

Davenport & Company (“Davenport”) believes that wealth management is timeless. We employ a straightforward, long-term approach to investing and look to act in the best interest of our clients. Davenport has been in existence since 1863 – with the same name on the front door since the beginning.

This disclosure document is intended to comply with Davenport’s obligations under Regulation Best Interest, provides important information regarding brokerage services Davenport offers, and details material facts relating to the conflicts of interest in the brokerage services we provide to you.

Our obligations under Regulation Best Interest apply when Davenport or your Investment Professional recommends an account type, a securities transaction in your brokerage account, an investment strategy involving securities in your brokerage account or recommend that you roll over or transfer assets from one type of account to another (e.g., 401(k) Retirement Plan to an IRA).

TYPE AND SCOPE OF SERVICES

Davenport offers a range of wealth management and financial advisory services to new and existing clients alike. Davenport is registered with the U.S. Securities and Exchange Commission (SEC) as a broker dealer that provides brokerage services. Davenport is a registered investment adviser that provides investment advisory services and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). It is important to understand that brokerage and advisory services are separate, and each is governed by different rules and regulations.

Davenport’s brokerage services are the primary focus of this disclosure. For more information about investment advisory services and how they differ from brokerage services, please review the Client Relationship Summary available at www.investdavenport.com/client-disclosures.

As a broker-dealer, Davenport’s services are not limited to taking orders and executing transactions. Prior to making a recommendation, your Investment Professional will gather information about you to create a client profile. This information includes your investment objective, risk tolerance, investment experience, time horizon, age, financial situation, tax status, liquidity needs and additional information, as needed. Any recommendation your Investment Professional makes to you will be based on the information you provide, and your Investment Professional’s review of the potential risks, rewards and costs of the products or services.

In our capacity as a broker-dealer, we offer a broad range of investments and account types based on your goals, investment experience and other factors, with no significant limitations on the types of investments offered. Additionally, as a broker-dealer we do not make decisions for you on a discretionary basis and do not offer on-going account monitoring in your retail brokerage account. The ultimate decision for your investment strategy and the purchase or sale of investments in your account will be yours. Any recommendations we make to you when acting as a broker-dealer must be in your best interest.

Available investment options include, but are not limited to the following:

- **Equities**
 - Stocks (common and preferred)
 - Closed-End Funds
 - Open-End Mutual Funds
 - Exchange Traded Funds (ETFs)
 - Warrants and Options
 - Unit Investment Trusts
- **Bonds & Fixed Income Investments**
 - Brokered Certificates of Deposit
 - Corporate Bonds and Notes

- Commercial Paper
- Mortgage Backed Securities
- Municipal Bonds and Notes
- Preferred Stock/Corporate Backed Securities
- U.S. Government Agency Securities
- U.S. Treasury Bills, Notes and Bonds
- U.S. Treasury Strips
- **Money Market Funds**
- **529 Savings Plans**
- **Donor Advised Funds**
- **Annuities and Insurance Products**

Available account types include, but are not limited to:

- Individual
- Joint
- Custodial
- 529
- Margin
- Trust
- Estate
- Option
- Retirement (Including IRAs)

Davenport Investment Professionals will only recommend investment products and services that are offered for sale by Davenport and for which they are appropriately licensed. When you conduct a transaction with Davenport you will receive a trade confirmation, and these transactions will also be reflected on your statement. Please review your trade confirmations and account statements to ensure the activity is accurate and in your best interest.

DAVENPORT FEES, CHARGES, COMMISSIONS AND OTHER SALES COMPENSATION

Service Fees

Davenport maintains a fee schedule for account services and features, such as account transfers, security deposits, wire transfers, stop payments, annual account fees, etc. Davenport's fee schedule is available at www.investdavenport.com/client-disclosures or upon request from your Investment Professional.

Davenport will notify you of applicable fees at the time of account opening. Changes to fees will be communicated in writing by mail to the last known address of record or through other notification methods. If notification is by a method other than a letter (e.g., statement stuffers, newsletters, etc.), notification of a fee increase will be clear, conspicuous and in plain English. In addition, fee information will be available at www.investdavenport.com. In the event of an extensive change to fees, a letter may be mailed alerting you to visit our website where complete information may be obtained.

Transaction-Based Fees

In a brokerage account, you pay us transaction-based fees for the products and services you receive, such as buying and selling stocks, bonds, mutual funds, annuity contracts and other investment products.

These fees apply whether you make or lose money on your investments. Fees and expenses reduce the return on your investments over time. Please review all supplied information to ensure you fully understand the fees and expenses that apply to your account.

Davenport receives compensation from our clients, from third parties and investment managers whose products and services are purchased by our clients. In our capacity as a broker-dealer, when Davenport's Investment Professionals provide you with a recommendation they must act in your best interest and not put their own or the firm's interest ahead of yours. At the same time, the way we earn commissions and fees naturally creates certain conflicts. You should understand and ask us about these conflicts because they can affect the recommendations we provide you.

Davenport and its Investment Professionals receive compensation from you in the following ways:

- Trade Commissions
- Mark-ups and Mark-downs on Fixed Income Securities
- Sales Loads on Mutual Funds and Unit Investment Trusts (UITs)

Davenport and/or its Investment Professionals receive compensation from third parties in the following ways:

- Commissions, trails and renewals on certain financial products, such as Annuities and Insurance Products
- Underwriting discounts or fees are paid to Davenport by issuers or underwriters of new issue securities
- Davenport receives payment from third parties whose products we distribute, including mutual fund companies, money market funds, banks and insurance companies.
- Revenue Sharing

Investment Professionals receive compensation from Davenport in the following ways:

- Cash Compensation
- Non-Cash Compensation
- Recruitment Compensation
- Continuing Commission Arrangements
- Marketing Budgets

CONFLICTS

Davenport and its Investment Professionals are compensated when you make a transaction based on a recommendation. Securities regulations permit Davenport and our Investment Professionals to earn compensation when we provide brokerage services to you. The amount of compensation received depends on multiple factors including the size of the transaction and type of investment purchased. As such, the more transactions you make, the more Davenport and your Investment Professional are paid. This could incentivize your Investment Professional to trade these products in your account.

Davenport mitigates these conflicts of interest by maintaining policies and procedures to address conflicts of interest, disclosing these conflicts to you and supervising the recommendations made by your Investment Professional.

- **Trade Commissions** – Brokerage transactions incur a commission charge. Commissions on agency transactions are calculated on a sliding scale based on the principal value of the transaction. As a full service brokerage firm, Davenport's minimum commission is \$85. Commission charges range from .20% of the trade value to 3.00% of the trade value. Commissions charged are noted on your transaction confirmation. A commission schedule and additional information are available upon request from your Investment Professional. Examples of investment products that incur commission charges include:
 - Equity Securities
 - Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs)
 - Options
- **Mark-ups and Mark-downs Fixed Income Products** – When Davenport buys from or sells to a client in a principal capacity, Davenport and its Investment Professionals receive a mark-up or mark-down on the transaction. Mark-ups and mark-downs on principal transactions generally range from .1% to 3.5% depending on several factors including, maturity, size and complexity of the transaction.

- **Third-Party Compensation** – Payments from mutual fund companies include rule 12b-1 fees, sub-transfer agent fees for maintaining customer account information and providing other administrative services for mutual funds, shareholder account fees, networking fees, reimbursements for education and training-related expenses.

- **Mutual Fund Compensation** – Davenport and its Investment Professionals receive compensation from the mutual fund companies in which you invest. Typically, compensation is received at the time the purchase is made (up-front sales load) and vary based upon the fund family and the share class being purchased. Sales loads are paid to Davenport and a portion is paid to your Investment Professional. Davenport and its Investment Professionals receive ongoing compensation from the sales of mutual funds, which is paid from the assets of an investment under a distribution agreement with the applicable investment sponsor. Upfront sales loads range from 0% to 5.75% depending on the share class selected.

Before investing in mutual funds, it is important that you have a general understanding of mutual funds share class options and the costs associated with them. Determining which share class is in your best interest is an ongoing process; therefore, we encourage you to review a copy of the fund's current prospectus, carefully consider your investment time horizon, understand how breakpoints work and communicate with your Investment Professional about changes in your objectives or holdings.

For more information about share class expenses, see FINRA's Mutual Fund Expense Analyzer at www.finra.org/fundanalyzer. This tool can help you determine which share class is appropriate for you.

- **Annuity Products Compensation** – Payments from annuity providers include initial sales commissions and ongoing trails. The amount of the initial sales commission and ongoing trails paid to Davenport varies based upon many factors including: (i) the product selected; (ii) the duration and terms of the contract; (iii) the owner's and/or annuitant's age; (iv) the share class selected and/or; (v) the commission option selected by the Investment Professional.

The initial sales commission on new annuity contracts ranges between 0.0% and 5.50%. Trail payments on new contracts placed range between 0.0% and 1.25%. Davenport mitigates potential annuity compensation conflicts by capping the maximum initial sales commission payable.

- **Insurance Products Compensation** – Payments from insurance companies include initial sales commissions, renewals, and/or trails. The amount of compensation paid to Davenport varies based upon many factors including: (i) the product selected; (ii) policy structure and/or; (iii) the terms of the contract.

The issuing insurance company sets the initial sales commission on life, long-term care, and disability income insurance contracts, and the compensation ranges widely based on the product being issued. Initial sales commissions range between 6.5% and 95% of premiums, or 13.5% to 70% of target premium depending on the product type. In addition, some policies pay 1.0% to 3.0% of the premium in excess of the target premium. Insurance companies and/or the brokerage general agencies to whom Davenport directs insurance business may offer additional compensation for the placement of contracts. Renewal commissions typically range between 1.0% and 17.5%, generally lasting between years 2 and 10 of the policy.

Davenport selects annuity and insurance providers and products based on a number of factors including the features provided, strength ratings, customer service, etc.; therefore, not all products are available for sale.

- **Revenue Sharing** – Davenport receives various benefits from our relationship with our clearing and custodial firm, Pershing LLC. Some examples include revenues from uninvested cash balances you authorize us to move into money market funds and FDIC insured bank deposit products and a portion of certain brokerage account services and custodial fees that exceed the amount we are charged for these services. All payments are in accordance with industry rules and regulations currently in effect. The maximum aggregate payment that Davenport receives for money market funds (including investment advisor or distributor thereof) does not exceed 0.725%, annually, depending on fund type and share class, and can be zero at times.

Please contact your Investment Professional if you have any questions regarding such relationships, payments or the extent to which your Investment Professional benefits from these arrangements. You should also refer to the prospectus, Statements of Additional Information, and Terms and Conditions of the products in which you invest for further information regarding such payments. Davenport Investment Professionals do not receive compensation from revenue sharing.

- **Davenport Funds** – Davenport Asset Management is the investment advisor to the Davenport mutual funds. As the Advisor, Davenport is paid a management fee of .75% based on the assets in the funds under management. Davenport Investment Professionals receive a portion of this management fee based on the grid rate applicable to them.

Bonus and Incentive Compensation

- **Cash Compensation** – Davenport utilizes a product-neutral grid, which means Investment Professionals are not incentivized to sell one product over another, as their compensation does not change based on the product sold. Investment Professionals receive a percentage of the revenue they generate. As the amount of an Investment Professional's production increases, his or her compensation will increase. Your Investment Professional has an incentive to charge higher commissions and recommend more frequent trades in your brokerage account.
- **Non-Cash Compensation** – Davenport and its Investment Professionals receive non-cash compensation from mutual fund companies, investment managers, UIT sponsors, annuity providers and insurance vendors. Receipt of non-cash compensation provides the Investment Professional with an incentive to recommend products from these sponsors.
 - **Investment Professional Training** – Davenport receives non-cash compensation that is used for the training of Investment Professionals. These payments and training are voluntary and does not require Davenport or Investment Professionals to favor any specific product or services. Your Investment Professional does not share in any additional compensation received in connection with these training sessions, but will have the opportunity to attend.
 - **Incentive Programs** – Davenport does not offer sales contests, sale quotas, bonuses or non-cash compensation based on the sales of specific securities within a limited period of time. Davenport does offer bonuses, training and recognition trips to your Investment Professional. This incentivizes your Investment Professional to base recommendations on their own financial interest rather than your best interest.
- **Recruitment Compensation** – When Investment Professionals are hired by Davenport, they receive compensation as consideration for the likely disruption to their business during a transition. These payments are made as forgivable loans with interest charged. In the case of forgivable loans, the loans are subject to repayment if the Investment Professional leaves before a certain period of time. These payments provide the Investment Professional with an incentive to recommend you transfer your account to Davenport. Davenport provides additional disclosure to clients solicited by newly hired Investment Professionals at the time of transfer solicitation.
- **Continuing Commission Arrangements** – Davenport permits retired Investment Professionals to receive a portion of the fees and commissions generated by your account for a period of time post retirement. This payment is taken from the compensation the new Investment Professional servicing your account receives and does not affect the amount you are charged. These arrangements provide the Investment Professional with an incentive to recommended more transactions to increase production.
- **Marketing Budgets** – Investment Professionals are allocated a marketing budget, which provides funds to offset marketing costs for the purpose of promoting his or her business. Marketing budgets are determined based on production levels. These arrangements provide the Investment Professional with an incentive to recommended more transactions to increase production.

ACCOUNT TRANSFERS

Davenport and its Investment Professionals have a financial incentive to recommend that assets held elsewhere be transferred for investing at Davenport. Davenport will be paid on the assets through commissions, fees and/or third party payments.

ROLLOVERS

Davenport and its Investment Professionals have a financial incentive to recommend that assets held in a retirement plan (401(k), 403(b), 457, etc.) be rolled to an IRA for investing at Davenport. Davenport will be paid on the assets through commissions, fees and/or third party payments. You are responsible for reviewing the investment and non-investment considerations for rolling your plan assets into a Davenport IRA or continuing to hold them in your employer-sponsored retirement plan. Davenport has a Rollover Brochure to help you identify and review those considerations. The brochure can be found at investdavenport.com/client-disclosures and is available upon request.

ADDITIONAL INFORMATION

Please visit our website at www.investdavenport.com/client-disclosures for additional information, including the following:

- Davenport Client Relationship Summary (Form CRS)
- Fee Schedule and Other Important Information
- Third Party Relationships
- Product Risk Disclosure
- A Guide to Understanding Mutual Fund Costs
- Margin Rates and Disclosure
- Insured Deposit Program – Terms & Conditions Including FDIC Protection



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