

MARKET COMMENTARY

JANUARY 2022

- During December, the S&P 500® Index, Russell 2000®, and Dow Jones Industrial Average® increased
- The best performing S&P 500 sector was Consumer Staples
- Consumer sentiment lagged as concerns over inflation and interest rates persisted
- The Fed dot plot anticipates three rate hikes on average during 2022

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Equity markets finished strongly in 2021 overcoming concerns on multiple fronts providing a third year of gains for investors with the S&P 500® index up over 27% for the year. Year-end market enthusiasm reflected ongoing effects from stimulative policies as well as optimism that 2022 may prove to be a turning point for the pandemic. During December, equities added to gains for the year while the VIX Index or “fear gauge” declined as the new year approached. For the full month, all three major equity indexes increased with the Dow Jones Industrial Average up 5.4%, the S&P 500® index up 4.4%, and the smaller cap weighted Russell 2000® increasing 2.1%.

The best performing S&P 500 sector in December was Consumer Staples which increased 10.0% followed by the Real Estate sector which was up 9.7%. The weakest performances in the month were posted by the Consumer Discretionary sector which decreased 0.3% followed by the Communications Services sector which was up 2.5%. For the prior twelve month period, the Energy sector was the best performer with a 47.7% increase followed by the Real Estate sector up 42.5%, while the Utilities Sector was the worst performer for the past twelve months with a 14.0% increase followed by the Consumer Staples sector which was up 15.6%.

Although markets surged as the year closed, consumer sentiment lagged as concerns over inflation and interest rates combined with surging COVID cases weighed on investor psyche (with the University of Michigan Consumer Sentiment survey dropping by 13% to 70.6 at yearend). Although there is plenty to be worried about (as there always seems to be), economic data shows the U.S. economy as being strong with improving labor and wage trends as we enter 2022 supporting the consumer that represents 70% of economic activity.

COVID cases have spiked sharply higher recently with health officials reiterating advice to get vaccinated and or booster doses to mitigate severity and spread of the virus. Studies point to the latest variant, Omicron, as being extremely contagious but impacting the bronchi versus the lungs - resulting in more non-lethal cases. Still, signs are pointing to the U.S. economy as losing a bit of steam as Omicron rapidly spreads across the U.S. - with upwards of 2,000 airline flights canceled daily of late; the number of diners at restaurants dipping by -15% (per OpenTable data) and hotel occupancies down modestly to about 53% (some of which could be associated with normal seasonal trends). Many employers are now returning to ‘work from home’ strategies, while schools and universities debate whether to return to in-person classes.

Where to from here?

We continue to watch for Fed action and interest rate policy shifts in response to inflation which could negatively impact markets from here. The Fed governors’ latest dot plot anticipates three rate hikes on average during 2022 with the mean average funds rate ending 2022 at 0.90% - with further hikes potentially driving rates to 1.60% in 2023 and 2.10% in 2024. Other longer term expectations among the governors consolidate around GDP growth at 1.8% annually; unemployment at 4.0%; PCE inflation at 2.0% with the Fed funds rate at 2.5%. In the meantime, futures markets suggest that inflation remains stickier than the Fed anticipates – possibly driving four rate hikes in 2022. If forthcoming as some forecast, GDP and inflation trends could contract measurably into 2H2022 creating further uncertainty for investors.

We look for modest investor returns this year given existing valuations; the anticipated shift in Fed policy; a COVID overhang extending into 2Q22; and normalizing GDP trends into 2H2022. In addition, a range of added uncertainties exists such as heightened tensions with China and Russia which could influence investor psychology. As noted, COVID caseloads are rising, while influenza circulating this year is not well covered by vaccines, suggesting this winter will be challenging on the health front. Although COVID creates near term issues, we look for an improved outlook into 2H2022 with supply chain issues abating driving expansion albeit at moderating levels. Of course, most years do not seem to pan out as expected with uncertainties that could derail our outlook. Thus, we remain selective on new investment being focused on quality growth companies delivering innovation, while possessing pricing power and solid balance sheets positioning for sustained growth over the intermediate and longer term. For the near term, the Energy, Real Estate, and Consumer Staples sectors would seem to be well positioned to pass through inflationary cost pressures, while reopening plays that have lagged of late could experience a solid rebound if the COVID pandemic truly abates this spring.

MARKET AND ECONOMIC STATISTICS

Market Indices:	12/31/2021	12/31/2020	% Change YTD	11/30/2021	% Change (Monthly)
S&P Composite	4,766.18	3,756.07	26.89%	4,567.00	4.36%
Dow Jones Industrials	36,338.30	30,606.48	18.73%	34,483.72	5.38%
NASDAQ Composite	15,644.97	12,888.28	21.39%	15,537.69	0.69%
Russell 2000	2,245.31	1,974.86	13.70%	2,198.91	2.11%
FTSE 100	7,384.54	6,460.52	14.30%	7,059.45	4.61%
Shanghai Composite	3,639.78	3,473.07	4.80%	3,563.89	2.13%
Nikkei Stock Average	28,791.71	27,444.17	4.91%	27,821.76	3.49%
Stoxx Europe 600	487.80	399.03	22.25%	462.96	5.37%
MSCI Emerging Markets	1,232.01	1,291.26	-4.59%	1,212.42	1.62%
MSCI Emerging Markets Small Cap	1,412.34	1,211.23	16.60%	1,358.47	3.97%
Performance of S&P 500 by Industry:	% of Index as of 01/03/22	1 Month	3 Month	Year to Date	12 Months
Consumer Discretionary	12.77%	-0.31%	12.67%	23.66%	23.66%
Consumer Staples	5.80%	9.95%	12.60%	15.55%	15.55%
Energy	2.72%	2.93%	6.78%	47.74%	47.74%
Financials	10.80%	3.12%	4.07%	32.54%	32.54%
Health Care	13.05%	8.84%	10.78%	24.16%	24.16%
Industrials	7.69%	5.22%	8.24%	19.40%	19.40%
Information Technology	29.26%	3.33%	16.45%	33.35%	33.35%
Materials	2.53%	7.34%	14.70%	25.00%	25.00%
Communication Services	10.19%	2.52%	-0.21%	20.53%	20.53%
Utilities	2.45%	9.36%	12.06%	13.99%	13.99%
Real Estate	2.70%	9.74%	16.78%	42.50%	42.50%
S&P 500 (Absolute performance)	100.0%	4.36%	10.65%	26.89%	26.89%
Interest Rates:	12/31/2021	12/31/2020	YTD Change (Basis Points)	11/30/2021	Month Change (BPS)
Fed Funds Effective Rate	0.07%	0.09%	-2	0.07%	0
Prime Rate	3.25%	3.25%	0	3.25%	0
Three Month Treasury Bill	0.09%	0.10%	-1	0.05%	4
Ten Year Treasury	1.51%	0.91%	60	1.44%	7
Spread - 10 Year vs 3 Month	1.43%	0.82%	61	1.39%	3
Foreign Currencies:	12/31/2021	12/31/2020	% Change YTD	11/30/2021	% Change (Monthly)
Brazil Real (in US dollars)	0.18	0.19	-6.8%	0.18	1.0%
British Pound (in US dollars)	1.35	1.37	-1.0%	1.33	1.8%
Canadian Dollar (in US dollars)	0.79	0.79	0.8%	0.78	1.1%
Chinese Yuan (per US dollar)	6.36	6.53	-2.6%	6.36	-0.1%
Euro (in US dollars)	1.14	1.22	-6.9%	1.13	0.3%
Japanese Yen (per US dollar)	115.08	103.25	11.5%	113.17	1.7%
Commodity Prices:	12/31/2021	12/31/2020	% Change YTD	11/30/2021	% Change (Monthly)
CRB (Commodity) Index	578.31	443.81	30.3%	564.22	2.5%
Gold (Comex spot per troy oz.)	1829.20	1898.36	-3.6%	1774.52	3.1%
Oil (West Texas int. crude)	75.21	48.52	55.0%	66.18	13.6%
Aluminum (LME spot per metric ton)	2806.00	1973.60	42.2%	2634.75	6.5%
Natural Gas (Futures 10,000 MMBtu)	3.73	2.54	46.9%	4.57	-18.3%
Economic Indicators:	12/31/2021	12/31/2020	% Change YTD	11/30/2021	% Change (Monthly)
Consumer Price Index	278.9	261.6	6.6%	260.9	6.88%
Producer Price Index	223.2	205.6	8.6%	204.5	9.1%
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
GDP Growth Rate (Quarterly)	2.10%	6.70%	6.30%	4.50%	33.80%
	December	November	October	September	August
Unemployment Rate (End of Month)	3.9%	4.2%	4.6%	4.8%	5.2%

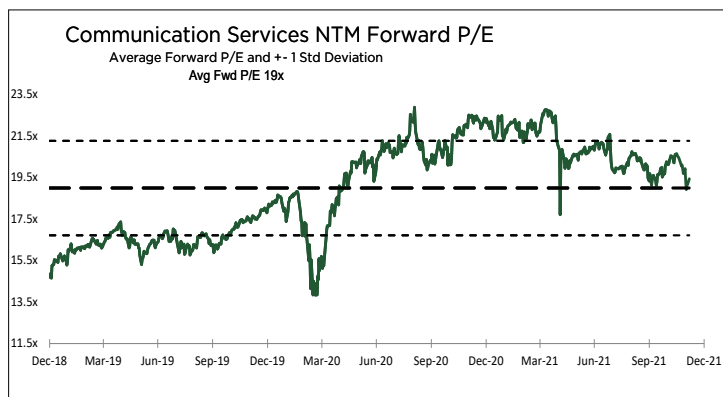
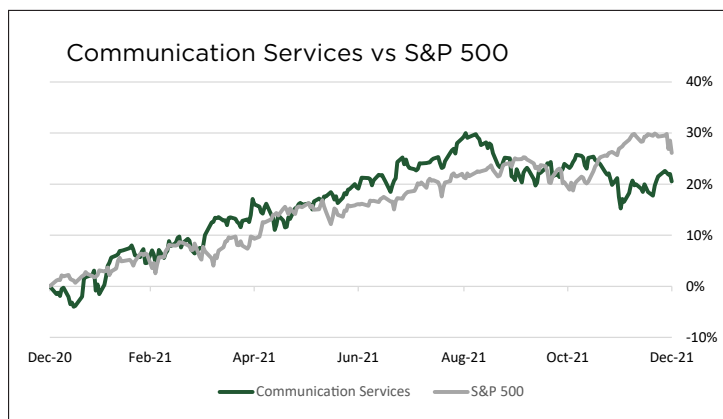
*GDP growth rate is calculated as the percent change from the previous period seasonally adjusted at annual rates. **S&P Sectors were re-named at the end of 2001. The sector Industrials is a combination of the former sectors Capital Goods & Transportation. Sources: Wall Street Journal, Bloomberg, The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

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COMMUNICATION SERVICES



Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
2.52%	-0.21%	20.53%	20.53%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.36%	10.65%	26.89%	26.89%

Company Performance 1 Month

Leaders	Company	1 Month
	Activision Blizzard Inc	13.5%
	Interpublic Group	12.8%
	Live Nation Ent.	12.2%
	Omnicom Group Inc	8.9%
	AT&T Inc	7.8%
Laggards		
	Netflix Inc	-6.1%
	ViacomCBS Inc	-2.5%
	Twitter Inc	-1.6%
	Comcast Corp	0.7%
	Discovery Inc	0.8%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$10.82	\$12.84	\$13.72
24.7x	20.8x	19.5x

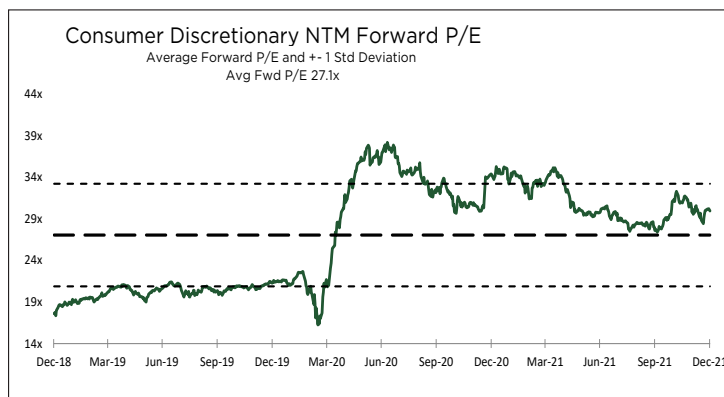
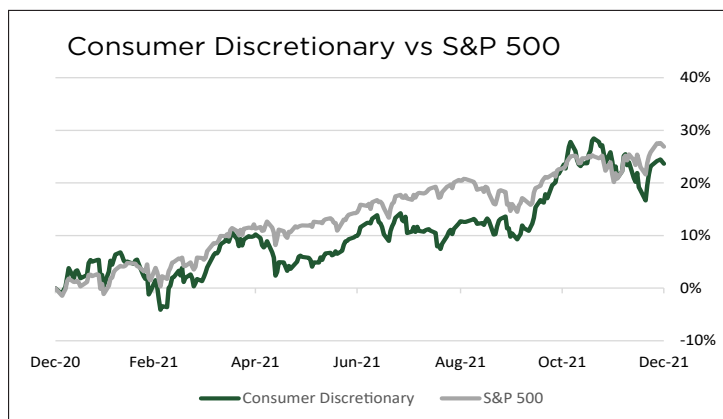
Sector Update

Communications Services underperformed the market, with the sector rising 2.52% in December and 20.53% in 2021. Interactive Media & Services significantly outperformed the Communications Services sector and the market in 2021 (+46.8%). While leading Internet search and social media platforms benefited from the strong rebound in digital advertising demand in the first nine months of 2021, social media companies warned that Apple's new privacy policy could impact advertising demand in the December quarter.

The Diversified Telecommunications Services sector declined 12% in 2021, well below the performance of the Communications Services sector and the market. However, investors could become attracted to U.S. telecommunications companies that have attractive dividend yields and valuations. U.S. telecommunications carriers' revenue and profit growth could accelerate over the next few years as consumers and businesses increase their spending on telecommunications services, including 5G wireless and high speed Internet service delivered over fiber optic networks.

Given the rapid rise of Omicron Covid infections in the U.S., a number of epidemiologists predicted that the Covid virus could transition from being a pandemic to an endemic by mid-2022. The Communications Services sector has good potential to outperform the market, particularly in the second half of 2022, as consumers resume their normal activities such as going to movie theatres and traveling to theme parks or vacation destinations. Media companies expect to introduce a robust slate of new content in the fall of 2022, which could boost their movie theatre box office receipts and streaming media content and subscriber revenue.

CONSUMER DISCRETIONARY



Source : Bloomberg

Sector Performance			
1 Month	3 Months	YTD	TTM
-0.31%	12.67%	23.66%	23.66%

S&P 500 Performance			
1 Month	3 Months	YTD	TTM
4.36%	10.65%	26.89%	26.89%

Company Performance			1 Month
Leaders	Hilton Worldwide Hold.		15.5%
	AutoZone Inc		15.4%
	PulteGroup Inc		14.3%
	Carnival Corp		14.2%
	Booking Holdings Inc		14.1%
Laggards	Etsy Inc		-20.3%
	Under Armour Inc		-10.2%
	Under Armour Inc		-10.1%
	CarMax Inc		-7.8%
	Tesla Inc		-7.7%

Consensus FY EPS / P/E		
Last Year	Current Year	Next Year
\$38.94	\$44.40	\$54.93
41.4x	36.3x	29.3x

Sector Update

Although the Consumer Discretionary sector advanced strongly in 2021, the group lagged the performance of the S&P 500 as seen in the accompanying table. Sub-sector performance for the year was led by the Automobiles group followed by Distributors and Specialty Retail. Laggards for the year included the Internet & Direct Marketing Retail and the Leisure Products sub-sectors. This past year provided exceptional rewards for select Consumer Discretionary companies that leaned into consumer demand in product categories like Autos while, after previously outperforming, the Internet retailers did not perform nearly as strongly for the full year as consumers ventured back to shopping at physical stores.

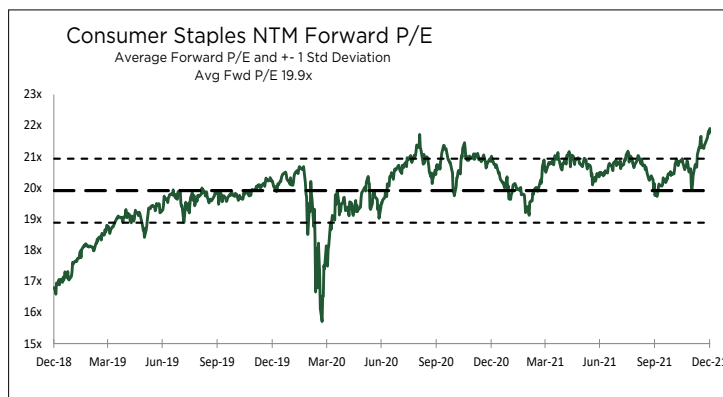
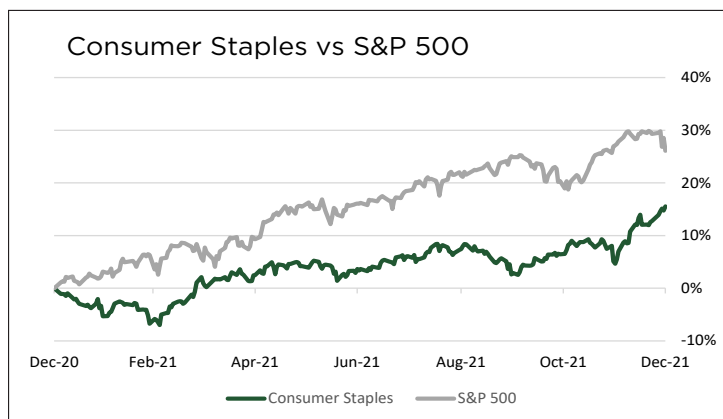
Despite recent increases in inflation, the Consumer Confidence Index improved in December to 115.8 from a revised November figure of 111.9 according to the Conference Board. Rising food and energy prices as well as the spread of COVID-19 have been weighing on expectations and market watchers will be closely following the consumer confidence trends into January with the recent development of the rapidly spreading Omicron COVID-19 variant.

Although the spread of the Omicron variant was a concern during the holidays, shoppers appeared undeterred with holiday sales rising at the fastest pace in 17 years according to Mastercard SpendingPulse. Mastercard reported that holiday sales jumped 8.5% year-over-year with online sales advancing 11.0%. Overall, ecommerce sales represented 20.9% of holiday sales this year versus 20.6% last year as consumers continue to take advantage of the convenience and safety of at home shopping while also beginning to return to shopping at physical stores.

Housing starts moved up 8% in November versus last year according to data released in mid-December by the U.S. census bureau. The pace of home construction accelerated almost 12% month-over-month to a seasonally adjusted annual rate of 1.68 million. Home builder optimism has been high with supportive market conditions as millennials pick up the pace of home ownership.

In keeping with the encouraging construction data, existing home sales moved higher for the month according to the National Association of Realtors. Existing home sales for November rose for the third month in a row with a 1.9% increase to a seasonally adjusted annual rate of 6.46 million. However, on a year-over-year basis, home sales are slipping with a 2% drop as potential buyers grapple with limited available supply of homes for sales and high prices. The median price of a home sold in November increased 13.9% versus the prior year to \$353,900 underscoring the challenging pricing backdrop while inventory available for sale at only 2.1 months is very low on a historical basis.

CONSUMER STAPLES



Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
9.95%	12.60%	15.55%	15.55%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.36%	10.65%	26.89%	26.89%

Company Performance 1 Month

Leaders	Company	1 Month
	Lamb Weston Holdings	22.1%
	Hormel Foods Corp	17.9%
	Walgreens Boots Alliance	16.4%
	Church & Dwight Co Inc	14.7%
	Monster Beverage Corp	14.6%

Laggards	Company	1 Month
	Walmart Inc	2.9%
	Brown-Forman Corp	3.6%
	Molson Coors Beverage	4.3%
	Costco Wholesale Corp	5.3%
	Kellogg Co	5.3%

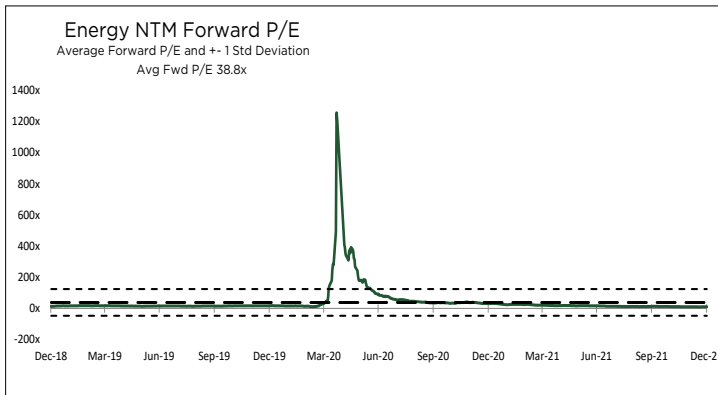
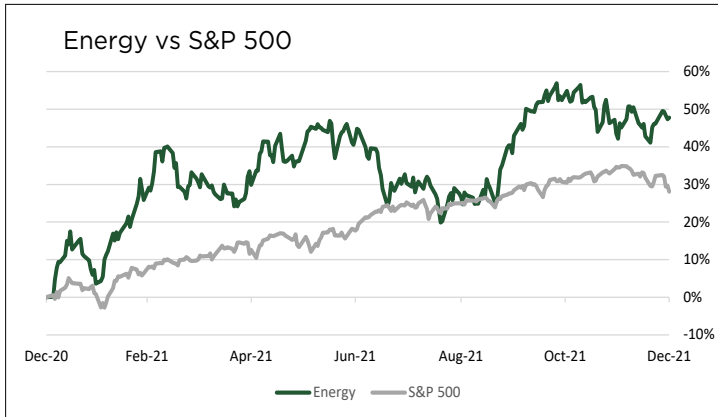
Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$34.13	\$35.04	\$37.33
23.6x	23.0x	21.6x

Sector Update

The Consumer Staples sector increased 9.95% on average in December and outperformed the S&P 500 Index that rose 4.36% for the month. Investor rotation into value stocks and dividend payers contributed to the stronger results in December. For the year, the Consumer Staples Index rose 15.55% which underperformed the S&P 500 Index that rose 26.89%. All sectors recorded double-digit growth for both December and the full year with the exception of Food and Staples Retailing that rose 5.7%. Household Products was the strongest sector for the month reflecting the higher than expected consumer demand for products. The underperformance of the group for the year reflects ongoing pressure on margins and results from continued higher raw material, supply chain and labor cost pressures as well as tough comps with last year. Selective investment among the group remains critical. The Consumer Staples sector currently trades with a forward P/E on next year's earnings of about 19.9x which remains towards the upper end of its historic trading range. Historically, the Consumer Staples stocks weaken as the new year begins and investors reposition portfolios away from more defensive stocks. With stronger balance sheets and favorable interest rates, we expect renewed interest for consolidation as consumer staples companies seek to drive faster top-line growth, reformulate brand portfolios and seek additional cost savings. We continue to prefer an investment in companies with pricing, leading market share, strong balance sheets, and experienced management. An investment in many of the Consumer Staples companies continues to offer an attractive dividend yield.

During December, total food and beverage sales rose high-single digits on average as measured by Nielsen. The trend reflects continued strong food consumption at home that has remained elevated higher than expected and establishes a greater base of sales from which to grow in 2022. Companies raised prices several times in 2021 and many are executing further pricing actions in early 2022. Elevated cost pressures are now expected to persist into 1H of calendar 2022 and those companies with strong pricing power should benefit. With domestic pricing up 6%+ on average, the large brands demonstrate elasticity of demand stronger than historic measures. Despite the strong top-line momentum, margins remain pressured in the near-term given higher input cost pressures. Key questions for 2022 center on the pace of consumer demand, volume trends, and pricing. The recent rise of Omicron could add more volatility to Q1 particularly in the pace of recovery for supply chain and processing efficiency. Key themes for 2022 center on, global COVID variant cases and the pace of reopening, successful navigation of supply chain, labor and input cost pressures, pricing, consumer demand and purchase patterns inventory levels, and innovation, employment rates and currency movement. Currency movement remains a key factor to monitor for more internationally oriented businesses. We continue to advise the selective investment among the Consumer Staples stocks.



Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
2.93%	6.78%	47.74%	47.74%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.36%	10.65%	26.89%	26.89%

Company Performance 1 Month

Leaders	Company	1 Month
	Baker Hughes Co	24.1%
	Valero Energy Corp	12.2%
	Marathon Oil Corp	6.0%
	Halliburton Co	5.9%
	Marathon Petroleum	5.2%
Laggards	Baker Hughes Co	24.1%
	Valero Energy Corp	12.2%
	Marathon Oil Corp	6.0%
	Halliburton Co	5.9%
	Marathon Petroleum	5.2%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$21.28	\$30.35	\$39.51
19.9x	13.9x	10.7x

Sector Update

The rapid spread of the Omicron variant of COVID-19 added to uncertainty in global energy markets during December as investors weighed the likelihood of new pandemic impacts on global growth. Against this backdrop, energy stocks in December underperformed major indexes reflecting concerns emerging in the sector. We note that although the Energy sector underperformed in December, the sector has strongly outperformed the S&P 500 on a trailing twelve-month basis, as seen in the accompanying table.

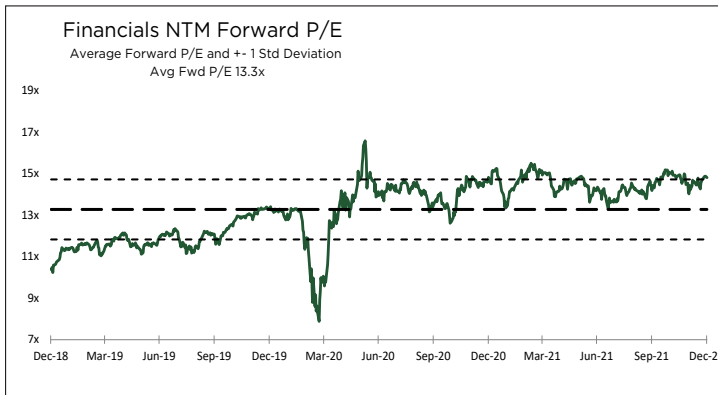
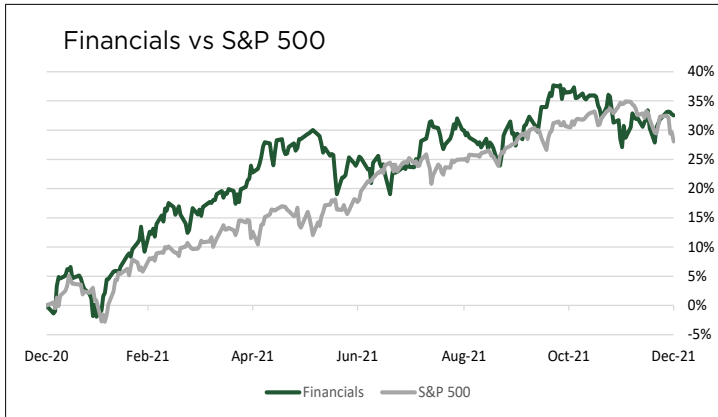
In mid-December OPEC reported that despite increases in daily production targets, total oil production missed expectations due to lagging production by several cartel members. Saudi Arabia led increases in daily production by 101,000 barrels per day while Nigeria lagged producing 200,000 barrels per day below its quota level. While OPEC has announced plans to boost production by 400,000 barrels per day, actual production has been below target for the past several months. For the period between August and November, OPEC added 1.04 million barrels per day in production which was nearly 600,000 barrels below the target level according to Reuters.

The International Energy Administration (IEA) reduced its outlook for oil demand by 100,000 barrels per day for the end of 2021 and for 2022. The downward revision reflects the recent surge in COVID-19 cases due to the Omicron variant. The IEA expects jet fuel demand, in particular, to be impacted due to new restrictions on international travel. Although the IEA has tempered the demand outlook due to Omicron, the group still expects demand to build in 2022 as the global recovery continues. The IEA also trimmed its outlook for oil prices in 2022 reducing its oil price assumption by 15% relative to its prior forecast.

Oil prices rebounded in December with WTI crude increasing from the mid \$60's per barrel to end the month trading near \$75 a barrel. Retail gasoline prices have generally been moving higher this year and at the end of December gasoline prices reached \$3.38 per gallon which did represent a pullback from November at \$3.48 per gallon but up sharply from \$2.33 last year.

The Baker Hughes oil rig count increased in the month coming in at 480 rigs on December 31 versus 467 rigs on November 26. Oil rig counts have been slowly climbing as the macro backdrop has begun to recover. We note that the total rig count is above last year's level of 264 which reflected the sharp prior year drop due to the pandemic. The trough U.S. daily crude oil production seen in 2015 was in the 8.5 million barrels per day range and peaked in early 2020 at about 13.1 million barrels per day and is now at 11.8 million barrels per day at the end of the month.

FINANCIALS



Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
3.12%	4.07%	32.54%	32.54%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.36%	10.65%	26.89%	26.89%

Company Performance 1 Month

Leaders	Company	1 Month
	MarketAxess Holdings	16.6%
	Progressive Corp	10.4%
	Brown & Brown Inc	9.1%
	Charles Schwab Corp	8.7%
	Globe Life Inc	8.3%
Laggards		
	Citigroup Inc	-5.2%
	Regions Financial Corp	-4.2%
	MSCI Inc	-2.7%
	SVB Financial Group	-2.0%
	T Rowe Price Group Inc	-1.7%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$47.47	\$48.10	\$43.93
13.7x	13.5x	14.8x

Sector Update

The Financials sector improved 3.12% in the last month of 2021, trailing the 4.36% gain in the S&P 500® in the same period. In the fourth quarter, the sector gained 4.07% compared to a 10.65% rally in the S&P as the market shrugged off slowing growth, rising rate, and COVID concerns tied to the Omicron variant. For the full year 2021, the sector outperformed the broader market index by 5.65 percentage points, up 32.54%. The sector's sensitivity to a cyclical recovery has clearly translated into solid returns compared to a year ago; however, recent volatility enhanced by inflation trends, the new Omicron COVID variant, credit normalization, and US monetary policy appear to have pressured performance toward the end of the year.

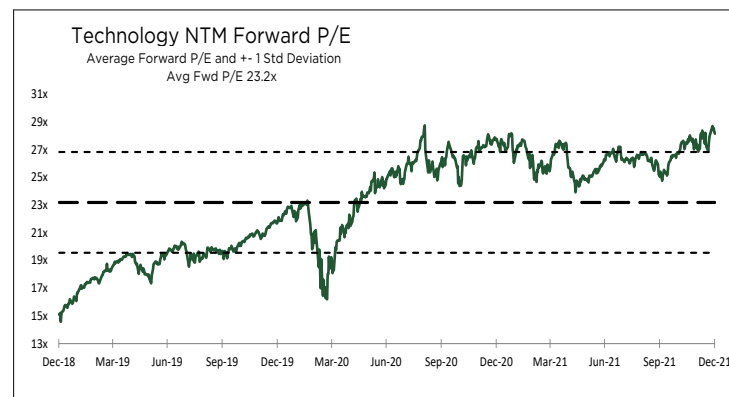
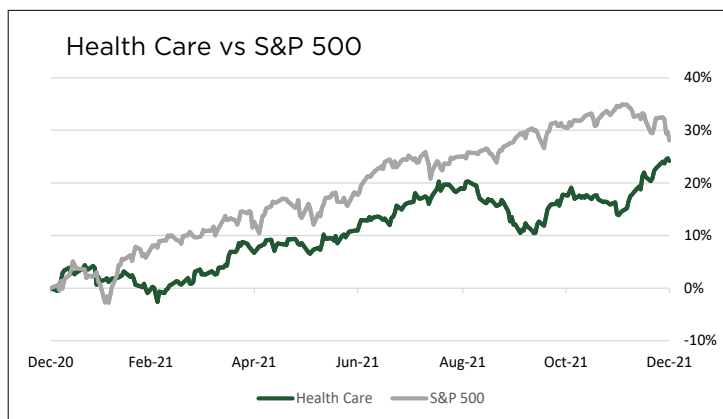
Diversified Financial Services was the strongest performing sub-sector in the month, improving 8.1% from November. All subsectors posted solid returns for the month with the exception of Banks that finished the month down 0.2%. The Insurance and Consumer Finance groups delivered 6.2% and 5.7% respective returns in the month while the Capital Markets group gained 3.1% from the end of November.

For the full year 2021, the Consumer Finance group improved 37.1% on record low credit losses and better loan demand than traditional lending peers. The weakest financials sub-sector over the last twelve months was Insurance, up 28.8%.

During the month, the FOMC announced an acceleration in the pace of tapering asset purchases now slated to conclude in March 2022. These comments around ending quantitative easing opened the door for the Committee to increase short-term rates by early Spring with the market implying a 76% chance of a 25 bps rate hike as early as March 2022, per Bloomberg. The dot-plot, which includes committee member expectations of rate hikes, included three 0.25% rate hikes in 2022 followed by three more in 2023 based on the median projection. We note that dot plots have not been good predictors of rate policy in the past; however, the end of QE and recent removal 'transitory' language regarding inflation bring potential for lift-off over the near-term. A potential rising rate environment could be beneficial to Financials fundamental performance; however, stagnant loan demand remains a near-term challenge.

We remain bullish on Financials given several supportive macro drivers over the near-term including capital adequacy, strong credit performance, a potential rising rate environment, and industry commentary that loan growth could pick up in the first half of 2022.

HEALTH CARE



Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
8.84%	10.78%	24.16%	24.16%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.36%	10.65%	26.89%	26.89%

Company Performance 1 Month

Leaders	Company	1 Month
	Cerner Corp	31.8%
	Edwards Lifesciences	20.7%
	DaVita Inc	20.4%
	Cigna Corp	19.7%
	Vertex Pharmaceuticals	17.5%
Laggards	Moderna Inc	-27.9%
Dexcom Inc	-4.6%	
Medtronic PLC	-3.0%	
Regeneron Pharma	-0.8%	
Catalent Inc	-0.5%	

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$72.56	\$88.84	\$94.19
22.7x	18.5x	17.5x

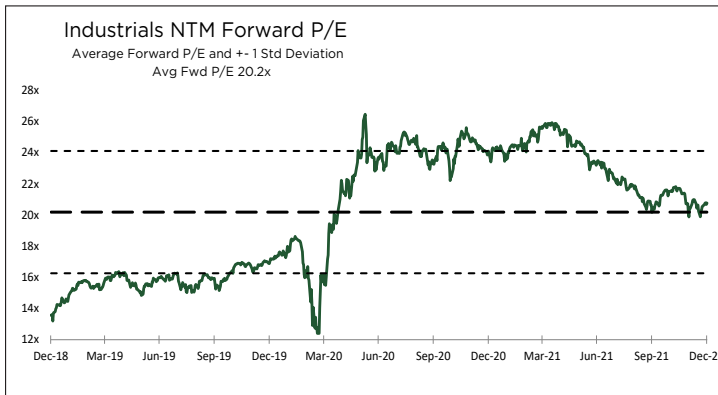
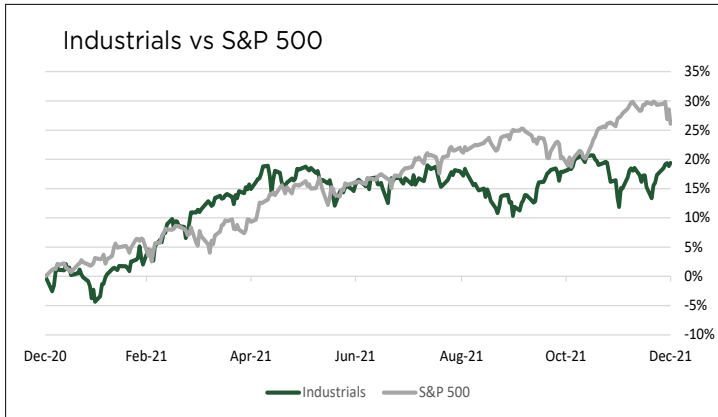
Sector Update

Omicron COVID continues to spread rapidly across the globe as we enter 2022 with new confirmed cases topping 1 million in the U.S. of late, while the Fed reiterated a shift in strategy with the December 15 FOMC meeting targeting to complete asset purchase tapering efforts into this March with many economists now anticipating three or four 25 basis point fed fund rate hikes this year. A combination of these issues has seen investors shift their focus from high growth toward value investment at yearend 2021 that has carried over into early 2022. As such, as is depicted in the adjacent tables, the Health Care sector outperformed last month, rising by 8.84% that contrasts with the broad market, S&P 500 that advanced 4.36%. Still, looking back over the trailing 12 months, the S&P 500 experienced stronger gains - up 26.89% - versus the Health Care sector that advanced 24.16%.

Focusing on 2022, the critical factors we monitor remain unchanged - the COVID pandemic and Fed interest rate policy. Although COVID has clearly hung around, mutating, multiple times in the past year, epidemiologists note that Omicron while being very highly contagious also results in less severe illness with health experts anticipating the current surge to peak in February and abate into this spring with COVID becoming an endemic virus just as influenza and the common cold are. That is, COVID is likely to be a near term drag on early 2022 economic trends but eases as the year progresses. In the meantime, with inflation running at 50 year highs, rising interest rates are in the cards as the year progresses and the Fed attempts to tamp down the trendline. Finally, given mid-term elections coming this autumn, a Democrat led Congress will attempt to pass a stripped down Build Back Better social infrastructure legislative package - with the outcome likely having minimal impact to health care sector issues.

All of this points to the potential for health care sector issues that have experienced a drag on product demand associated with COVID (med tech sector issues) as positioned for improved demand as 2022 progresses, while those firms that have benefitted significantly from COVID (testing and therapeutics) could see softening demand if the pandemic does indeed wind down. In addition, regardless of economic/inflation trends, we anticipate that demand for health care will remain intact - possibly rising as deferred therapies rebound - into 2023 and beyond. At current valuations, the Health Care sector is trading modestly above its three-year average multiple of 16x, although with a forward P/E in the range of 18.5x, the sector continues to trade at a discount to the S&P500. As such, we continue to recommend selective investment within the health care sector among firms offering innovative products and services that appear to be reasonably valued while having solid growth prospects over the intermediate term.

INDUSTRIALS



Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
5.22%	8.24%	19.40%	19.40%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.36%	10.65%	26.89%	26.89%

Company Performance 1 Month

Leaders	Company	1 Month
	CH Robinson Worldwide	13.2%
	Howmet Aerospace Inc	13.2%
	FedEx Corp	12.3%
	Norfolk Southern Corp	12.2%
	Northrop Grumman Corp	11.0%
Laggards	Generac Holdings Inc	-16.5%
	Southwest Airlines Co	-3.5%
	Jacobs Engineering	-2.3%
	United Rentals Inc	-1.9%
	Xylem Inc/NY	-1.0%

Consensus FY EPS / P/E

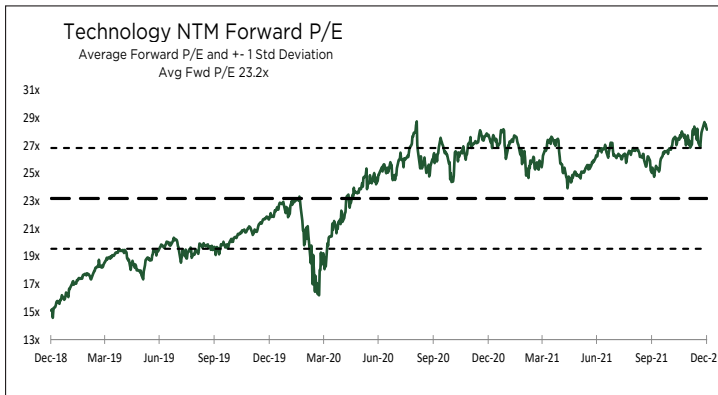
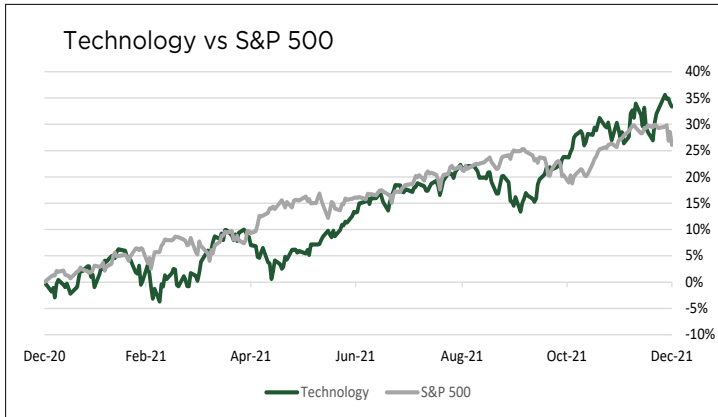
Last Year	Current Year	Next Year
\$27.24	\$32.37	\$43.72
32.9x	27.6x	20.5x

Sector Update

The industrial sector ended December up 5.22% for the month, totaling a 19.40% return over a trailing twelve month period. Meanwhile, the S&P 500 reported a gain of 4.36% for the month, and a 26.89% gain over the past 12 months. The industrial sector remains a demand driven, supply chain-constrained environment, although supplier delivery and labor resources showed slight improvements in December, indicated by the Institute for Supply Chain Management. The best performing subsector of December was Airfreight & Logistics, posting a 9.6% gain, followed by Road & Rail, up 7.4%. The worst performing subsector over December was Construction & Engineering with a slight return of 0.8%, although the subsector led industrials for the year with a trailing twelve month return of 50.6%. The second worst performing subsector for the month and the first worst performing subsector over the past year was Airlines - damaged by the dampened demand brought on by the pandemic and rising fuel costs, reported a 2.5% return for the month and a -1.8% return for the year. Despite continuing supply-chain issues, manufacturers are growing optimistic these issues are beginning to abate, while many epidemiologists note that the Omicron variant could peak in February and become an endemic virus similar to the common cold by the spring of 2022, which would further ease the current supply-chain pressure the sector is experiencing. A majority of Federal Open Market Committee members see at least three separate quarter-of-a-percentage point interest rate hikes to combat current 50-year inflation highs in 2022. During the last two rising interest rate periods - 2003-2006 & 2015-2018 - the industrial sector has performed well as investors sought value, although if tighter monetary policy dampens economic growth, the sector could struggle due to the cyclical nature of companies in the industrials sector.

The Institute for Supply Management reported that manufacturing activity experienced a decline in December with a PMI of 58.7%, a decrease of 2.4% from November's reading of 61.1%. Hiring difficulties remain a challenge for the sector, while Transportation networks, a harbinger of future supplier delivery performance, are still performing erratically; however, there are signs of improvement. Despite this, panelist sentiment has remained positive.

INFORMATION TECHNOLOGY



Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
3.33%	16.45%	33.35%	33.35%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.36%	10.65%	26.89%	26.89%

Company Performance

	1 Month
Leaders	
Broadcom Inc	20.2%
Citrix Systems Inc	17.6%
Accenture PLC	16.0%
Arista Networks Inc	15.9%
Cisco Systems Inc	15.6%
Laggards	
Enphase Energy Inc	-26.8%
Adobe Inc	-15.3%
SolarEdge Technologies	-14.4%
Monolithic Power	-10.9%
salesforce.com Inc	-10.8%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$87.14	\$104.29	\$113.78
35.1x	29.3x	26.9x

Sector Update

The Technology sector appreciated 3.33% in December and 33.35% in 2021, compared to the S&P 500 index return of 4.36% and 26.89%.

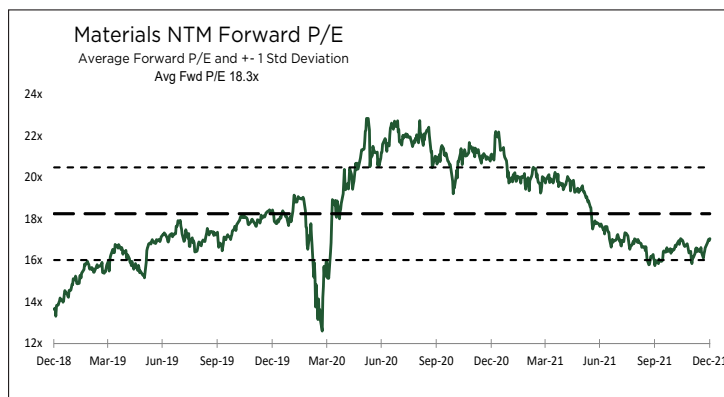
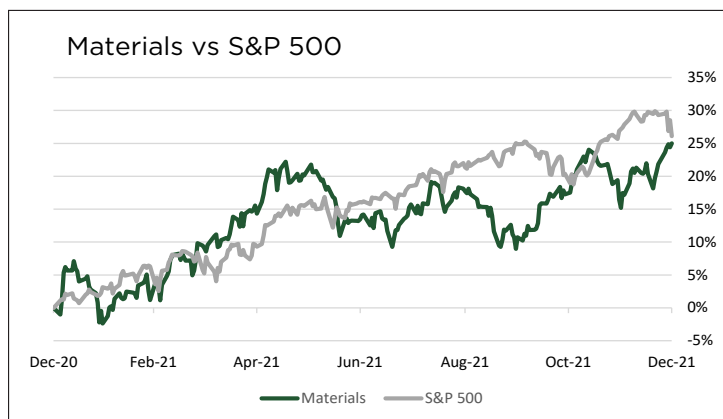
The Communications Equipment sector outperformed the Technology sector in December (+14.1%) and in 2021 (+47.7%). Leading network equipment companies such as Cisco Systems and Arista Networks are benefiting from strong enterprise, telecommunications carrier, and hyper-scale cloud company demand. While enterprise demand declined in the first half of 2021, demand increased in the second half of 2021 and is expected to increase at a double-digit pace in 2022 as corporations upgrade their networks to support a hybrid work environment and their digital transformation.

The Semiconductor and Semiconductor Capital Equipment sector significantly outperformed the Technology sector and the market in 2021 (+48.7%). Semiconductor companies expect robust demand in 2022 from hyper-scale cloud companies that are building out large scale AI/machine learning networks. In addition, semiconductor companies are reporting strong demand from communications equipment manufacturers that are supplying equipment to enterprises and to telecommunications carriers that are expanding their 5G wireless and fiber optic network buildouts.

While the Software sector outperformed the Technology sector and the market in 2021 (+40.6%), it underperformed in December (-0.6%). Given software companies elevated P/E multiples, sector valuations could be impacted by rising interest rates.

The Technology sector's forward 12-month P/E multiple of 29x is well above its average forward 12-month P/E multiple of 23.2x. The tech sector could underperform the market in the near-term, since the potential rise in interest rates could contribute to the contraction in technology company P/E multiples.

MATERIALS



Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
7.34%	14.70%	25.00%	25.00%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.36%	10.65%	26.89%	26.89%

Company Performance 1 Month

Leaders	Company	1 Month
	CF Industries Holdings	16.8%
	Eastman Chemical Co	15.9%
	Mosaic Co/The	14.8%
	Newmont Corp	12.9%
	Freeport-McMoRan Inc	12.5%
Laggards	Albemarle Corp	-12.3%
	Westrock Co	2.2%
	Ball Corp	3.0%
	International Paper Co	3.2%
	Dow Inc	3.3%

Consensus FY EPS / P/E

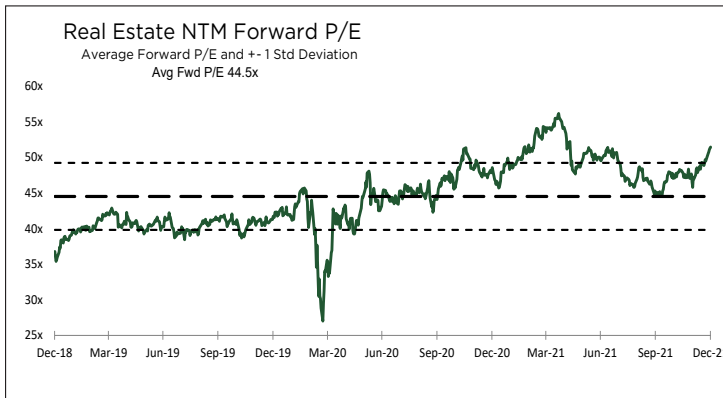
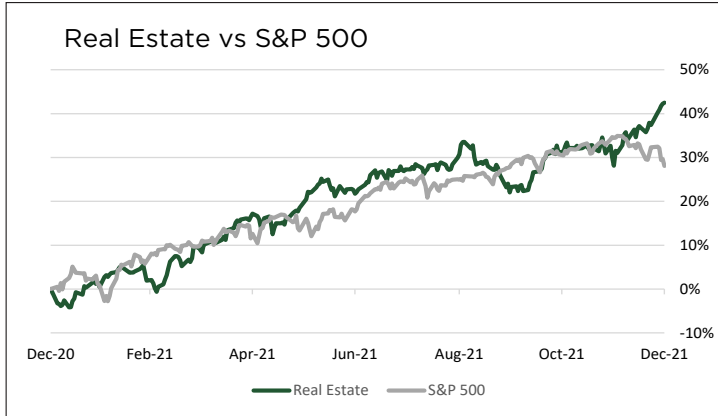
Last Year	Current Year	Next Year
\$27.70	\$32.48	\$33.61
20.6x	17.5x	17.0x

Sector Update

The Materials segment increased 7.34% in December and outperformed the S&P 500 Index that increased 4.36%. For the year, the Materials segment rose 25% which lagged the S&P 500 Index that increased 26.89%. The Materials segment currently trades with a forward P/E of about 18.3x. All sectors contributed to results for both December and the full year. Construction Materials and Metals and Mining were the strongest sectors with gains for the year of 47.1% and 42.2%, respectively. The sector historically performs strongly during an improving global economy supported by strong demand and a favorable operating environment. The focus for FY22 includes supply chain efficiencies, raw material availability, pricing, realized cost savings, and meeting end market demand. The performance of the material segment reflects global supply and demand dynamics, the movement in the US dollar, inflationary cost pressures, pricing and the global economy. The recent appreciation in the US dollar could create a near-term headwind for the sector. Demand continued to recover into the end of 2021. However, the recent rise of the Omicron variant raises the question regarding heightened volatility in Q1 for the overall materials segment. Key factors for 2022 center on demand, supply, pricing, recovery from supply chain issues. In addition, the recent passing of the infrastructure legislation should provide a tailwind for several years. Within the packaging industry, the focus on improving costs, production efficiency and labor should begin to flow through as a benefit in FY22. The chemical segment realized volume recovery and stronger demand in 2021. The chemical producers face increasing capacity and higher input costs at the start of 2022 that could overshadow the stronger demand and pressure margins. The supply of homes remains tight and supports ongoing higher demand for new home construction and pricing. Strong consumer demand should support the repair and remodel activity.

Entering 2022, key positive tailwinds include improving global economies, realized pricing with additional increases expected this year, improving supply chain and input costs, strong continued demand and strengthening balance sheets. Top-line and profit for companies in 2022 should reflect expectations of solid demand and higher prices. Strategic investments remain a key advantage for the stronger companies with favorable balance sheets. The recent passing of the infrastructure bill provides a favorable opportunity for the sector as it includes an increase in spending on highways over the next five years along with spending for broadband, water, energy, and electric vehicles. Risks for 2022 include the rise of Omicron, potential tougher regulations for clean energy and the environment, higher oil prices, the appreciation of the US dollar, and realized global economic growth and supply chain and input cost dynamics. Expectations remain for a stronger 2H of FY22 and into FY23. Selective investment among the stocks in the segment remains a key strategy.

REAL ESTATE



Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
9.74%	16.78%	42.50%	42.50%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.36%	10.65%	26.89%	26.89%

Company Performance 1 Month

Leaders	Company	1 Month
	Iron Mountain Inc	15.2%
	Crown Castle Int.	14.9%
	Public Storage	14.4%
	CBRE Group Inc	13.5%
	Extra Space Storage Inc	13.4%
Laggards	Essex Property Trust Inc	3.8%
	Equinix Inc	4.1%
	Vornado Realty Trust	4.3%
	Simon Property Group	4.5%
	Realty Income Corp	5.4%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$5.49	\$6.80	\$6.31
59.1x	47.8x	51.4x

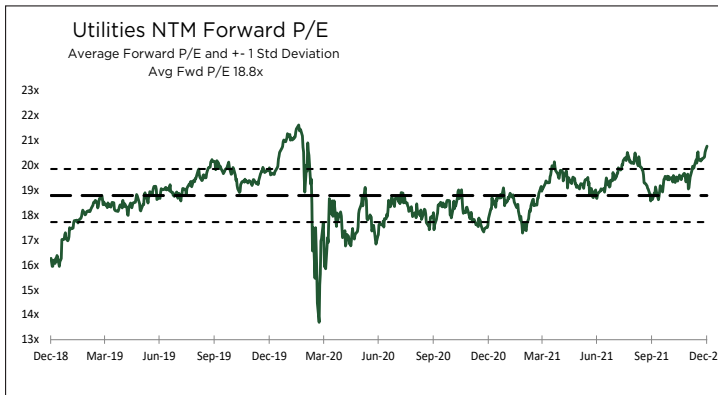
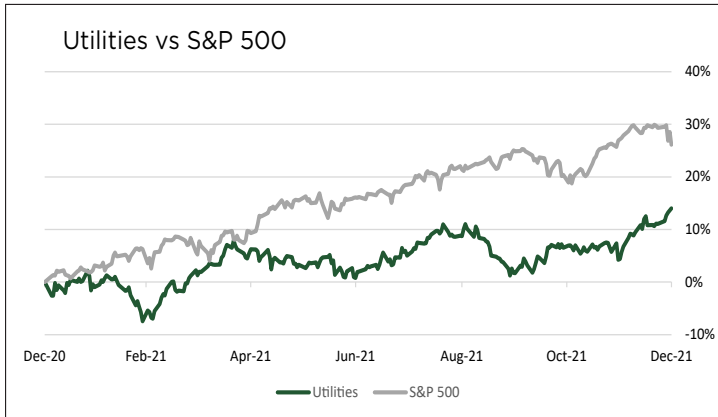
Sector Update

Markets advanced into yearend 2021, with the S&P 500 rising by 4.36% last month to end the year up 26.89%. Still, a resurgent COVID (Omicron strain) arising globally threatens to slow near term economic trends, while the emerging shift in Fed interest policy is expected to see tapering of the balance sheet completed into March with multiple fed fund rate hikes widely anticipated this year as policy tightens to fight record inflation levels. Still, industrial production remains sound with demand for critical logistics infrastructure influenced by persistent supply chain issues experiencing high occupancies (many warehouses sold out) that has created a sense of urgency on the leasing front. And, tight housing markets have been a boon to self-storage demand this past year - likely to be sustained into 2022. Furthermore, telecom leaders are poised to rollout 5G C-band upgrades to their networks in early 2022 - driving demand for cell towers. Finally, although COVID uncertainties persist, class 'A' mall operators have experienced firming occupancies as brick & mortar retail experienced modest rebounds this past holiday season. Thus, after lagging the broad market a year ago, the Real Estate sector ended 2021 with a robust rebound.

Looking into 2022, key factors we focus on relative to the Real Estate sector include differing challenges associated with COVID, economic trends (notably employment and housing datasets), and most importantly the Federal Reserve's interest rate policies/tapering strategies that point to a shift as underway. Still, the common view remains that reopening trends will be sustained as 2022 progresses and the Omicron variant peaks in February followed by abatement this spring. Historically, real estate has been among the sectors able to pass through inflationary cost pressures with rental rates poised to continue rising significantly this year. However, rising interest rates- with the Fed widely anticipated to implement multiple 25 basis point rate hikes this year - could influence overall market trends and especially those issues viewed as bond proxies (such as real estate).

Of late, in December, solid appreciation was recorded by Iron Mountain and Public Storage as both firms completed significant acquisitions. Crown Castle, among the leaders in cell towers also experienced solid appreciation as leading telecoms prepare to rollout 5G C-band upgrades. After a yearend run up, we note that the Real Estate sector is selling at over a standard deviation multiple above the three year average, suggesting that on a near term basis shares could experience profit taking. Still, we like the intermediate and longer term outlook for the sector remaining more focused on issues in the logistics, cell tower, and self-storage segments.

UTILITIES



Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
9.36%	12.06%	13.99%	13.99%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.36%	10.65%	26.89%	26.89%

Company Performance

	1 Month
Leaders	
NRG Energy Inc	19.6%
Atmos Energy Corp	16.0%
NiSource Inc	12.6%
Energy Corp	12.3%
Southern Co/The	12.2%
Laggards	
AES Corp/The	3.9%
Edison International	4.5%
Xcel Energy Inc	6.2%
Public Service Enterprise	6.8%
NextEra Energy Inc	7.6%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$16.61	\$16.83	\$17.54
21.9x	21.6x	20.7x

Sector Update

The Utilities sector rallied 9.36% in December, more than doubling the 4.36% improvement in the S&P500® in the same period. In the fourth quarter, Utilities increased 12.06% compared to a 10.65% increase in the broader market index. For the full year 2021, the Utilities sector improved 13.99% and lagged the 26.89% improvement in the S&P by a wide margin after a strong risk-on recovery in the broader market. Recent volatility driven by inflationary pressures, the Omicron variant, and Fed messaging appears to have driven some defensive posturing to close the year that benefitted sector performance.

All Utilities sub-sectors posted gains in the final month of the year, led by Water Utilities that finished 12% higher than the end of November. We note Water Utilities includes just one component in American Water Works (AWK). Multi-Utilities and Electric Utilities delivered strong returns at 9.9% and 9.0% in the month, respectively. The Independent and Renewable Power Producers subsector was the weakest performer in December but still gained 3.9% in the month. For the full year, Water Utilities also led performance with a 23.1% improvement. Electric Utilities generated a 15.6% gain while Multi-Utilities increased 10.5% from the prior year. Surprisingly, the Independent and Renewable Producer group lagged with a 3.4% gain for the year following a strong rally in 2020 post-election. We note that many companies in Electric and Multi-Utility subsectors provided renewable and zero-carbon capital plans throughout the year and the renewable energy growth investment theme remains an important driver of out-year earnings for many firms in the sector and is not limited to the 'Renewable' sub-sector.

NRG Energy (NRG) was the top performer in the month, up 19.6% in December after being the worst performer, down 9.7% in November. The company announced a \$1B share repurchase authorization that represented -11% of its market capitalization at announcement. In the prior month, the firm provided initial FY22 EBITDA guidance -14.3% below its FY21 outlook. The company cited "unprecedented supply chain constraints" in coal and chemicals used for power generation as the primary drivers of the lower guidance. It appears the large repurchase authorization combined with a defensive tilt in the market drove strong performance in December that led all other Sector components by 3.6 percentage points.

We continue to favor new investment in secular growth stories with attractive valuations following recent uncertainty; however, the attractive yields and historically defensive characteristics of the sector could provide enhanced performance against potential market volatility as it did in the last month of 2021.

ECONOMIC CALENDAR

Date	Release	For	Prior
6-Jan	Initial Claims	1/1	200K
6-Jan	Continuing Claims	12/24	1.754M
6-Jan	Trade Balance	Nov	(80.2B)
6-Jan	Factory Orders	Nov	1.60%
6-Jan	ISM Non-Manufacturing Index	Dec	62.00%
6-Jan	EIA Natural Gas Inventories	1/1	(31 bcf)
7-Jan	Nonfarm Payrolls	Dec	199K
7-Jan	Nonfarm Private Payrolls	Dec	270K
7-Jan	Avg. Hourly Earnings	Dec	0.60%
7-Jan	Unemployment Rate	Dec	3.90%
7-Jan	Average Workweek	Dec	34.8
7-Jan	Consumer Credit	Nov	\$18.2B
10-Jan	Wholesale Inventories	Nov	NA
12-Jan	MBA Mortgage Applications Index	1/8	-5.60%
12-Jan	CPI	Dec	0.80%
12-Jan	Core CPI	Dec	0.50%
12-Jan	EIA Crude Oil Inventories	1/8	(2.14M)
12-Jan	Treasury Budget	Dec	(\$143.6B)
13-Jan	Initial Claims	1/8	207K
13-Jan	Continuing Claims	1/1	1.754M
13-Jan	PPI	Dec	0.80%
13-Jan	Core PPI	Dec	0.70%
13-Jan	EIA Natural Gas Inventories	1/8	(31 bcf)
14-Jan	Retail Sales	Dec	0.30%
14-Jan	Retail Sales ex-auto	Dec	0.30%
14-Jan	Export Prices ex-ag.	Dec	1.00%
14-Jan	Import Prices ex-oil	Dec	0.50%
14-Jan	Industrial Production	Dec	0.50%
14-Jan	Capacity Utilization	Dec	76.80%
14-Jan	Business Inventories	Nov	1.20%
14-Jan	Univ. of Michigan Consumer Sentiment - Prelim	Jan	70.6
18-Jan	Empire State Manufacturing	Jan	31.9
18-Jan	NAHB Housing Market Index	Jan	84
18-Jan	Net Long Term TIC Flows	Nov	\$7.1B
19-Jan	MBA Mortgage Applications Index	1/15	NA
19-Jan	Housing Starts	Dec	1679K
19-Jan	Building Permits	Dec	1712K
19-Jan	EIA Crude Oil Inventories	1/15	NA
20-Jan	Initial Claims	1/15	NA
20-Jan	Continuing Claims	1/8	NA
20-Jan	Philadelphia Fed Index	Jan	15.4
20-Jan	Existing Home Sales	Dec	6.46M

ECONOMIC CALENDAR

20-Jan	EIA Natural Gas Inventories	1/15	NA
21-Jan	Leading Economic Index	Dec	1.10%
25-Jan	FHFA Housing Price Index	Nov	1.10%
25-Jan	S&P Case-Shiller Home Price Index	Nov	18.4%
25-Jan	Consumer Confidence	Jan	115.8
26-Jan	MBA Mortgage Applications Index	1/22	NA
26-Jan	Adv. Intl. Trade in Goods	Dec	(\$97.8B)
26-Jan	Adv. Retail Inventories	Dec	2.00%
26-Jan	Adv. Wholesale Inventories	Dec	1.20%
26-Jan	New Home Sales	Dec	744K
26-Jan	EIA Crude Oil Inventories	1/22	NA
26-Jan	FOMC Rate Decision	Jan	0.125%
27-Jan	Durable Orders	Dec	NA
27-Jan	GDP-Adv.	Q4	2.30%
27-Jan	Chain Deflator-Adv.	Q4	6.00%
27-Jan	Initial Claims	1/22	NA
27-Jan	Continuing Claims	1/22	NA
27-Jan	Pending Home Sales	Dec	-2.20%
27-Jan	EIA Natural Gas Inventories	1/22	NA
28-Jan	Personal Income	Dec	0.40%
28-Jan	Personal Spending	Dec	0.60%
28-Jan	PE Prices	Dec	0.60%
28-Jan	PCE Prices - Core	Dec	0.50%
28-Jan	Employment Cost Index	Q4	1.30%
28-Jan	Univ. of Michigan Consumer Sentiment - Final	Jan	NA
31-Jan	Chicago PMI	Jan	63.1

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 (USD, 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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