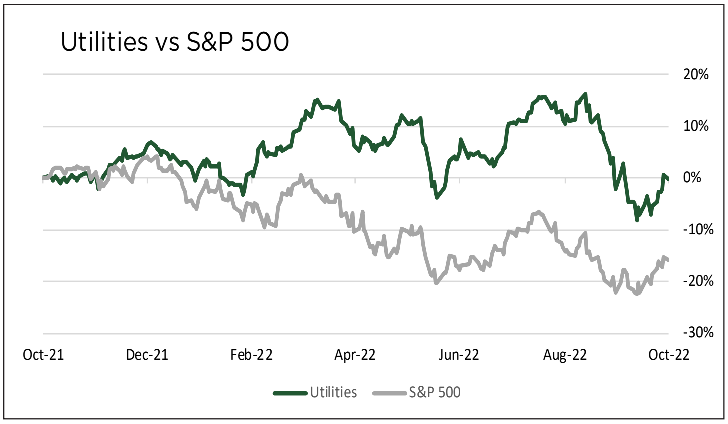
In November, markets sustained the rally/recovery that opened in October, with the S&P 500 advancing smartly by 5.38% as investors increasingly looked for the Fed to slow its pace of interest rate hikes into yearend 2022. After consistently lagging the broad market through much of 2022, the Real Estate sector actually outperformed in November with the sector advancing by 6.76% as some firms reported stronger than forecast 3Q2022 operating results along with the aforementioned view held by investors that the Fed is poised to slow its pace of rate hikes. Still, we note that the Real Estate sector has measurably underperformed over the past 12 months being down 16.94% versus the decline of 10.66% registered by the S&P 500 – with question marks existing concerning the economic outlook into 2023 that could weigh on sector performance going forward. In addition, positive real returns offered from the fixed-income markets represent a competing alternative for those seeking yield historically derived from real estate's status as a bond proxy sector.

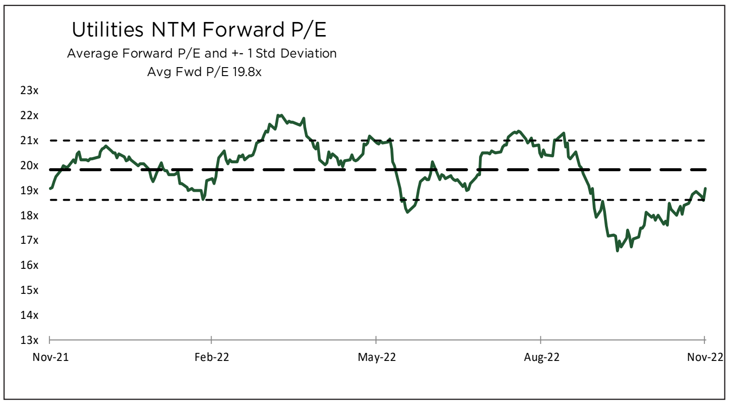
With consumers having retrenched on purchases of durable goods given a slowing economy; the housing sector on the decline; capacity expansion/absorption issues impacting some subsectors; and rising overhead costs impacting others (labor or energy related) REIT investor fears over occupancy and rental pricing implications have arisen with expectations for a slowdown in 2023. In the meantime, rising interest rates weigh on M&A activity. Still, latest operating results from Equinix measurably exceeded expectations with FFO coming in over 7% ahead of street expectations driven by steadily rising demand for digital infrastructure products and services leading management to raise guidance with the shares responding by ramping almost 22% during the month. Health care REITs Ventas and Welltower noted that occupancy rates were up over 200 bps with the pace of seniors moving into their SHOP owned and operated assisted living centers having now exceeded pre-pandemic levels positioning both firms to raise rental rates by 5%+ that was encouraging to investors driving high teen appreciation for both stocks last month. And, Federal Realty experienced strong demand across its premium retail shopping centers driving renewal rent increases up by 5% with latest operating results exceeding expectations with company guidance raised through yearend 2022.

On the other hand, mixed operating results were reported by companies in the self-storage segment with growth moderating after a COVID pandemic-driven surge in demand, while new supply having entered the market combine to see occupancy, rental rates, and FFO estimates moderating – impacting share prices for both Extra Space Storage and Public Storage in November. Boston Properties shares were also soft last month despite the firm beating consensus forecasts, as management noted that rising interest rates will impact interest expense given exposure to floating rate debt, while the company is also seeing a slowing pace of leasing heading into 2023.

Given the Fed's quantitative tightening strategy now underway, we sense that economic uncertainty will persist as the U.S. has not experienced a similar process to any significant degree in the past four decades with the outcome/ramification to follow. Interest rate, occupancy and pricing trends and the influence they have on the economy will likely remain the challenge to investor sentiment for the Real Estate sector into 2023.

UTILITIES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
6.51%	-3.90%	-0.68%	8.62%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
5.38%	3.16%	-14.39%	-10.66%

	Company Performance	1 Month
Leader	Pinnacle West Capital	16.5%
	Atmos Energy Corp	12.8%
	Consolidated Edison Inc	11.5%
	PPL Corp	11.4%
	Edison International	11.0%
Laggards	Dominion Energy Inc	-12.7%
	NRG Energy Inc	-4.4%
	Evergy Inc	-3.1%
	Constellation Energy	1.7%
	Southern Co	3.3%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$16.77	$18.04	$19.05
21.5x	20.0x	19.0x

Sector Update

The Utilities sector improved 6.51%, beating the 5.38% gain in the S&P 500 in November. While Utilities lag the broader market index in the past three month period, the sector maintains a wide margin of outperformance against the index on a year-to-date and trailing twelve month basis. It appears lower yields, including a 60 bps intra-month peak to trough compression in ten year treasuries on softer than expected CPI aided Utility returns. The sector is a beneficiary of lower rates as it portends lower cost of capital for these large debt issuers. It is also likely that lower yields experienced in the month provide some relief on competing security effects—making Utility dividend yields relatively more attractive against treasuries compared to the disparity in recent months.

Pinnacle West (PNW) was the leader among Utility shares in November, up 16.5%, after delivering upside earnings and revenues in its Q3 report early in the month, followed by a handful of sell-side opinion upgrades from Sell to Neutral. PNW raised its full year outlook in conjunction with its earnings beat, and set a 5-7% longer-term EPS growth target. PNW is largely exposed to Arizona, where solid population growth is expected to translate toward ~2% retail customer growth at the mid-point of company guidance.

Dominion Energy (D) was the worst performer among the Utility sector in November, down 12.7%, after announcing a 'top to bottom' strategic business review in conjunction with its Q3 earnings report. In addition to worries of a potentially dilutive asset sale, there remains risk that the company may walk away from its $9.8B Coastal Virginia Offshore Wind Project (CVOW) subject to settlement of a regulator enforced performance guarantee. The CVOW project is integral in driving the company's forecasted $37B growth capex pipeline over the next five year period. Dominion management did not explicitly affirm its 6% EPS growth forecast through 2027 as a result. D remains focused on removing the Virginia State Corporation Commission (SCC) 42% generation performance guarantee associated with the cost recovery on the CVOW wind project that management called 'untenable' in its Q2 commentary.

We continue to think many Utilities are somewhat 'caught in the middle' between historical defensiveness and inflationary pressures against long-term capital expenditure backlogs. While the sector saw a benefit from compression in longer-term rates in November, it appears likely that central bank tightening into next year could keep a lid on upside with increasing cost of capital for companies with substantial debt issuance needs. Further, investors are no longer pinned to bond proxy equities in a search for income with a two-year treasury providing a 4.3% yield at month-end.

ECONOMIC CALENDAR

Date	Release	For	Prior
8-Dec	Initial Claims	12/3	226K
8-Dec	Continuing Claims	11/26	1609K
8-Dec	EIA Natural Gas Inventories	12/3	-81 bcf
9-Dec	PPI	Nov	0.20%
9-Dec	Core PPI	Nov	0.00%
9-Dec	Univ. of Michigan Consumer Sentiment - Prelim	Dec	56.8
9-Dec	Wholesale Inventories	Oct	0.60%
12-Dec	Treasury Budget	Nov	-87.8B
13-Dec	CPI	Nov	0.40%
13-Dec	Core CPI	Nov	0.30%
14-Dec	MBA Mortgage Applications Index	12/10	-1.9%
14-Dec	Export Prices ex-ag.	Nov	-0.3%
14-Dec	Import Prices ex-oil	Nov	-0.1%
14-Dec	EIA Crude Oil Inventories	12/10	-5.19M
14-Dec	FOMC Rate Decision	Dec	3.75-4.0%
15-Dec	Retail Sales ex-auto	Nov	1.30%
15-Dec	Retail Sales	Nov	1.30%
15-Dec	Initial Claims	12/10	230K
15-Dec	Continuing Claims	12/3	1671K
15-Dec	Philadelphia Fed Index	Dec	-19.4
15-Dec	Empire State Manufacturing	Dec	4.5
15-Dec	Industrial Production	Nov	-0.1%
15-Dec	Capacity Utilization	Nov	79.90%
15-Dec	Business Inventories	Oct	0.40%
15-Dec	EIA Natural Gas Inventories	12/10	-21 bcf
20-Dec	Housing Starts	Nov	1425K
20-Dec	Building Permits	Nov	1526K
21-Dec	MBA Mortgage Applications Index	12/17	NA
21-Dec	Current Account Balance	Q3	-251.1B
21-Dec	Existing Home Sales	Nov	4.43M
21-Dec	EIA Crude Oil Inventories	12/17	NA
22-Dec	GDP - Third Estimate	Q3	NA
22-Dec	GDP Deflator - Third Estimate	Q3	NA
22-Dec	Initial Claims	12/17	NA
22-Dec	Continuing Claims	12/10	NA
22-Dec	EIA Natural Gas Inventories	12/17	NA
23-Dec	Durable Orders	Nov	1.00%
23-Dec	Durable Orders, Ex-Transportation	Nov	0.50%
23-Dec	Personal Income	Nov	0.70%
23-Dec	PCE Prices	Nov	0.30%
23-Dec	Personal Spending	Nov	0.80%
23-Dec	PCE Prices - Core	Nov	0.20%

ECONOMIC CALENDAR

23-Dec	New Home Sales	Nov	632K
23-Dec	Univ. of Michigan Consumer Sentiment - Final	Dec	NA
27-Dec	Adv. Intl. Trade in Goods	Nov	NA
27-Dec	Adv. Retail Inventories	Nov	NA
27-Dec	Adv. Wholesale Inventories	Nov	NA
27-Dec	FHFA Housing Price Index	Oct	NA
27-Dec	S&P Case-Shiller Home Price Index	Oct	NA
27-Dec	Consumer Confidence	Dec	NA
28-Dec	MBA Mortgage Applications Index	12/24	NA
28-Dec	Pending Home Sales	Nov	NA
29-Dec	Continuing Claims	12/17	NA
29-Dec	Initial Claims	12/24	NA
29-Dec	EIA Natural Gas Inventories	12/24	NA
29-Dec	EIA Crude Oil Inventories	12/24	NA
30-Dec	Chicago PMI	Dec	NA

DISCLOSURES

This information has been compiled from various sources we believe to be reliable, however, there is no guarantee of its accuracy or completeness. Any opinion expressed herein is based upon our interpretation of the information from such source. This information is not furnished in connection with a sale or offer to sell securities or in connection with the solicitation of an offer to buy securities. Our firm, or its offices or members of their families, may at times, have a long or short position in the securities mentioned herein and may make purchases or sales of these securities while this memorandum is in circulation.

Past performance is not indicative of future results.

An index is not available for direct investment; therefore, its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio.

Sectors and sector components defined by Standard & Poor's GICS Level 1 index. For the list of all holdings in GICS Level 1 index sectors, contact your Davenport Financial Advisor.

Leaders: Represent top five best stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

Laggards: Represent top five worst stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

Members: The GICS Level 1 Telecommunication Services sector has only three component companies. This sector will not include "Leaders and Laggards", but will show all three members and their price performance over the previous calendar month.

S&P 500®: 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. Standard & Poor's Financial Services LLC, a division of S&P Global, is the source and owner of the registered trademarks related to the S&P 500 Index.

Dow Jones Industrials: The Dow Jones Industrial Average is an index of 30 "blue chip" stocks of U.S. "industrial" companies.

NASDAQ Composite: The Nasdaq-100 Index is a "modified capitalization-weighted" index designed to track the performance of a market consisting of the 100 largest and most actively traded non-financial domestic and international securities listed on The Nasdaq Stock Market, based on market capitalization.

Russell 2000®: The Russell 2000® Index is a capitalization-weighted index designed to measure the performance of a market consisting of the 2,000 smallest publicly traded U.S. companies (in terms of market capitalization) that are included in the Russell 3000® Index. Source: London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"). © LSE Group 2021. FTSE Russell is a trading name of certain LSE Group companies. "Russell®" is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote/sponsor/endorse the content of this communication.

FTSE 100: The FTSE 100 is an index of the leading shares on the London Stock Exchange. Shanghai Composite: The SSE Composite Index is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

Nikkei Stock Average: Nikkei is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index comprised of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the United States.

Stoxx Europe 600: The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

MSCI Emerging Markets: The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. (MSCI Website).

MSCI Emerging Markets Small Cap: The MSCI Emerging Markets Small Cap Index includes small cap representation across 23 Emerging Markets countries. With 1,889 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. The small cap segment tends to capture more local economic and sector characteristics relative to larger Emerging Markets capitalization segments.

US Dollar Index (USDX, DXY): An index (or measure) of the value of the United States dollar relative to a basket of currencies, often referred to as a basket of US trade partners' currencies.

VIX: The ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

Shanghai Composite (SSE Index): The Shanghai Composite Index, also known as the SSE Index is a stock market index of all stock (A shares and B shares) that are traded at the Shanghai Stock Exchange.

Certification: As the primary authors of this report, we hereby certify that the views and opinions expressed herein accurately reflect our personal views and opinions about the principal subject(s) of this report. Further, I hereby certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or personal views expressed herein.

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CORPORATE HEADQUARTERS

One James Center | 901 East Cary Street, Suite 1100 | Richmond, Virginia 23219
(804) 780-2000 (800) 846-6666
www.investdavenport.com

Abingdon
153 W. Main St., Ste. 100
Abingdon, VA 24210
(276) 274-8277

Atlanta*
515 E. Crossville Rd., Ste. 380
Roswell, GA 30075
(404) 865-4040

Charlotte*
101 North Tryon St., Ste. 1220
Charlotte, NC 28246
(704) 375-0550

Charlottesville
600 E. Water St., Ste. A
Charlottesville, VA 22902
(434) 296-9013

Danville
165 Holt Garrison Pkwy., Ste. 570B
Danville, VA 24540
(434) 836-5528

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

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

Fredericksburg
904 Princess Anne St., Ste. 102
Fredericksburg, VA 22401
(540) 373-1863

Greensboro
628 Green Valley Rd., Ste. 410
Greensboro, NC 27408
(336) 297-2800

Harrisonburg
3200 Peoples Dr., Ste. 220
Harrisonburg, VA 22801
(540) 383-6550

Kilmarnock
141 Technology Park Dr.
Kilmarnock, VA 22482
(804) 435-7705

Leesburg*
19301 Winmeade Dr., Ste. 218
Leesburg, VA 20176
(571) 223-5893

Lynchburg
1104 Commerce St.
Lynchburg, VA 24504
(434) 948-1100

Newport News
11827 Canon Blvd., Ste. 404
Newport News, VA 23606
(757) 595-5740

Norfolk
101 West Main St., Ste. 4000
Norfolk, VA 23510
(757) 314-3600

Richmond
901 East Cary St., Ste. 1100
Richmond, VA 23219
(804) 780-2000

Raleigh
3605 Glenwood Ave., Ste. 310
Raleigh, NC 27612
(919) 571-6550

Roanoke
10 Franklin Road S.E., Ste. 450
Roanoke, VA 24011
(540) 345-1909

Sanford
503 Carthage St., Ste. 300
Sanford, NC 27330
(919) 777-9823

Staunton
59 Lee Highway
Verona, VA 24482
(540) 430-7696

Suffolk
330 West Constance Rd., Ste. 200
Suffolk, VA 23434
(757) 539-5355

Towson*
8600 LaSalle Rd., Ste. 618
Towson, MD 21286
(410) 296-9426

Virginia Beach
477 Viking Dr., Ste. 200
Virginia Beach, VA 23452
(757) 498-4000

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

**Public Finance office.*