

# *Market Update*

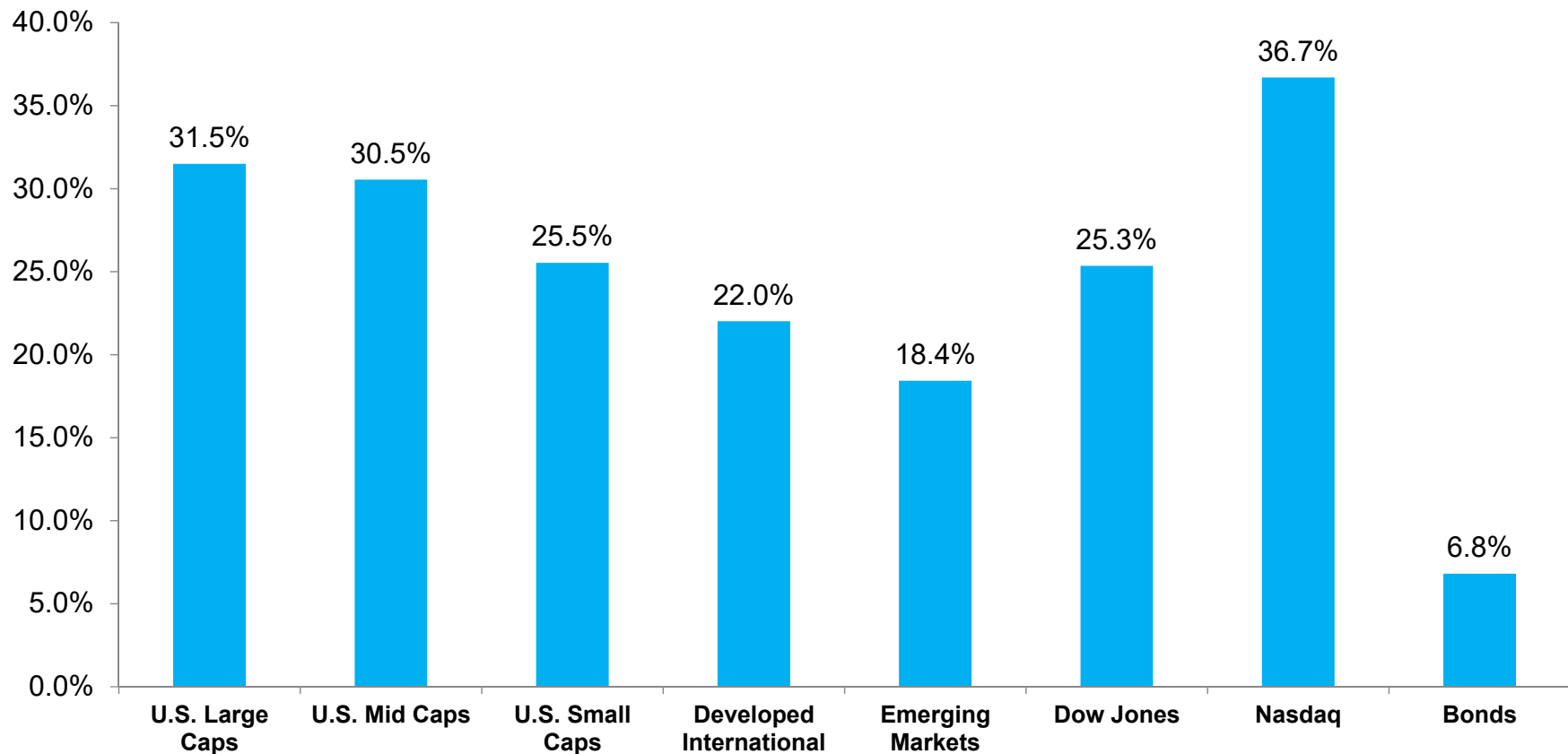
Presented By

## **Davenport Asset Management**

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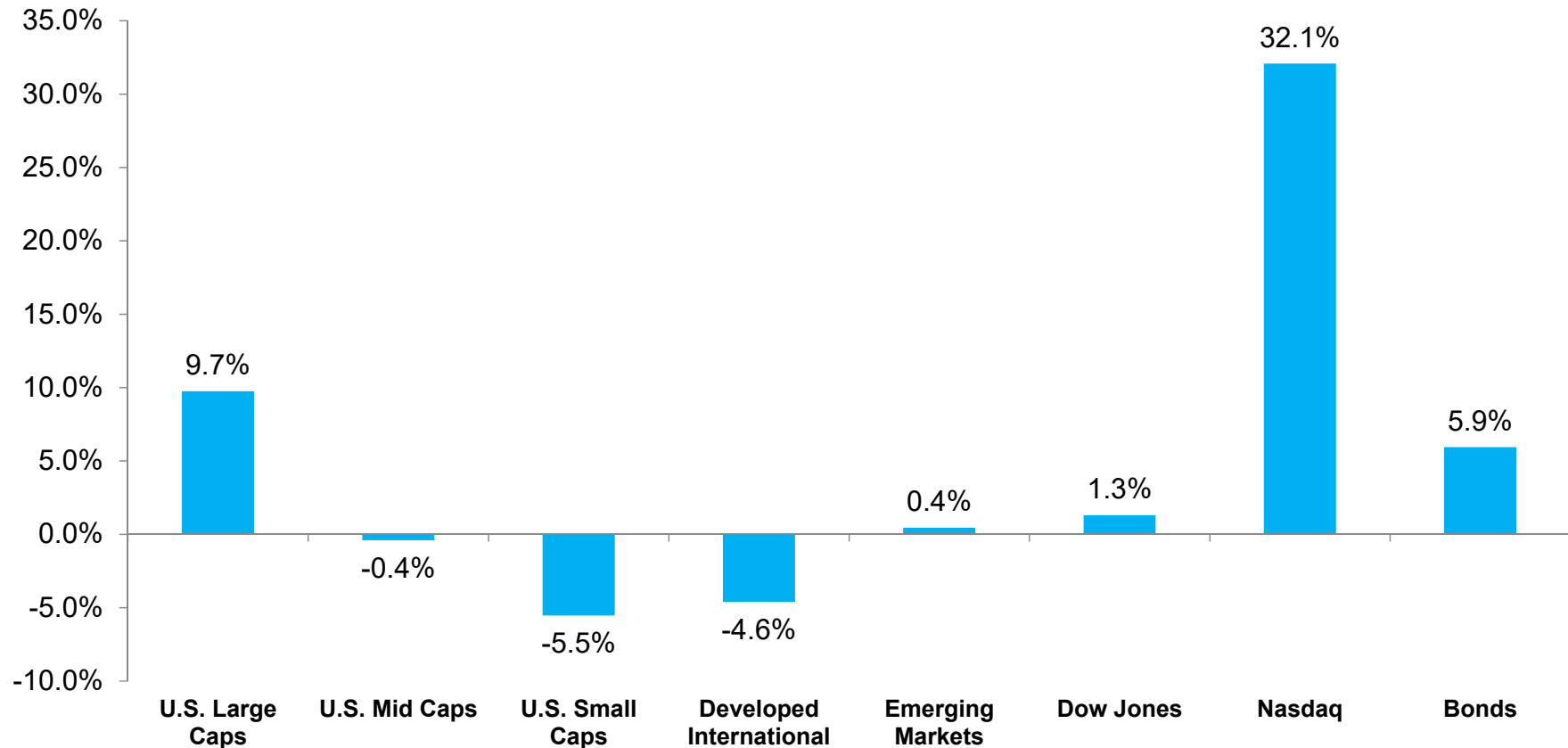
**DAVENPORT** 1863  
ASSET MANAGEMENT 

# 2019 Market Returns



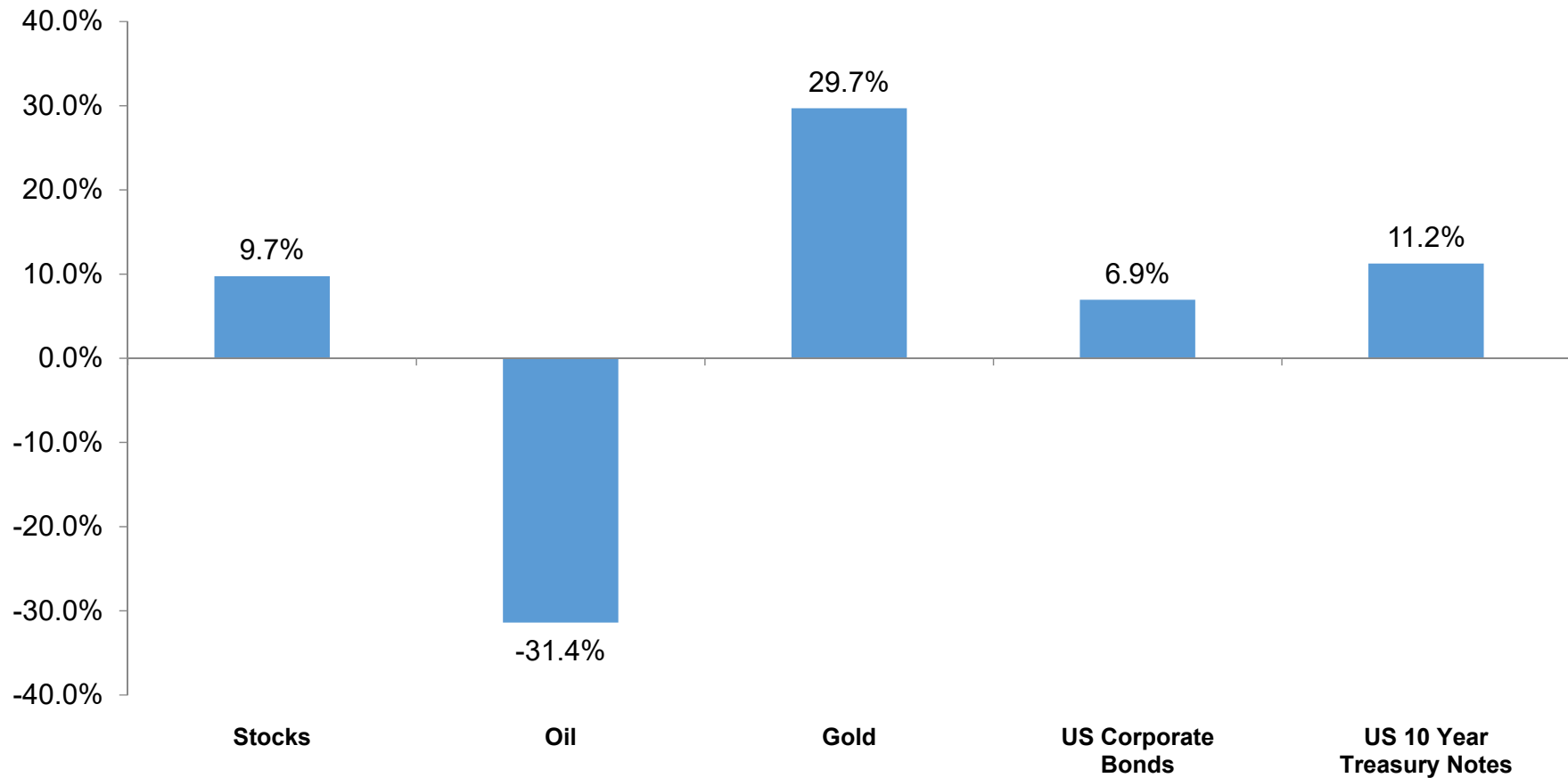
Source: FactSet as of 12/31/2019. **Past performance is no guarantee of future results.** **U.S. Large Caps** represented by the S&P 500® Index. **U.S. Mid Caps** represented by the Russell Midcap® Index. **U.S. Small Caps** represented by the Russell 2000® Index. **Developed International** markets represented by the MSCI EAFE Index. **Emerging Markets** represented by the MSCI EM Index. **Bonds** represented by the Bloomberg Barclays Intermediate Government/Credit Index. An investor cannot invest directly in an index and index returns are not indicative of the performance of any specific investment. Please see *Important Disclosures* section for index definitions.

# Year-to-Date 2020 Market Returns



Source: FactSet as of 8/31/2020. **Past performance is no guarantee of future results.** **U.S. Large Caps** represented by the S&P 500® Index. **U.S. Mid Caps** represented by the Russell Midcap® Index. **U.S. Small Caps** represented by the Russell 2000® Index. **Developed International** markets represented by the MSCI EAFE Index. **Emerging Markets** represented by the MSCI EM Index. **Bonds** represented by the Bloomberg Barclays Intermediate Government/Credit Index. An investor cannot invest directly in an index and index returns are not indicative of the performance of any specific investment. Please see *Important Disclosures* section for index definitions.

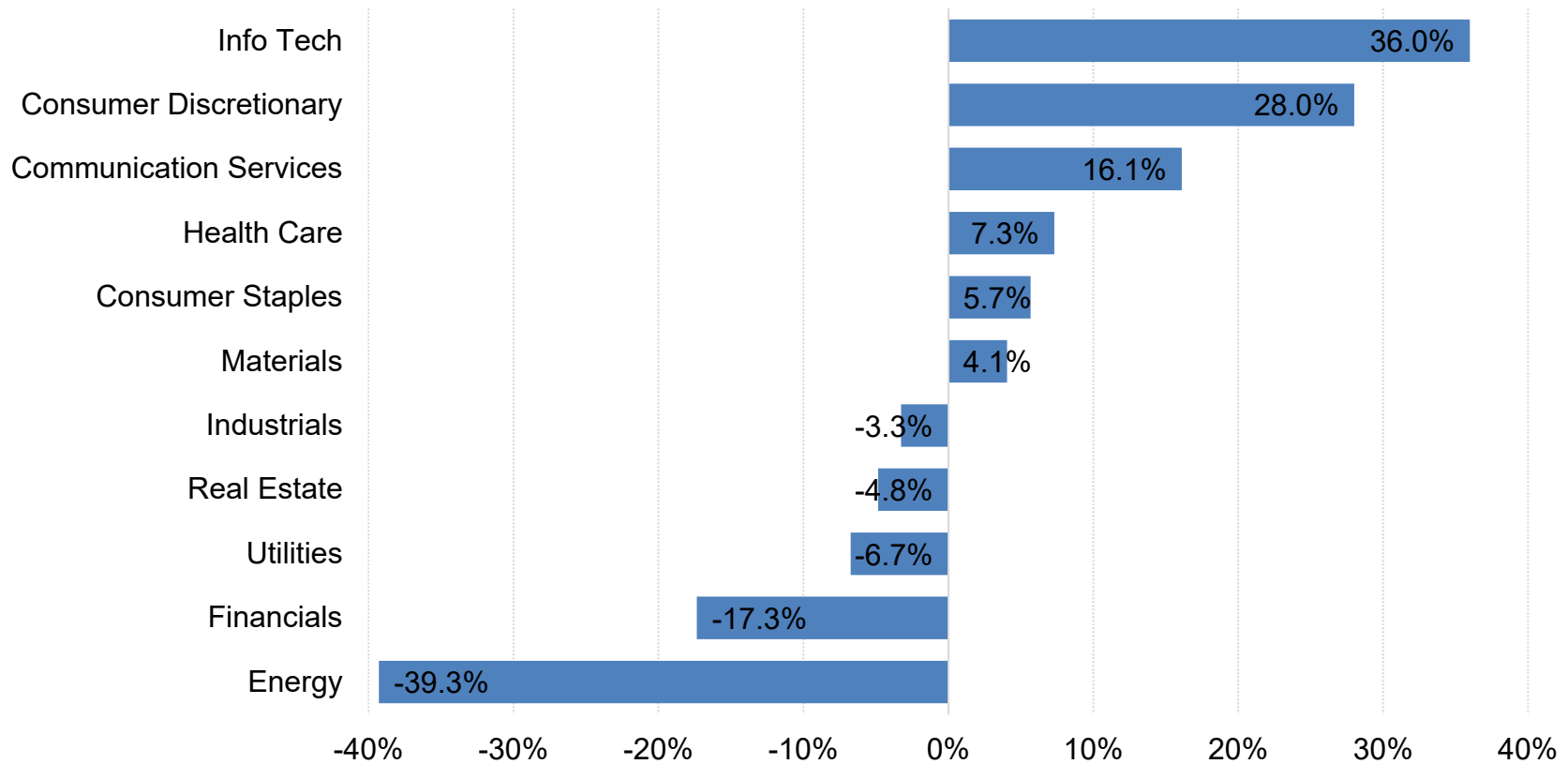
# Year-to-Date 2020 Asset Returns



Source: Bloomberg as of 8/31/2020. **Past performance is no guarantee of future results.** **Stocks** represented by the S&P 500® Index. **Oil** represented by Brent Crude oil returns according to Bloomberg. **Gold** is represented by changes in spot price in US Dollars per Troy Ounce. **US Corporate Bonds** are represented by the Bloomberg Barclays US Corporate Bond Index. **US 10 Year Treasury Notes** are represented by the Bloomberg Barclays US Government 10 Year Term Index. An investor cannot invest directly in an index and index returns are not indicative of the performance of any specific investment. Please see *Important Disclosures* section for index definitions.

# Year-to-Date 2020 Sector Returns

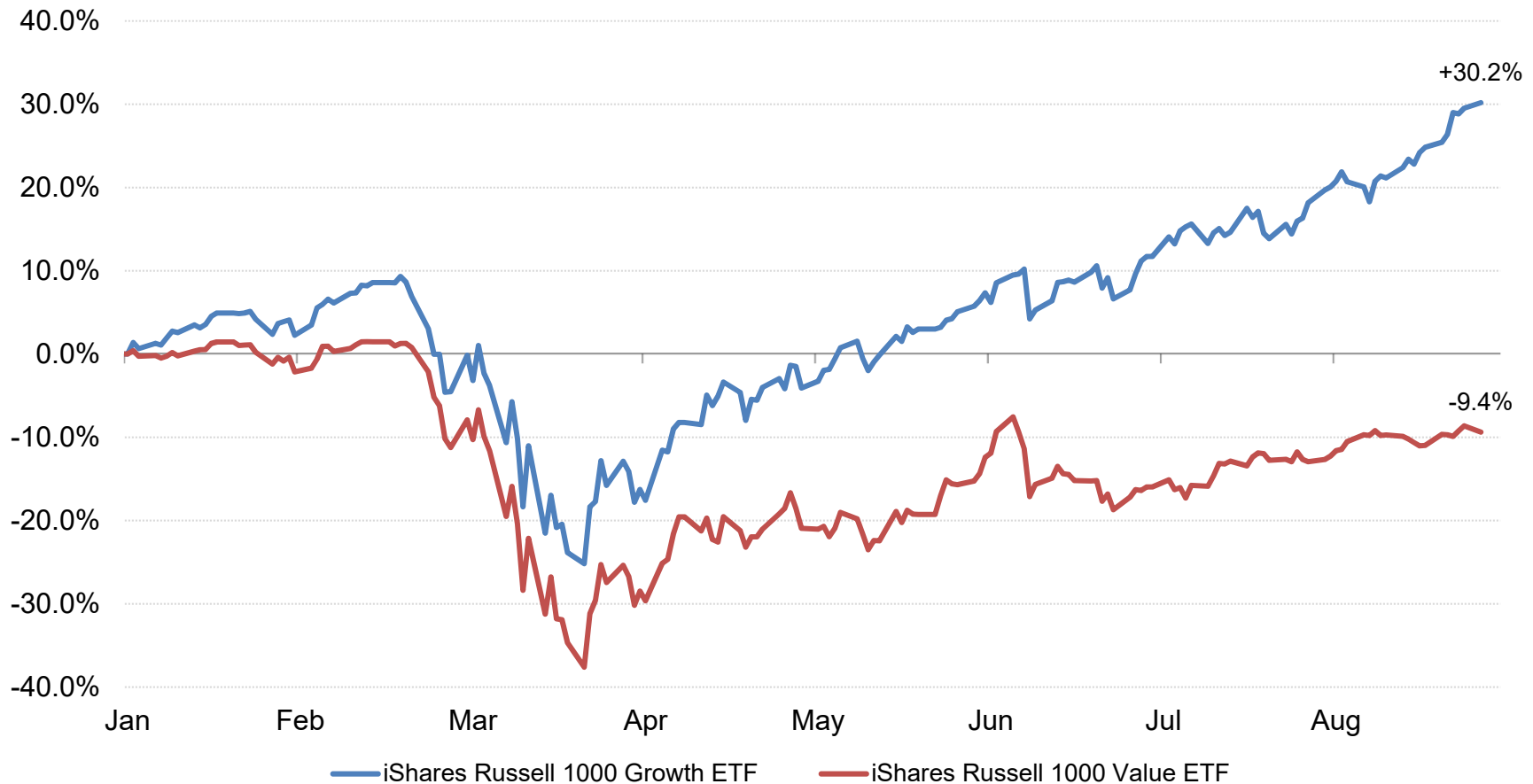
## S&P 500 Index Sector Returns



Source: FactSet. Data shown from 12/31/2019 through 8/31/2020. Past performance is no guarantee of future results.  
Please see *Important Disclosures* section for index definitions.

# Year-to-Date 2020 Style Returns

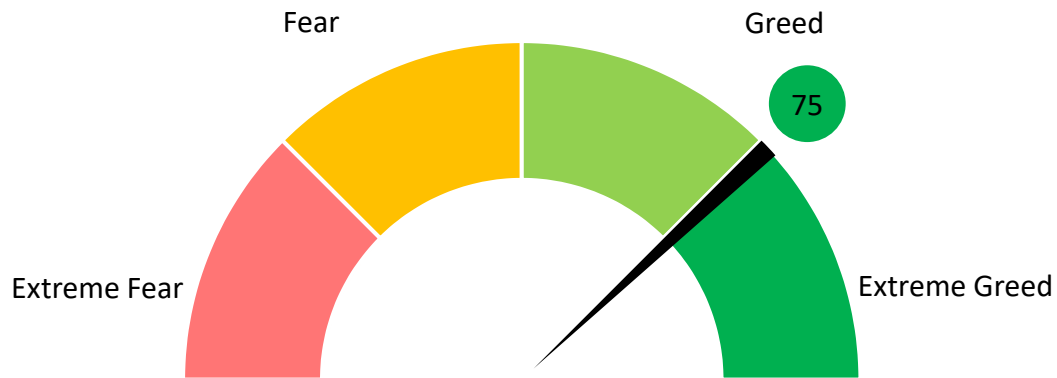
## Growth vs Value



Source: FactSet. Data shown from 12/31/2019 through 8/31/2020. Past performance is no guarantee of future results. Please see *Important Disclosures* section for index definitions.

# Investor Sentiment

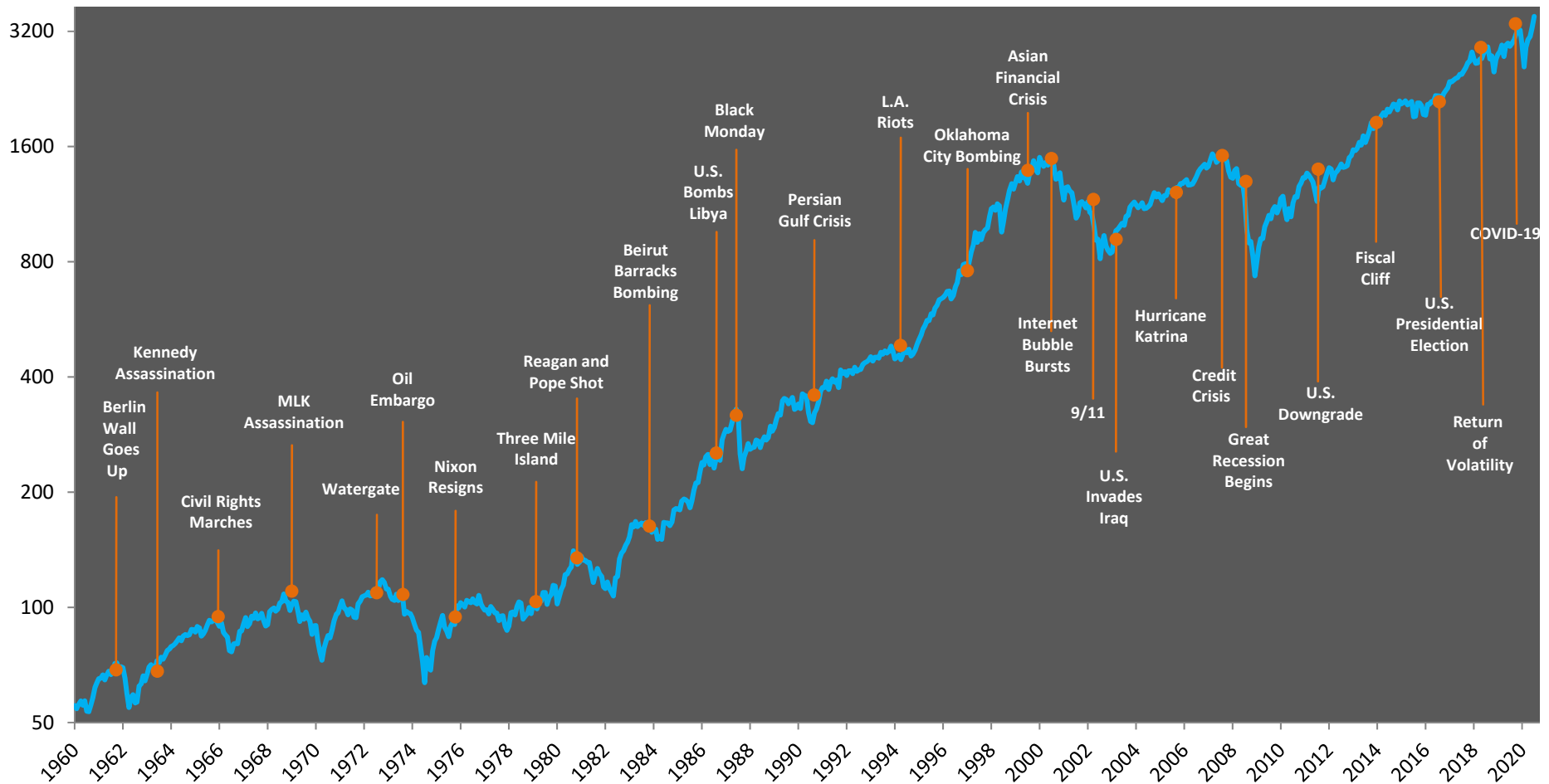
## CNN Fear & Greed Index



Historical Sentiment		
Previous Close	75	<b>Extreme Greed</b>
1 Week Ago	73	<b>Greed</b>
1 Month Ago	65	<b>Greed</b>
1 Year Ago	23	<b>Extreme Fear</b>

Source: CNN Business. Data shown as of 9/1/2020. Please see *Important Disclosures* section for information regarding the calculation of the Fear & Greed Index.

# Stocks Climb a “Wall of Worry”



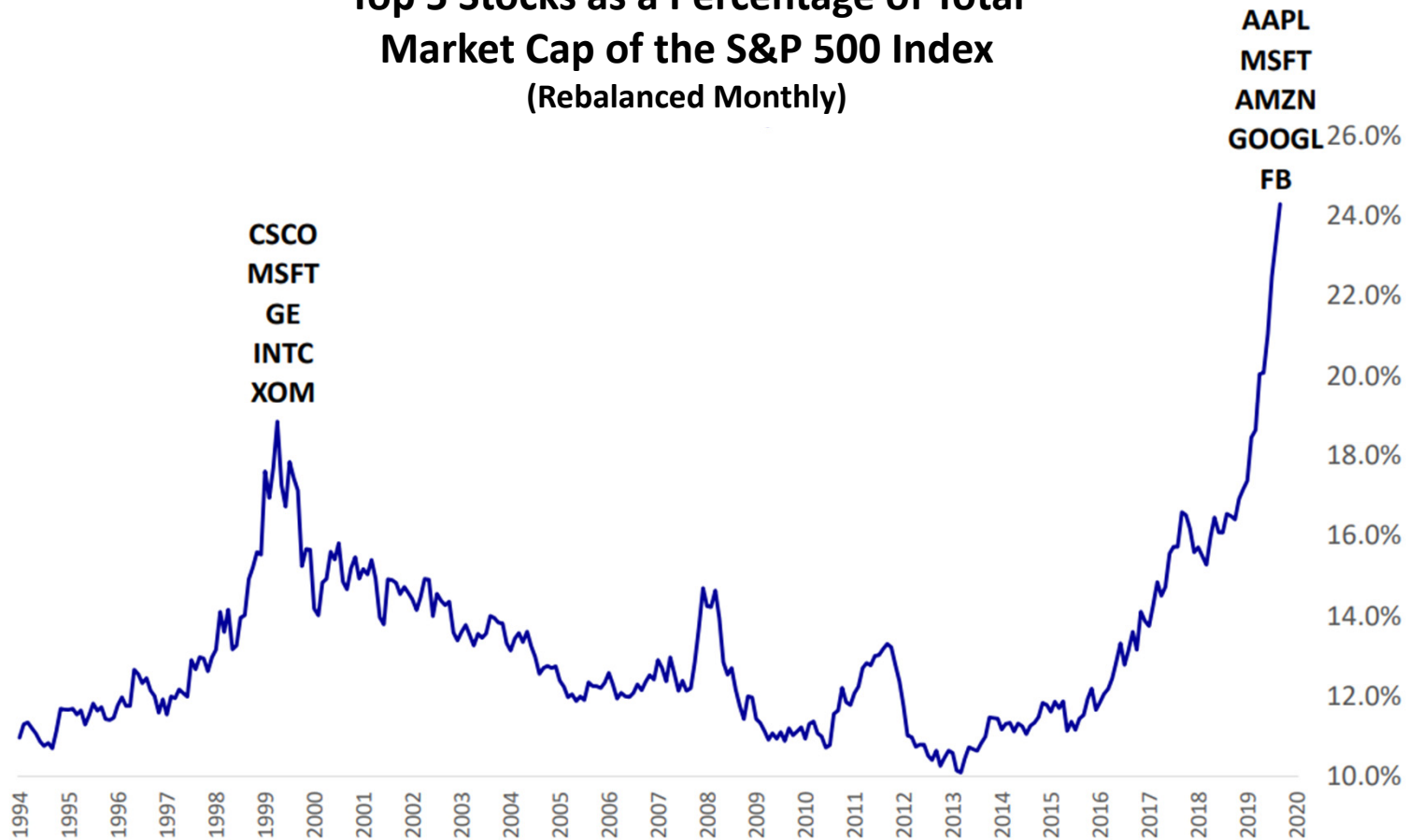
Source: Bloomberg – S&P 500 Index monthly data from January 1960 – August 2020.

Returns are based on price index only and do not include dividends. The **S&P 500 Index**® is comprised of 500 U.S. stocks and is an indicator of the performance of the overall U.S. stock market. An investor cannot invest in an index and index returns are not indicative of the performance of any specific investment. Past performance is no guarantee of future results. Please see *Important Disclosures* section for index definitions.



# S&P 500 Index Concentration

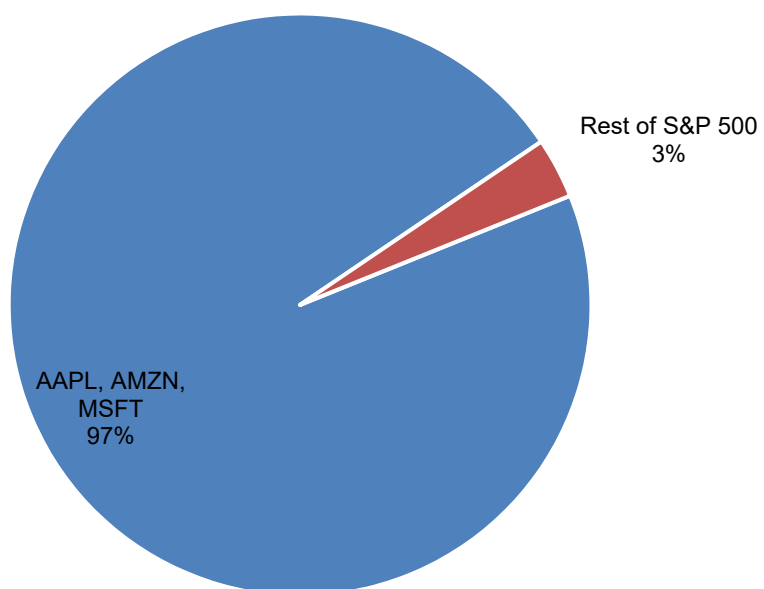
### Top 5 Stocks as a Percentage of Total Market Cap of the S&P 500 Index (Rebalanced Monthly)



Source: Cornerstone Macro, FactSet, Bloomberg. Data shown monthly from January 1994 through August 2020. Please see *Important Disclosures* section for index definitions.

# S&P 500 Index Returns Composition

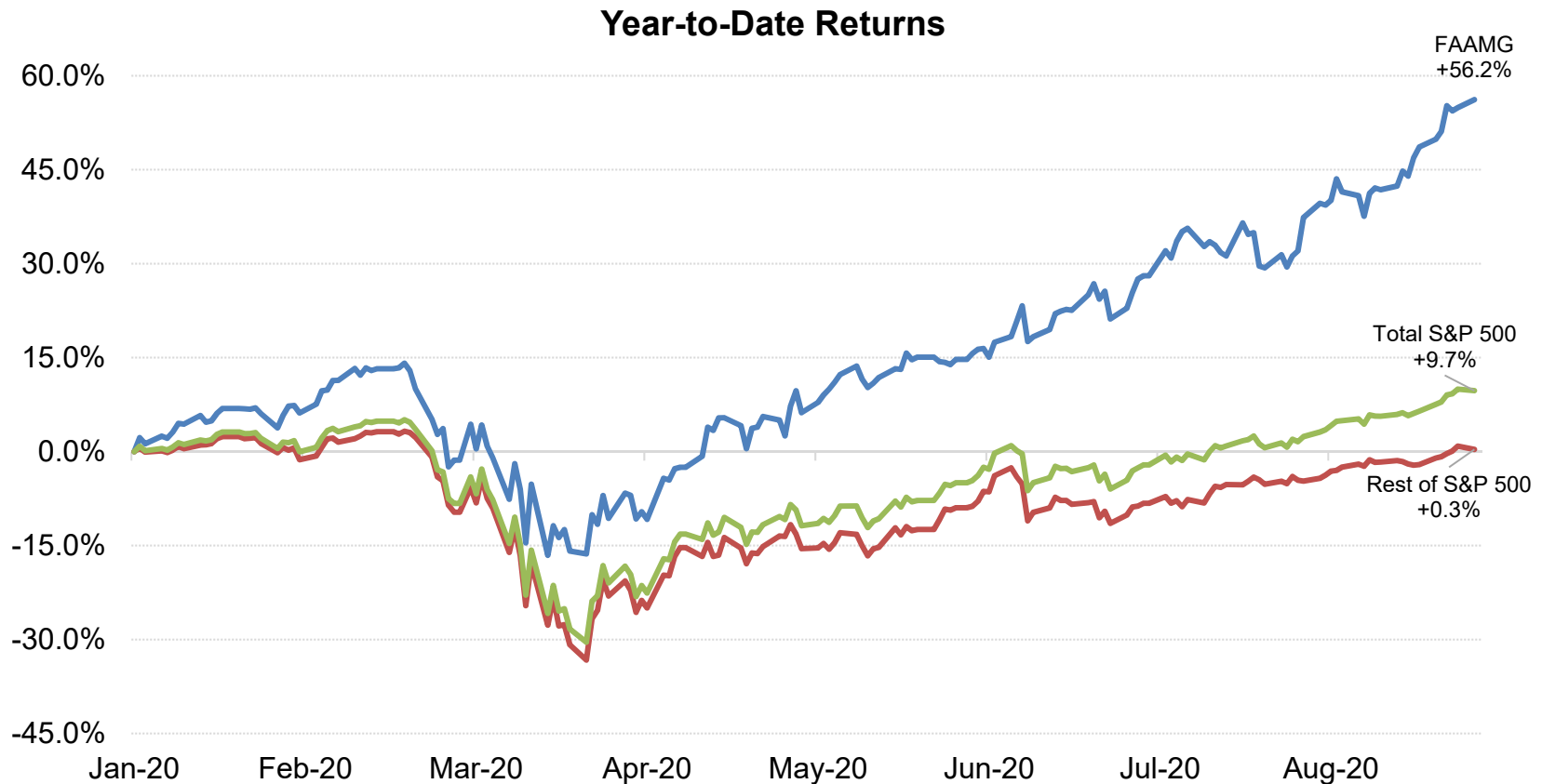
**Contribution to S&P 500 Index  
Year-to-Date Performance**



Company	Avg. Weight	Total Return	Contribution to Total Return
Apple Inc.	5.4%	77.0%	3.7%
Amazon.com, Inc.	3.9%	86.8%	3.2%
Microsoft Corporation	5.5%	44.1%	2.5%
Facebook, Inc.	2.0%	42.9%	0.9%
NVIDIA Corporation	0.8%	127.6%	0.8%
Alphabet Inc.	3.3%	21.9%	0.7%
PayPal Holdings, Inc.	0.6%	88.7%	0.5%
Netflix, Inc.	0.7%	63.7%	0.4%
salesforce.com, inc.	0.6%	67.6%	0.4%
Adobe Incorporated	0.7%	55.7%	0.4%
<b>Top 10 Total</b>			<b>13.6%</b>
<b>Rest of S&amp;P 500</b>			<b>-3.9%</b>
<b>Total S&amp;P 500</b>			<b>9.7%</b>

Source: FactSet. Data shown from 12/31/2019 through 8/31/2020. The iShares Core S&P 500 ETF (IVV) is used in the above illustration as a proxy for the S&P 500 Index. Past performance is no guarantee of future results. Please see *Important Disclosures* section for index definitions.

# S&P 500 Index Returns Composition



FAAMG is an acronym for Facebook Inc, Amazon Inc, Apple Inc, Microsoft Inc, and Alphabet Inc.

Source: FactSet. Data shown from 12/31/2019 through 8/31/2020. The iShares Core S&P 500 ETF (IVV) is used in the above illustration as a proxy for the S&P 500 Index. Past performance is no guarantee of future results. Please see *Important Disclosures* section for index definitions.

# Then & Now

	“Tech Bubble” High	Pre - “Financial Crisis” High	Most Recent High	Current Market
	March 24, 2000	October 9, 2007	February 19, 2020	August 31, 2020
S&P 500 Index	1,527	1,565	3,386	3,500
S&P 500 Price/Earnings	26.4	15.5	19.4	24.0
S&P 500 Price/Book	5.2	3.0	3.7	3.9
S&P 500 Dividend Yield	1.1%	1.8%	1.8%	1.7%
S&P 500 Payout Ratio	32.9%	31.1%	39.5%	47.0%
10-Year Treasury Yield	6.19%	4.65%	1.57%	0.70%
90-Day LIBOR	6.26%	5.25%	1.70%	0.24%
Gold (\$/troy ounce)	\$285	\$738	\$1,612	\$1,968
Oil (\$/barrel)	\$28	\$80	\$53	\$43

Source: Bloomberg.

The **Price/Earnings Ratio** is a valuation ratio of an index or company’s current share price compared to its expected per share earnings for the next 12 months. The **Price/Book Ratio** is a ratio used to compare a stock’s market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter’s book value per share. The **Dividend Yield** indicates how much a company pays out in dividends each year relative to its share price and is calculated by dividing the dollar value of dividends paid in a given year per share of stock held by the dollar value of one share of stock. The **Payout Ratio** is the trailing twelve month dividends divided by net income for the same period.

# IMPORTANT DISCLOSURES

## Index Definitions:

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.

The **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3000® Index, representing approximately 8% of the total market capitalization of the Russell 3000® Index.

The **Russell Midcap® Index** measures the performance of the 800 smallest companies in the Russell 1000® Index, which represent approximately 25% of the total market capitalization of the Russell 1000® Index.

The **NASDAQ Composite Index** is a market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange.

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

The **MSCI EAFE (Europe, Australasia, Far East) Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada.

The **MSCI EM (Emerging Markets) Index** is a capitalization-weighted index of stocks from 26 emerging markets that only includes issues that may be traded by foreign investors. The reported returns reflect equities priced in U.S. dollars and do not include the effects of reinvested dividends.

The **Bloomberg Barclays Intermediate Government/Credit Index** is an unmanaged index composed of debt securities with maturities from one to ten years issued or guaranteed by the U.S. Treasury, U.S. Government agencies, quasifederal corporations and fixed rate dollar denominated SEC-registered corporate debt that are rated investment grade or higher by Moody's Investors Service and Standard and Poor's Corporation or Fitch Investor's Service, in that order.

**Gold** prices are measured in USD per troy ounce. **Oil** prices are measured in USD per barrel of Brent crude oil.

The **Bloomberg Barclays US Corporate Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

The **Bloomberg Barclays US Government 10 Year Term Index** measures the performance of government bonds issued by the US Treasury with a maturity of 10 years.

The **iShares Russell 1000 Growth ETF** seeks to track the investment results of an index composed of large- and mid-capitalization U.S. equities that exhibit growth characteristics. The Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Russell 1000 Growth Index.

The **iShares Russell 1000 Value ETF** seeks to track the investment results of an index composed of large- and mid-capitalization U.S. equities that exhibit value characteristics. The Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Russell 1000 Value Index.

The **iShares Core S&P 500 ETF** seeks to track the investment results of an index composed of large-capitalization U.S. equities. The Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500 Index.

The **CNN Fear & Greed Index** is a measure investor emotion, calculated based on seven indicators: stock price momentum, stock price strength, the put/call options ratio (which compares the trading volume of bullish call options relative to that of bearish put options), high yield bond demand, market volatility, and safe haven demand (the difference in stock returns versus US Treasuries. The index analyzes how far each input as veered from its average relative to a normal veer on a scale from 0 to 100. The higher the reading, the greedier investors are being. The inputs are then equally weighted to compute a final index reading.

The **10-Year Treasury Note** is a 10-year debt obligation of the United States Government.

**LIBOR** is the interest rate that the banks charge each other for loans (usually in Eurodollars).

*You should consider each fund's investment objectives, risks, charges and expenses carefully before investing. Each fund's prospectus contains this and other important information, should be read carefully before investing or sending money, and can be obtained by contacting your Investment Executive, or by calling (800) 846-6666.*

*An investor cannot invest in an index and index returns are not indicative of the performance of any specific investment. Index performance does not reflect the expenses, fees, and taxes generally paid with the active management of an actual portfolio.*

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# RISK CONSIDERATIONS

## **Risk Considerations:**

Past Performance is no guarantee of future results. No graph, chart or formula can guarantee profit of any nature in the stock market and should not be relied upon solely in making investment decisions. There is no guarantee that any investment will be profitable. Investing in securities or other investment vehicles carries risk including the possible loss of principal. Equities are subject generally to market, market sector, market liquidity, issuer and investment style risks, among other factors, to varying degrees. Funds that invest in foreign securities may involve greater risks, including political and economic uncertainties, as well as risk of currency fluctuations. Small and mid cap company stocks may be more volatile than stocks of larger, more established companies. There is no guarantee that a company will continue to pay a dividend. Investments in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, while their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes. An issuer suffering an adverse change in its financial condition could see the credit quality of its securities deteriorate, leading to greater price volatility of the security. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

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