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Happy New Year!

2017 was a great year for equity investors, albeit somewhat unexpected. The S&P 500 was up nearly 22% and the Dow Jones Industrial Average set 70 record highs. Additionally, after several years of volatile markets, 2017 was markedly absent of any significant pullbacks in the equity indices. In fact, we experienced positive returns in the S&P 500 each month of 2017, something that has not happened in 90 years. This occurred despite unease surrounding the Trump Administration, saber rattling by North Korea, two devastating hurricanes making landfall in the U.S. and concern over the ability of Congress to pass meaningful tax reform. The market's reaction is a stark contrast to the volatility surrounding the Brexit vote and the Trump election in 2016.

Headlines such as these have overshadowed the fact that we are experiencing global economic expansion, which has supported corporate earnings. The passage of the Tax Reform and Jobs Act of 2017, which lowers the corporate tax rate, should provide an additional lift to corporate earnings in 2018.

The long bull market has provided the backdrop for the success of passive investing over the last several years, but active investment management still plays a key role. With market valuations elevated and volatility at all-time lows, investment selection and analysis become all the more important. Not all asset classes have participated evenly in the gains, and opportunities in the market do exist. We know it is our responsibility to guide you through the short-term concerns while keeping the long-term objectives in mind. We will continue to sift through investment ideas carefully and remain disciplined when volatility inevitably returns.

We also understand that part of our responsibility is to give back to the communities in which we live and work, and we are happy to do so. Davenport & Company has a long history of providing financial support to local nonprofit organizations. I am proud to share that our associates, individually and collectively, also generously give back to charities with their time. Since 2012, we have worked with Junior Achievement of Central Virginia teaching financial literacy and work-readiness skills to school-age youth. In 2017, through our internal community outreach group, Davenport Shares, our associates have come together to hold food and clothing drives and to raise funds and awareness for various causes. We remain committed to giving back and doing our part to help make a positive difference.

2017 was also a fantastic year for Davenport. It would not have been possible without our team of professionals. We are fortunate to have attracted, developed and retained such talent. Being an employee-owned firm gives us the freedom to focus on helping our clients reach their financial goals with personalized service and financial advice. Thank you for choosing Davenport & Company. We value your trust and confidence – and we hope to continue to earn it for many years to come.