

Davenport & Company LLC

Firm Brochure: Part 2 of Form ADV: Uniform Application for Investment Advisor Registration

August 15, 2011

This brochure is required by regulation and is designed to provide information about the qualifications and business practices of Davenport & Company LLC. If you have any questions about the contents of this brochure, please contact us at 804-780-2000 or dpeters@investdavenport.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Davenport & Company LLC is an SEC Registered Investment Adviser. However, registration does not imply a certain level of skill or training.

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Additional information about Davenport & Company LLC is also available on the SEC's website at: www.adviserinfo.sec.gov.

2. Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure, dated 8/15/2011, is a new document prepared according to the SEC's new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this item will discuss only specific material changes that are made to the brochure and provide clients with a summary of these changes. We will also reference the date of our last annual update of this brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information at any time, without charge.

Currently our Brochure may be requested by contacting Denise Peters, Chief Compliance Officer of our Asset Management Division at 804-780-2000 or dpeters@investdavenport.com. Our Brochure is also available on our web site, www.investdavenport.com, free of charge.

Additional information about Davenport & Company LLC is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site provides information about any persons affiliated with Davenport & Company LLC who are registered, or are required to be registered, as investment advisor representatives of Davenport & Company LLC.

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4. Advisory Business

Davenport & Company LLC (“Davenport”) is a privately held investment firm established in 1863 and headquartered in Richmond, Virginia. The firm is an independent, employee owned, limited liability company, with no employee owning more than 10% of the firm. Davenport offers Asset Management, Retail Brokerage, Investment Research, and Investment Banking and Advisory Services. The Investment Advisory Division of Davenport offers Davenport Asset Management (“DAM”) programs and Investment Executive Managed programs described below.

Davenport manages separate accounts for individuals, institutions, ERISA plans, trusts, estates, corporations, and various other types of entities. DAM is also the Advisor (“Advisor”) to three mutual funds. The various managed account programs we offer can each be tailored to individual investors’ needs. Clients may impose restrictions on investing in certain securities or types of securities. Davenport’s managed programs are available with several cost options. Each program is managed in accordance with its program guidelines, regardless of the cost structure the client chooses – Wrap Fee, Fee plus Commission or Commission Only. Details about the various cost structure options available for each program are discussed in Section 5 – Fees and Compensation.

Davenport Asset Management Programs

DAM offers a variety of investment strategies.

Stock strategies available include:

- Core Portfolio (“Core”), which has the goal of outperforming the S&P 500 while taking less risk
- Value & Income Portfolio (“Value & Income”), which has the goal of providing solid equity returns with twice the dividend yield of the S&P 500
- Equity Opportunities Portfolio (“Equity Opportunities”), which has the goal of identifying small- to medium-sized companies with the potential for above average, long-term results

Mutual fund strategies include:

- FundAdvisor (“FundAdvisor”), which has the goal to deliver well diversified portfolios of premier mutual funds

Blended strategies include:

- Blended Allocation (“Blended Allocation”), which has the goal of delivering the best of Davenport Asset Management in one portfolio – this portfolio will combine either the Core or the Value & Income stock strategies with select FundAdvisor mutual funds

Davenport’s Investment Executive Managed Programs

- Portfolio Review – an account in which the Investment Executive monitors their clients’ investments and recommends securities transactions according to a client’s individual needs and objectives. The Portfolio Review Committee formally reviews each client’s portfolio on a quarterly basis and makes suggestions as appropriate.
- Portfolio Management Account – an account in which the Investment Executive manages their clients’ investments according to individual needs and objectives on a discretionary basis. The Portfolio Review Committee formally reviews each client’s portfolio on a quarterly basis and makes suggestions as appropriate. Additional reviews by the Committee are available by request from either the client or the Investment Executive and are conducted at no extra charge.
- Flexible Managed Account – an account in which the Investment Executive manages the client’s investments on either a discretionary or non-discretionary basis. The program’s flexibility allows the Investment Executive and the client to structure portfolios in any manner deemed suitable for the client.

- *ManagerSelect* – an account in which Davenport Investment Executive will have discretion over the account and will act as the Investment Advisor Representative and fiduciary to and on behalf of the client. Davenport and the Investment Executive will provide individualized investment advice and portfolio management services to each client. *ManagerSelect* offers access to some of the premier asset managers in the country. It includes a full range of investing styles and encompasses both domestic and international equity. Davenport will implement investment recommendations derived from the portfolio manager selected.
- Other Programs
 - *RetirementAdvisor* - a qualified retirement plan platform that offers companies, and their employees, access to the same expertise and investment processes available through *FundAdvisor*.
 - Flexible Retirement Account Consulting - is a discretionary or non-discretionary service in which Davenport Investment Executives provide consulting services to public and private participant directed retirement plans, such as 401(K) plans. The plan Sponsor or participant will direct the portfolio selection. Generally, Davenport does not offer custody and execution services to plan sponsors selecting this service – these services are provided by a non-affiliated third party of the Plan Sponsor's choosing.

The services offered include:

- Investment Policy Statement Review
- Performance Reports – periodic reports showing historical performance, asset allocation and the performance of each holding compared to benchmarks and market segments
- Asset Allocation
- Mutual Fund Research
- Asset Classification
- Participant Education
- Custody and Statements – if the Plan Sponsor specifically requests, Davenport can provide custody and trade execution services, including trade confirmation and account statements at least quarterly

Investment Consulting Services

Davenport offers individualized investment consulting services to clients regarding securities that are not custodied or otherwise managed by Davenport. Specific services will vary by client. Consulting services may include recommending asset allocation and/or security selection within a client's employer sponsored retirement plan, preparing customized reports of investment holdings and results, assisting clients' tax advisors in gathering information needed to prepare tax returns, reconciling client's cash flows, or other services that may be reasonably requested.

Davenport also offers investment consulting services to municipalities and non-profit organizations in the public sector. Services may include portfolio structuring, cash-flow analysis, developing investment policies and strategies, portfolio review, and selection of banking and investment services. These services generally involve ongoing analysis of the portfolio and cash-flow activity, quarterly meetings with clients, and preparation of a quarterly report.

Comprehensive Financial Planning

Davenport offers comprehensive personal financial planning services that may include, but are not limited to, advice on education funding, asset allocation, budgeting and cash-flow analysis, retirement planning, estate planning, and insurance planning. This service generally involves an initial meeting with the client to gather data, and at least one subsequent meeting to discuss the recommendations.

As of 12/31/10, Davenport's Investment Advisory programs totaled \$4,396,106,480 managed on a discretionary basis.

As of 12/31/10, Davenport's Investment Advisory programs totaled \$197,146,172 managed on a non-discretionary basis.

5. Fees and Compensation

Davenport's fees and compensation vary, depending upon on the type of account and cost option a client chooses. Account fees are charged quarterly. In some instances, fees and commissions may be discounted or negotiated. Various accounts are subject to minimum fees.

Davenport Asset Management (Core, Value & Income, Equity Opportunities and Blended Allocation) clients can choose from several different cost options: Wrap Fee only, Fee plus Commission (billed in advance), or Fee plus Commission (billed in arrears). *FundAdvisor* is available only with a Wrap Fee cost structure. Fees will either be deducted from the client's account, or if the client prefers they will be billed. If a client's account has insufficient funds to cover the fee in the account, Davenport will sell securities in the account to cover the fee. The client will be notified of these sells by way of the trade confirmation when securities have been liquidated.

There will be no refunds of fees for partial withdrawals throughout the quarter. The investment advisory agreement may be canceled at any time, by either party, with 30-days written notice. If an account is terminated, the client will receive a pro-rata refund of any fees paid in advance as of the effective date of termination. If the account pays in arrears and the contract is terminated during the calendar quarter, any fee due may be prorated as of the effective date of cancellation and billed to the client or deducted from the account.

If a client chooses to fund a Davenport Asset Management account with securities that do not fit the established, or agreed upon criteria, those securities will be sold and the proceeds reinvested in the strategy model. If the account is set up as a Fee plus Commission account there will be commission charges to sell those securities. Normally there is no charge to sell assets transferred into a Wrap Fee account, however there could be deferred-sales charges imposed by the investment company when liquidating mutual fund positions. Davenport Asset Management may not take into consideration any costs associated with switching, such as deferred-sales charges, surrender charges, or tax consequences when selling securities that have been used to establish the account. A prospective client should discuss any tax consequences with their tax advisor before depositing securities into a managed account.

If a client selects a Fee plus Commission cost structure the account will be charged commissions for purchase and sales transactions. More details about Davenport's brokerage practices can be found in Section 12 – Brokerage Practices.

Wrap Fee - Clients pay one "wrap" or bundled fee that includes investment advice, custody of assets and brokerage execution services. Core, Value & Income, Equity Opportunities, Blended Allocation Portfolios, *FundAdvisor*, Portfolio Management Account, and Flexible Managed Account are available as Wrap Fee programs. One fee is charged for investment advisory and brokerage execution services. No separate commissions are charged to the accounts selecting this cost structure.

Fees are billed in advance at the beginning of each calendar quarter. The initial fee is calculated as of the date the agreement is accepted by Davenport. The fee is based on the initial value of the account and covers the remainder of the calendar quarter. Subsequent quarterly fees will be calculated on the basis of the market value of the securities and cash held in the account on the last business day of the prior calendar quarter. If cash and/or securities of \$5,000 or more are deposited into the account between billing periods, a proportionate fee will be charged on the value added as of the date of the addition and billed at the beginning of the following quarter.

Fee plus Commission (Advance) - Clients pay investment management fees based on assets under management plus commissions and/or markups or markdowns on each securities transaction as total compensation for this service. Fees are billed in advance at the beginning of each calendar quarter. The initial fee is calculated as of the date the agreement is accepted by Davenport. The fee is based on the initial value of the account and covers the remainder of the calendar quarter. Subsequent quarterly fees will be calculated on the basis of the market value of the securities and cash held in the account on the last business day of the prior calendar quarter. If cash and/or securities of \$5,000 or more are deposited into the account between billing periods, a proportionate fee will be charged on the value added as of the date of the addition and billed at the beginning of the following quarter.

Fee plus Commission (Arrears) - Clients pay investment management fees based on assets under management plus commissions and/or markups or markdowns on each securities transaction as total compensation for this service. Fees are billed at the end of each quarter. The fee is based on the average market value of securities and cash in an account during the preceding three months.

In order to recommend or receive compensation for an Investment Advisory Account, the Investment Executive and/or Portfolio Manager must be registered as an "Investment Advisory Representative" with the appropriate State Securities Board, unless exempt by law and must also pass the General Securities Representative (Series 7) examination administered by the Financial Industry Regulatory Authority ("FINRA").

Fees plus Commission accounts offer clients and Investment Executives the flexibility to negotiate a fair and reasonable compensation for services. Either the fee or the commission, or both, can be adjusted fit the client's needs and desired cost structure. Clients should keep in mind that Fee plus Commission options are likely to incur higher overall expenses if there is a high volume of trades in the account, than would be the case if the client selected the Wrap Fee cost option.

Maximum annual asset-based fees are as follows:

Core, Value & Income, Equity Opportunities and Blended Allocation

Wrap Fee:

- 1.50% of the first \$1 million or portion thereof in market value
- 1.25% of market value between \$1 million and \$5 million
- 1.00% of market value above \$5 million

Fee plus Commission:

- .75% of first \$1 million or portion thereof in market value
- .50% of market value between \$1 million and \$5 million
- .30% of market value above \$5 million

For Fixed-Income Only Accounts:

- .40% of first \$1 million or portion thereof in market value
- .30% of market value between \$1 million and \$5 million
- .20% of market value above \$5 million

FundAdvisor

Wrap Fee:

- 1.25% of the first \$1 million or portion thereof in market value
- 1.00% of market value between \$1 million and \$5 million
- 0.75% of market value above \$5 million

Note: FundAdvisor is not available as a Fee + Commission-based option.

In addition to the FundAdvisor or Blended Allocation Portfolio fee, clients will bear a proportionate share of each mutual fund's management and administrative expenses, including advisory fees paid to the mutual fund's investment advisors.

Portfolio Review

Fee plus Commission:

- 0.50% of the first \$200,000
- 0.25% of all value between \$200,000 and \$1 million
- 0.10% of all value over \$1 million

Note: the Portfolio Review Program is not available as a Wrap Fee option.

Portfolio Management Accounts

Wrap Fee:

- 1.50% of market value up to \$250,000
- 1.25% of market value between \$250,000 and \$1 million
- 1.00% of market value between \$1 million and \$2 million
- 0.75% of market value above \$2 million

Fee plus Commission:

- 1.25% of market value up to \$250,000
- 1.00% of market value between \$250,000 and \$1 million
- 0.75% of market value between \$1 million and \$2 million
- 0.50% of market value above \$2 million

Note: this fee option is for billed in advance at the beginning of each quarter only.

Flexible Managed Accounts

Wrap Fee and Fee plus Commission:

- 1.25% - 3.00% of the first \$1 million or portion thereof in market value
- 1.00% - 2.50% of market value between \$1 million and \$5 million
- 0.75% - 2.00% of market value above \$5 million

Separately, Open End Mutual Funds and Unit Investment Trusts within the FMA account are charged the following annual rates (excludes cash & cash equivalents):

- 1.00% - 2.00% of the first \$1 million or portion thereof in market value
- 0.75% - 2.00% of market value between \$1 million and \$5 million
- 0.50% - 2.00% of market value above \$5 million

In addition to the Flexible Managed Account fee, clients whose assets are invested in mutual funds (including money market funds), UITs, managed futures funds or other similar types of pooled investment vehicles will bear a proportionate share of the investment product's management and administrative fees and sales charges, including advisory fees paid to the mutual fund's investment advisors.

Commission Only

The client will pay traditional brokerage commissions and/or markups or markdowns on each securities transaction. There is no separate asset-based investment advisory fee.

ManagerSelect

Wrap Fee:

- 1.50% of the first \$1 million or portion thereof in market value
- 1.25% of market value between \$1 million and \$5 million
- 1.00% of all market value above \$5 million

RetirementAdvisor

Education & Service:

- 0.50% for Plan Assets with a total value up to \$1 million
- 0.35% for Plan Assets with a total value between \$1 million and \$5 million
- 0.25% for Plan Assets with a total value above \$5 million

Investment Advisory:

- 0.50% for Plan Assets with a total value up to \$1 million
- 0.35% for Plan Assets with a total value between \$1 million and \$5 million
- 0.25% for Plan Assets with a total value above \$5 million

Flexible Retirement Account Consulting

Fees may be charge quarterly in advance or in arrears, but are usually charged in advance. There is no required minimum account size for the Flexible Retirement Account Consulting services. The fees are negotiable and vary based upon a number of factors, including, but not limited to:

- type and size of the account,
- historical or projected nature of trading for the account,
- number and range of advisory and client-related services to be provided.

The standard asset based fee schedule for participant directed retirement plans is as follows:

Account Asset Value	Annual Davenport Fee Charged to Client
On the first \$2,000,000	1.00%
On the next 2,000,000	0.75
On the next 1,000,000	0.60
On the next 5,000,000	0.40
On the next 15,000,000	0.25
On the next 25,000,000	0.15
On the next \$50,000,000	0.08
On the next 100,000,000	0.05
On amounts over 200,000,000	0.01

Investment Consulting Services

Fees for consulting services depend upon the level of service requested and may be negotiated. Davenport and the client may negotiate an hourly fee, a fixed fee, a percentage of assets under consultation, or a combination of the three. Certain services may result in compensation to Davenport in the form of commissions and/or fees.

Comprehensive Financial Planning

The fee for a Comprehensive Financial Plan is \$1,000. An update to a previously issued Comprehensive Financial Plan is \$500. Under certain circumstances, lower fees may be negotiated.

Minimum account size varies by type of account. Minimums required by specific types of investments (i.e. mutual funds) must also be met.

<u>Program</u>	<u>Minimum Initial Amount</u>	<u>Minimum Quarterly Fee</u>
Core - Equity Only	\$150,000	\$375
Core w/ Fixed Income	250,000	375
Value & Income – Equity Only	150,000	375
Value & Income w/ Fixed Income	250,000	375
Equity Opportunities	150,000	375
Blended Allocation Portfolio	500,000	1275
Blended Allocation Portfolio – Customized or w/individual Bonds	1,000,000	1275
FundAdvisor	35,000	125
FundAdvisor - Opportunistic model	75,000	250
Portfolio Review	60,000	0
Portfolio Management Account	100,000	0
Flexible Managed Account I & II	100,000	0
Flexible Managed Account III	35,000	0
ManagerSelect Account	150,000	375
RetirementAdvisor	n/a	0
Flexible Retirement Account Consulting	n/a	0

In addition to the fees and commissions associated with the various programs above clients whose assets are invested in mutual funds (including money market funds), UITs, managed futures funds or other similar types of pooled investment vehicles will bear a proportionate share of the investment product's management and administrative fees and sales charges, including advisory fees paid to the mutual fund's investment advisors.

Investment Executives recommending these products will receive a percentage of 12b-1 fees. This represents a conflict of interest by giving the Investment Executive an incentive to recommend investment products based on the compensation received, rather than on the client's need. One way Davenport addresses this conflict is by requiring the purchase of no-load funds, A Shares at NAV or adviser class shares in Wrap Fee accounts. Davenport also reimburses the 12b-1 fee to qualified accounts and IRAs in fee-based accounts. Another way we address this conflict of interest, is to educate Investment Executives about such conflicts. In addition we include information in the advisory agreement describing the costs and the advantages and disadvantages of certain products and ask clients to attest that they understand them.

Like many securities firms, Davenport & Company receives payments from third parties whose products we distribute. This includes mutual fund companies, money market funds and insurance companies. Payments from these companies may include:

- sales loads,
- Rule 12b-1 fees,
- sub-transfer agent fees and fees for other administrative services,
- shareholder accounting fees and networking fees,
- reimbursements for education and training-related expenses and
- marketing support and client seminars.

In addition, Davenport has entered into a "revenue sharing" arrangement with the adviser and distributor of the money-market funds used for our cash management services. Davenport believes that all payments are in accordance with industry rules and regulations as currently in effect. The maximum aggregate payment that Davenport receives from money-market funds ranges from 0.05% to 0.88% annually, depending on fund type and share class.

In addition to asset-based fees, clients will reimburse Davenport for transaction fees that are assessed by the New York Stock Exchange ("NYSE"), Nasdaq, or any other national securities exchange or association of which Davenport is a member. These fees are in relation to Section 31 of the Securities Exchange Act of 1934 ("Exchange Act") which requires national securities exchanges or associations (such as the NYSE or Nasdaq) to pay a fee to the Securities and Exchange Commission. The fee is based on the aggregate dollar amount of sales of securities that are transacted on the exchange or association. The amount of the fee changes periodically. The national securities exchanges and associations require their members to pay a sum equal to the amount prescribed in Section 31 of the Exchange Act. Davenport will pass this fee to customers for each qualifying transaction.

Other fees that may be charged to clients in these programs include the standard costs associated with opening, maintaining or closing an account at Davenport. This information is noted on the new account documents. In addition, accounts which are qualified plans using the Davenport prototype plan document may be charged a \$250 annual fee for prototype plan document maintenance. The fee can be paid directly from the account or payment can be submitted separately.

Clients have the option to purchase investment products that Davenport recommends through other Broker/Dealers not affiliated with Davenport, or to purchase investment products directly from the investment company, in some cases at a lower cost than available from Davenport. Davenport's programs may cost a client more or less than purchasing investment advice, custody and brokerage services separately or outside of Davenport. In some cases fund companies allow investors to purchase the same fund shares selected for the program accounts directly from the fund company, in which case the client would not incur a program fee.

Investment Executives that recommend Davenport's managed programs to their clients receive a percentage of the client's fee as a result of the client's participation in the program. This compensation may be greater than what an Investment Executive would earn if a client participated in other programs or paid separately for investment advice, brokerage and other

services. In addition, Investment Executives recommending programs may receive their portion of the clients' estimated annual fees in advance. Therefore, the Investment Executive may have a financial incentive to recommend the program.

Clients invested in the Core, Equity Opportunities, Value & Income, FundAdvisor, Blended Allocation, Flexible Managed, Portfolio Management, Portfolio Review and *ManagerSelect* programs that request temporary full liquidations to cash for their account will be accommodated, however an account that has not reinvested the proceeds within a reasonable amount of time may be terminated, billing will be suspended and the account will be converted to retail. Following such termination, new paperwork, including a new contract will be required to reinvest the account.

6. Performance-Based Fees and Side-by-Side Management

Davenport currently has formed, and may form additional, limited liability companies ("Companies") created for private investment purposes. Davenport employees currently serve as the managing member and investment advisor to these Companies. These Companies may pay a performance based incentive fee. The day-to-day investment decisions for the Companies will be made by Davenport portfolio managers and/or management committees which include some of the same employees primarily responsible for managing individual client portfolios and the Davenport Mutual Funds. The Portfolio Managers may follow similar or different investment strategies for the Companies as they follow for other client portfolios, including the Davenport Funds.

Davenport Portfolio Managers manage multiple accounts for different groups of clients, with different investment objectives, risk tolerances and Fee or cost structures. While Davenport seeks to manage all accounts in the client's best interests, it is possible that some clients could be placed at a disadvantage with respect to the timing of trading decisions and/or the price of securities bought or sold. It may appear that the Companies' Portfolio Managers have an incentive to favor the Companies over other client portfolios because the Companies may pay a performance-based incentive fee to Davenport while other accounts managed by the same persons do not. Davenport does not believe that such conflict of interest is material because the investment objectives and strategies of the Companies are substantially different from that of most client portfolios. Nevertheless, Davenport and the Portfolio Managers will attempt to resolve any actual or perceived conflicts of interest that arise, particularly with respect to trade allocation and pricing, in a manner consistent with Davenport's fiduciary duties and Code of Ethics guidelines.

Portfolio Managers will use their best efforts to provide the Companies and other client portfolios with suitable investment opportunities. Portfolio Managers might not present the Companies and other client portfolios with the same investment opportunities even if such opportunities are consistent with the Companies and other clients' investment objectives. Portfolio Managers will use their best judgment and specific knowledge of the individual Companies and client accounts when deciding which securities to recommend or invest in specific instances.

7. Types of Clients

Davenport provides investment management services to individuals and institutional investors, including, but not limited to, banks, investment companies, pension and profit sharing plans, trusts, estates, non-profit organizations, and corporations.

The minimum account size varies by the type of account. Minimums required by specific types of investments (i.e. mutual funds) must also be met. For more detail see Section 5 – Fees and Compensation.

Program	Wrap Fee Minimum Initial Amount	Fee plus Commission Minimum Initial Amount
Core - Equity Only	\$150,000	\$1,000,000
Core w/ Fixed Income	250,000	1,000,000
Value & Income – Equity Only	150,000	1,000,000
Value & Income w/ Fixed Income	250,000	1,000,000
Equity Opportunities	150,000	1,000,000
Blended Allocation Portfolio	500,000	1,000,000

Blended Allocation Portfolio –		
Customized or w/individual Bonds	1,000,000	1,000,000
FundAdvisor	35,000	n/a
FundAdvisor - Opportunistic model	75,000	n/a
Portfolio Review – Fee plus Commission	n/a	60,000
Portfolio Management Account	100,000	100,000
Flexible Managed Account	100,000	100,000
Flexible Managed Account – Commission Only	n/a	35,000
ManagerSelect	150,000	n/a

Other Programs	Minimum Initial Amount	
RetirementAdvisor	No Minimum	n/a
Flexible Retirement Account Consulting	No Minimum	n/a

8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis:

- Fundamental Analysis
- Technical Analysis
- Cyclical
- Charting

The main sources of information used are:

- Davenport's internal research
- Research material prepared by others
- Inspections of corporate activities
- Financial newspapers, magazines and websites
- Corporate rating services
- Annual Reports, prospectuses and filings with the U.S. Securities and Exchange Commission
- Company press releases and websites

Investment strategies used to implement investment advice given to clients include:

- Long-term purchases
- Short-term purchases
- Trading (securities sold within 30 days)
- Short sales
- Margin transactions
- Option writing, including covered options, uncovered options or spreading strategies
- Exchange –traded and OTC derivatives, including interest rate, currency and equity swaps; interest rate caps, collars and floors; equity and currency options; futures and options on futures; forward foreign currency exchange contracts; and structured notes.

Davenport Asset Management uses a team approach - the Investment Policy Committee - to analyze and select investment ideas. The Investment Policy Committee consists of seven senior investment professionals. The committee meets once a week, or more often if necessary, to discuss investment ideas and strategies. Investment decisions are made by a majority vote of the committee, except in the case of the Equity Opportunities Portfolio, which is sub-managed by the Equity Opportunities Team. The Investment Policy Committee provides oversight of the Equity Opportunities Portfolio and the Equity Opportunities Team. Once an investment decision is made, Davenport's Portfolio Managers review their respective client accounts and execute the decision in suitable accounts. Each of the Davenport Asset Management program strategies is an investment option within the Davenport Profit Sharing Plan. We manage your money like we manage our own.

Individual accounts are continuously managed by salaried Portfolio Managers who participate in the weekly Investment Policy Committee meetings. The Portfolio Manager's are responsible for the daily oversight and management of the account.

DAM also offers clients the option of including fixed income investments in certain accounts that meet the minimum size requirement. Davenport's fixed-income philosophy in general includes buying investment-grade and intermediate bonds.

Core

The goal of the Core strategy is to outperform the S&P 500 Index while taking less risk than the overall market through investment in a diversified portfolio of common stocks. The Committee looks for companies with strong management, low price-earnings ratios and a history of earnings and dividends.

Core is a large cap equities strategy. As such the stocks and other assets in the account are subject to market risk. If the account includes fixed income, the bonds or other fixed-income assets are subject to interest rate risk and default risk.

Value & Income

This strategy focuses on achieving solid returns by emphasizing value and dividends. The objective is to provide attractive total returns while buying stock in companies with lower than average risk characteristics. Companies in Value & Income portfolios will typically have above average dividends, below average price-to-earnings ratios (P/Es), strong track records of increasing dividends and solid balance sheets. We invest the portfolio in the common stocks of companies in a variety of industries. Convertible securities and closed-end funds may be used to increase diversification. No single position, other than cash or money market, will exceed 10% of an accounts holding, unless the account owner directs us to hold a large position. Due to the emphasis on income, this investment portfolio will not be a fully diversified equity portfolio. Our goal over time is for the portfolio to yield approximately twice that of the S&P 500.

The emphasis of the Value & Income strategies is a large-cap stocks. As such the stocks and other assets in the account are subject to market risk. If the account includes fixed income, the bonds or other fixed-income assets are subject to interest-rate risk and default risk. In addition, there is no guarantee that the companies held in the strategy will continue to pay dividends. Small and mid cap company stocks may be more volatile than stocks of larger, more established companies. The fund may invest in foreign securities which are subject to additional risks such as currency fluctuations, political instability, differing financial standards and the potential for illiquid markets.

Equity Opportunities

A majority of the portfolio's assets will be invested in companies with a market capitalization below \$10 billion. Investment considerations include, but are not limited to: quality and depth of management, business strength, valuation level, historical earnings record, prospects for the future growth and balance sheet strength. While the emphasis is on companies with attractive free cash flow and return on invested capital characteristics, the Equity Opportunities Team also has the latitude to consider "special situations" such as spin-offs or turnarounds.

The Equity Opportunities strategy is primarily invested in small and mid-cap companies that may not have a long track record, nor may management have extensive experience. Small and mid-cap stocks tend to be more volatile than large-cap stocks and the risk of loss of value is greater. The strategy may invest in foreign securities which are subject to additional risks such as currency fluctuations, political instability, differing financial standards and the potential for illiquid markets.

Blended Allocation Portfolio

The Blended Allocation Portfolio programs are a combination of equities and mutual funds using either the Core strategy or Value & Income strategy equities, and a mutual fund asset-allocation strategy similar to the FundAdvisor model for the portfolio selected. Each model portfolio consists of different target asset allocations to reach their various objectives. The Blended Allocation Portfolio accounts will be invested in a combination of individual securities and no-load, Class A mutual-fund shares at net asset value ("NAV"), or advisor class shares, if available. Each account is rebalanced to its model portfolio on an annual basis. Prior to opening an account, clients are asked to complete a questionnaire that gives Davenport an understanding of the clients' investment objectives and risk tolerances. From that information, Davenport will recommend

a model portfolio that best matches each client's individual needs. Blended Allocation investments are subject to all of the risks associated with all of the incorporated strategies.

FundAdvisor

A professional investment team (the "FundAdvisor Team") manages the model portfolios and directs the investments for the individual client accounts, with guidance from Davenport's Investment Policy Committee. The six-model portfolios are named according to their respective investment objectives. Each model portfolio consists of different target asset allocations to achieve its objectives. The six models are: Maximum Growth, Growth, Conservative Growth, Balanced, Conservative Balanced, and Opportunistic.

The FundAdvisor accounts are invested in a combination of no-load, Class A mutual fund shares at net asset value ("NAV"), or advisor class shares, if available. Each account is rebalanced to its model portfolio on an annual basis. Changes other than the annual rebalancing will be made to portfolios when the short or long-term prospects of a mutual fund no longer appear to meet the FundAdvisor standards (e.g. new management, chronic underperformance, excessive risk, activity that is inconsistent with the objectives of the fund), or a better alternative is identified.

The FundAdvisor Team screens a broad universe of mutual funds for investment objectives, size, manager tenure, years in existence, performance, and a number of other quantitative and qualitative criteria to identify quality mutual funds for inclusion in the model portfolios. For the Maximum Growth, Growth, Conservative Growth, Balanced, and Conservative Balanced models, Davenport has created asset-allocation models that we believe are well suited to the model portfolios' stated objectives. For the Opportunistic model, Davenport will typically invest assets in equal proportion across each fund that is used. Finally, the FundAdvisor Team constructs individual client portfolios and monitors the funds and the asset allocations on an ongoing basis.

Davenport uses complex databases and other specialized resources to evaluate and monitor a broad universe of mutual funds and investment managers. In addition, the FundAdvisor Team communicates with the portfolio managers or other representatives of the mutual fund families under consideration to gather insight about their mutual funds. Davenport expects to hold the chosen mutual funds long-term, so long as the fund continues to meet the FundAdvisor criteria.

Mutual funds can lose value. An investor's shares when redeemed may be worth more or less than the original investment amount. The FundAdvisor models are designed to give investors a range of risk options. The more growth oriented the model, the higher the assumed risk.

Clients establish the asset-allocation guidelines for their DAM account portfolio by completing the account profile and specifying the stock, bond, and cash percentage distribution and/or program selection.

Portfolio Review and Portfolio Management Accounts

Each account in the PR and PMA program is reviewed on a quarterly basis by Davenport's Portfolio Review Committee, a group of six senior executives of Davenport with combined investment experience of nearly 160 years. Additional reviews by the Committee are available upon the request of either the client or the Investment Executive and are conducted at no extra charge.

The Committee and the Investment Executive meet to evaluate the portfolio holdings, investment strategy and performance results. The Committee may make investment recommendations; however, the Investment Executive and/or the client will ultimately make the investment decisions regarding which securities to be bought and sold and the timing of transactions. Investment ideas generally come from sources approved by Davenport.

The accounts are typically invested in a variety of stocks and the account may not be fully diversified. The equities are subject to market risk and bonds held in the account are subject to interest rate and default risk.

Flexible Managed Account

Accounts in this program are managed by the client's Investment Executive. The programs offer clients and their Investment Executives the flexibility to structure portfolios in any manner deemed suitable for the client. Allowable investments include,

but are not limited to, equities, fixed income securities, mutual funds, certain unit investment trusts (“UITs”), managed futures funds, covered options, or any combination thereof. Securities deemed unsuitable for wrap-fee programs may not be purchased in the Flexible Managed Account Wrap Fee option. The Investment Executive may engage in short selling, margin, and uncovered option purchasing or writing on a non-discretionary basis, if deemed appropriate by Davenport and the client and to the extent consistent with the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”). Additional information is required before trading options is allowed.

Flexible Managed Accounts can include many unique combinations of securities and strategies. As such it is important for each investor to discuss the unique risks associated with their account holdings and/or strategy with the Investment Executive managing the account. Investors should ensure they understand each asset and/or technique used to manage the account.

The Portfolio Management Account and Flexible Account wrap-fee programs are managed by individual Investment Executives serving as the portfolio manager. These portfolios are constructed based on the investment goals established by the client. Prior to opening an account, clients complete a questionnaire which gives the Investment Executive an understanding of the clients investment objectives and risk tolerances. From that information, the Investment Executive will construct a portfolio that best matches each clients individual needs. Clients may impose restrictions on investing in certain securities or types of securities.

In addition to equities, it is possible that any of the portfolios may include fixed income securities, certain wrap approved unit investment trusts and closed-end mutual funds, managed futures funds, or any combination thereof. Clients establish the asset allocation guidelines for their portfolio by completing the account profile and specifying the stock, bond and cash percentage allocations.

ManagerSelect

With Davenport *ManagerSelect*, the Investment Executive and the client will establish an investment strategy based on the client’s personal objectives, time horizon, and risk tolerance. Then, together select a professional portfolio manager (or managers, depending on their needs) from a Recommended List prepared by our Manager Research team. The *ManagerSelect* portfolio managers will provide Davenport with model portfolios that will be traded at Davenport & Company.

Davenport will monitor the portfolio managers to ensure they continue to meet Davenport’s rigorous standards and adhere to the investment philosophy for which they were originally selected. If a particular manager strays from their stated strategy and/or performance is not to the expected standard a portfolio manager may be removed from the Recommended List. The Manager Research team will monitor portfolio managers on at least a quarterly basis.

The strategies are typically invested in stocks, bonds, ETFs or other common investment vehicles. As such the stocks and other assets in the account are subject to market risk. If the account includes fixed income, the bonds or other fixed-income assets are subject to interest-rate risk and default risk. In addition, as there may be a delay in the relaying of recommendations received; therefore the prices received may be adversely affected and individual account performance may differ from the composite performance reported by the Portfolio Manager.

RetirementAdvisor

Davenport offers the *RetirementAdvisor* program to Qualified Plans (“Plans”). Davenport recommends mutual funds and manages the mutual funds in the model portfolios using a defined methodology. Plan trustees (“Sponsors”) electing to use the program appoint Davenport to select and monitor the investment options for the Plans. Each year, after extensive research and analysis, Davenport maintains and/or adjusts the five asset-allocation models that we believe are best suited to meet each model portfolios’ stated objectives. Every quarter, Davenport’s Manager Research Team screens a broad universe of mutual funds for investment objectives, size, manager tenure, years in existence, performance, and a number of other quantitative and qualitative criteria to identify quality mutual funds for inclusion in the model portfolios. Based on their research and monitoring, with oversight from the Investment Policy Committee the Manager Research Team makes

asset-allocation changes as necessary in the RetirementAdvisor model portfolios, and following acceptance by the Plan Sponsor, changes will be executed in individual Participant accounts.

Each model portfolio consists of different targeted asset allocations to achieve its objectives. The five models are: Maximum Growth, Growth, Conservative Growth, Balanced and Conservative Balanced. Davenport will recommend and, at the direction of the Sponsor, will implement changes other than the annual rebalancing to the models when the short or long-term prospects of a mutual fund no longer appear to meet the RetirementAdvisor standards (e.g. new management, chronic underperformance, excessive risk, activity that is inconsistent with the objectives of the fund), or a better alternative is identified.

The RetirementAdvisor accounts will be invested in a combination of no-load, Class A mutual fund shares at net asset value ("NAV"), or advisor class shares, if appropriate. Each participating account is rebalanced to its model portfolio on an annual basis. Davenport anticipates that mutual funds will be held for the long term if the fund continues to meet the RetirementAdvisor criteria and the investment goals and objectives of the Plan.

Mutual funds can lose value. An investor's shares when redeemed may be worth more or less than the original investment amount. The FundAdvisor models are designed to give investors a range of risk options. The more growth oriented the model, the higher the assumed risk.

Flexible Retirement Account Consulting

The Flexible Retirement program is a consulting service where Davenport & Company Investment Executives provide consulting services to public and private participant directed retirement plans. These plans include 401(k) plans and similar benefits programs with respect to the development of investment policy, asset allocation, mutual fund selection and evaluation, performance measurement, and portfolio analysis and attribution. If desired, Davenport will also provide information and advice regarding mutual fund selection. The services provided are tailored to the specific needs of individual Plan Sponsors.

Note: All investments involve the risk of loss, including but not limited to; loss of principal, a reduction in earnings (including interest, dividends and other distributions) and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk and general economic risk. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee our efforts will be successful. The investor should be prepared to bear the risk of loss.

9. Disciplinary Information

On May 26, 2004, without admitting or denying the allegations, Davenport entered into an Acceptance, Waiver & Consent ("AWC") with the NASD. (CAF 040043) The NASD alleged that Davenport facilitated two of its clients' market-timing activities in sub-accounts of variable annuities and executed mutual-fund trades in violation of Investment Company Act Rule 22c-1. Without admitting or denying the allegations the firm consented to a \$450,000 fine and agreed to pay restitution of \$288,454.97 to the sub-accounts of the affected variable annuities.

The issues regarding mutual fund order pricing and books and records requirements relate to inadvertent systems shortcomings that have been corrected. The issues regarding the two clients' market timing represented a small amount of the company's business. The firm no longer transacts business with these clients. The firm believes that this is a reasonable settlement.

10. Other Financial Industry Activities and Affiliations

Davenport is a Securities and Exchange Commission ("SEC") Registered Investment Advisor a SEC registered Broker/Dealer and a member of the New York Stock Exchange ("NYSE") and the Financial Industry Regulatory Authority ("FINRA"). We provide a full range of traditional brokerage services, including securities clearing, and custodial services. We also provide:

- Public and Corporate Finance
- Equity research services

- Investment advice
- Portfolio management
- Investment consulting services
- Insurance products – life insurance, variable and fixed annuities
- Financial planning services

Other than the instances described herein, Davenport does not have arrangements that are material to its advisory business and its clients and investors with a related person who is a Broker/Dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser, futures commission merchant, bank or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited liability companies.

Davenport is a full-service brokerage firm as well as a Registered Investment Adviser. Davenport's principal business is stock brokerage. We provide a full range of traditional-brokerage services, including securities clearing, and custodial services. We also provide public and corporate finance, and equity research services. Davenport's Research Department publishes research reports on various companies, including companies in which clients may invest. Such research reports will be prepared and disseminated without regard to the effects on investments held or being considered by the client.

Many of Davenport's Investment Executives are licensed insurance agents. As such, they sell insurance products, primarily variable and fixed annuities and life insurance, to clients. Insurance products and variable annuities are not normally considered part of the investment advisory account and they are not assessed an advisory fee. However, as a convenience to clients, variable annuities may appear on a client's investment advisory account statement for consolidation purposes.

Davenport serves as investment advisor to the Davenport Core Fund, the Davenport Value & Income Fund and the Davenport Equity Opportunities Fund (the "Funds") and manages the Funds in a similar manner as the corresponding separately managed accounts described herein and the Davenport Employee Profit Sharing Plan ("PSP"). The Funds are a no-load, diversified, open-end series of the Williamsburg Investment Trust, a registered management investment company. Davenport receives an annual investment management fee of .75% of the average daily net assets of the Funds. Investment Executives that recommend the Funds receive a portion of the investment management fee as sales compensation. Principals of Davenport are officers of the Funds. The Funds execute all securities transactions through Davenport and they pay no commissions.

Davenport manages the three Funds in a similar manner as the investment choices available in Davenport's PSP and accounts in the DAM programs. Davenport generally purchases and/or sells the same securities for the Funds that it does for individual advisory clients and the PSP. For more details on trade allocation see Section 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Investment Executives or Clients may choose to use the Funds for a portion of the assets in their investment advisory account. The decision to use the Funds is based in part on the amount of assets under management and whether the client is benefited with respect to taxes and management fees. A client will not be charged any investment advisory fees on the portion of the portfolio that is invested in the Funds. Clients may revoke their consent to the use of the Funds at any time.

Davenport currently has and may in future form limited-liability companies created for private investment purposes. Davenport currently serves as the managing member and investment advisor for several such Companies. Interests in the Companies will not be registered under the U.S. Securities Act of 1933 ("Securities Act") or the securities laws of any state or other jurisdiction. Interests will be offered and sold in the United States to sophisticated investors under the exemptions provided by Section 4(2) of the Securities Act and Regulation D. The Companies will not be registered under the Investment Company Act of 1940 in reliance upon the exemption provided by Section 3(c) (1) of that Act. For more details see Section 6 - Performance-Based Fees and Side-by-Side Management.

Davenport & Company LLC may act as a principal in selling and buying securities to or from our investment advisory clients, particularly with respect to fixed income securities. When we engage in a principal transaction it is because we believe it is in the best interest of our clients and believe it to be consistent with our fiduciary duty. We will inform our advisory clients,

prior to settlement date, when we propose to act as a principal. We will obtain the consent of the client to such a transaction. Clients may pay a markup on principal transactions in addition to the advisory fee paid to Davenport. The client has the right to decline the trade.

Davenport may recommend that clients buy or sell securities in which the firm or a related person may have some financial interest. For example, Davenport may recommend that clients buy or sell securities of companies in which we are seeking to engage in corporate finance business, or in which we have in the past acted as a manager or co-manager of an underwriting of the companies' securities. However, such transactions will generally occur after the offering period and in the secondary market. Davenport may also invest portions of client assets in certain public companies for which Davenport's related persons serve as directors. There may be an inherent conflict of interest in Davenport's directing client assets to be invested in companies in which Davenport or its related persons have some financial interest. However, Davenport's policy is to put our clients' interests above our own and to only recommend investments that are suitable for each client's individual needs and objectives.

With the exception of FMA III and the private investment companies managed by Davenport, investment advisory accounts are restricted from participating in initial public offerings ("IPOs") or secondary offerings where Davenport is involved in the underwriting, regardless of whether the security may be suitable for investment. This policy is meant to prevent allocation concerns and other conflicts of interest that could result from recommending securities for which Davenport would receive additional compensation in addition to investment advisory fees. When Davenport is involved in an initial or secondary offering, Davenport receives underwriting compensation from companies whose securities are being offered. Davenport believes there is a conflict when it recommends securities where Davenport is compensated both by investment advisory fees and underwriting fees. This policy may result in a loss of investment opportunity for advisory clients that may otherwise have been suited to invest in such securities. FMA III accounts are exempted from this policy because no separate investment advisory fees are charged to those accounts.

Davenport's philosophy is that we invest for our clients in the same manner that we invest for ourselves. Therefore, the officers, directors and employees of Davenport may often purchase and sell securities for their personal and related accounts that they also recommend to clients. The Davenport Employee Profit Sharing Plan serves as a guide for many of Davenport's investment advisory programs, including the Davenport Funds; therefore, the securities purchased and sold for clients, as well as the timing of such transactions, may be similar to the securities purchased and sold for the PSP.

11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Davenport has adopted a Code of Ethics that establishes standards of business conduct for all of its officers, directors, and employees. It is based on the principle that Davenport and its employees have a fiduciary duty to place the clients' interests above their own. Employees are expected to maintain the highest standards of ethics and conduct in all of their business relationships.

In general, the code requires all employees to:

- Always place the interests of Davenport's clients ahead of their own personal interests
- Ensure that all personal securities transactions are conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility
- Not take inappropriate advantage of information obtained as a result of their positions.

More specifically, employees must disclose personal securities transactions in any account that they have a beneficial ownership. Employees must also follow specific rules for buying and selling securities. Davenport monitors its employee's personal securities trading activity on an ongoing basis. Employees who violate the code may be; reprimanded, fined, suspended or terminated.

In addition to its Code of Ethics, Davenport has also adopted a policy regarding the giving or receipt of gifts, gratuities, or other forms of compensation. This policy is intended to address conflicts of interest. Generally, neither Davenport nor its employees may give or allow to be given any thing or service of any significant value if it is business related. This includes gifts or gratuities in excess of \$100 per year to any person not employed by Davenport. Davenport limits its employees from

accepting or soliciting cash or other forms of compensation, payments, gifts or reimbursement from third parties as that could create a conflict of interest.

The entire Davenport Code of Ethics is available by contacting the client's Investment Executive, or the Davenport Compliance Department at (804) 780-2000.

Aggregating Orders

Davenport's Code of Ethics does allow Investment Executives to aggregate orders for their personal accounts with client orders, if they wish to buy or sell the same securities at the same time as their clients. When investment decisions are suitable for a group of advisory clients, the orders may be aggregated. If more than one price is paid for securities in an aggregated transaction throughout the day, each participating account will receive the average price paid for the block of securities traded on that day.

If a client has directed brokerage to another firm, he will not participate in aggregated orders. Therefore, the execution price will most likely be different for those clients and may be more or less than the price obtained by the aggregated order. Directed client orders are generally placed after the aggregated order had been given to Davenport's wire room for execution. As a result the directed-brokerage client may not receive "best execution" for the trade.

When an aggregated order can only be partially filled on a given business day, trade allocation decisions are made on a fair and equitable basis. For the Davenport Asset Management programs, Davenport will allocate shares to or from client accounts, including Davenport's PSP and the Funds, on a random basis that is generated by trade order management software. Therefore, no portfolio manager will be favored over another portfolio manager, and all client accounts that participate in the day's allocation will receive the same average share price.

Davenport's Profit Sharing Plan or any other personal or proprietary account will not be any more, or less, favored than any other client account. They will participate in the random allocation in the same manner as all Davenport Asset Management accounts and the Davenport Funds.

Aggregated orders for the Investment Executive managed programs, if only partially completed on a given business day, will be allocated to client accounts on a fair and equitable basis. The preferred method is a pro-rata allocation; however, other methods for allocating partially filled orders are acceptable if they are fair and equitable and applied consistently over time.

12. Brokerage Practices

Davenport does not maintain any soft dollar relationships.

Davenport is a self clearing Broker/Dealer. We do not recommend other Broker/Dealers for client transactions for our managed accounts. We do permit clients to direct brokerage to another Broker/Dealer of their choice. Directing brokerage to a Broker/Dealer other than Davenport may cost a client more money in transaction costs and may result in less favorable execution prices.

The RetirementAdvisor and Flexible Retirement Account Consulting program accounts are not custodied at Davenport. The platform coordinators - ExpertPlan and CDM Retirement Consultants, Inc. respectively - have relationships with other Broker/Dealers who custody the assets for these programs. Matrix Financial Solutions and Charles Schwab, registered Broker/Dealers, are most often used as the custodian for these accounts. Plan Sponsors are not limited to the Broker/Dealers listed, and may select a Broker/Dealer of their choice.

Davenport is a full-service brokerage firm. As such, we effect securities transactions for our advisory clients, for compensation. For Fee plus Commission and Commission Only accounts the commissions and other charges on transactions executed by Davenport will be charged according to Davenport's standard retail commission schedule. The standard commission schedule is approximately 1.5%-3% of the principal amount of the transaction, subject to a minimum commission of \$75 per transaction. However, many clients have negotiated discounted rates. There are accounts that

differ significantly from the usual Fee plus Commission arrangement. Clients should be aware that there may be an incentive to execute transactions more frequently in accounts where commissions are charged.

Some Portfolio Managers and some members of the Investment Policy Committee share in the commissions generated by their Fee plus Commission accounts. The Portfolio Managers and Committee members are equity owners of Davenport and they participate in the employee profit-sharing plan; therefore, there may be an incentive to recommend frequent trading in the accounts to generate more revenue for the firm. Davenport does not believe this is a material conflict of interest because the main investment strategy is to make prudent investments for our own profit-sharing plan and by extension our clients. We have therefore, aligned our clients' interest and our own as much as possible.

Clients may pay more for brokerage execution through Davenport than may be available from an independent brokerage firm charging institutional rates. However, Davenport considers the commission costs when determining its fee schedule for investment advice and believes that the total fees paid by clients are competitive with the industry.

Davenport reports to our ERISA clients, on an annual basis, the total commissions paid per year along with the portfolio turnover ratio for their account. This information is available to our non-ERISA clients upon request.

For additional information about aggregating trades across client accounts, please see Section 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

13. Review of Accounts

Davenport Asset Management Programs:

The Investment Policy Committee meets on a weekly basis and reviews the Davenport Asset Management portfolio models.

In addition, Portfolio Managers review assigned accounts in the Core, Equity Opportunities, Value & Income, and Blended Allocation programs on a daily basis.

The Manager Research Team reviews the FundAdvisor model portfolios on a quarterly basis, or more frequently if warranted. In addition, the FundAdvisor program is reviewed quarterly by Davenport's Investment Policy Committee. The Portfolio Services Department and Asset Management Division review all accounts on a quarterly basis to review inclusion of each account in a composite. All accounts are included in an appropriate composite. The composites are reviewed on an annual basis by an independent firm for a Global Investment Performance Standards – GIPS verification. The Investment Executive for each account has daily access to account information and activity.

Portfolio Review and Portfolio Management Account Program:

Members of the Portfolio Review Committee review Portfolio Review and Portfolio Management Accounts on at least a quarterly basis. In addition, the Investment Executive or the client may request the Committee's review at any time. Members of the Portfolio Review Committee are senior officers of Davenport and have nearly 160 years combined experience in the investment industry.

Flexible Managed Accounts:

Account activity in the Flexible Managed Account program is reviewed on a daily basis by the Investment Executive managing the account. The Branch Office Manager conducts daily and monthly reviews of discretionary accounts. The Branch Office Manager will review a sample of accounts with regard to portfolio holdings, performance, and compliance with the client's stated investment objectives at least annually. On a semi-annual basis, the Investment Executive will formally review each account with regard to portfolio holdings, diversification, performance, and compliance with the client's stated investment objectives. In addition, members of the Compliance Department and senior officers of the firm will periodically review accounts to ensure that accounts are being managed according to firm policies and procedures.

ManagerSelect Accounts:

Account activity in the ManagerSelect program is reviewed on a daily basis by the Investment Executive associated with the account. The Manager Research team reviews the model portfolios and portfolio managers on a quarterly basis, or more frequently if warranted.

RetirementAdvisor:

The Manager Research Team reviews the RetirementAdvisor model portfolios on a quarterly basis, or more frequently if warranted. Performance information is reviewed at least quarterly by Davenport's Investment Policy Committee and other officers and employees of Davenport. Investment Executives have daily access to review each account.

Flexible Retirement Account Consulting:

The Manager Research Team reviews the funds used for the Flexible Retirement Account model portfolios on a quarterly basis, or more frequently if the Investment Executive requests. Performance information is reviewed at least semi-annually by the Branch Office. Investment Executives have daily access to review each account.

Clients in the Davenport Asset Management programs receive,

- Confirmation statements after each transaction;
- Brokerage statements at least quarterly reflecting security positions grouped by market sector, showing cost, market values, percent of total assets, estimated annual income and current yield; as well as all activity in the account during the month;
- Quarterly market letter highlighting recent investment decisions and summarizing general market conditions.
- Annual report of dividend and interest income on Form 1099B for taxable clients; a similar report is available to non-taxable clients upon request.

Clients in the Portfolio Review, Portfolio Management Account and Flexible Managed Account programs receive,

- Confirmation statements after each transaction;
- Brokerage statements at least quarterly reflecting security positions grouped by market sector, showing cost, market values, percent of total assets, estimated annual income and current yield; as well as all activity in the account during the month;
- Annual report of dividend and interest income on Form 1099B for taxable clients; a similar report is available to non-taxable clients upon request.

All reports are provided in written format. Davenport also offers clients the ability to access all of these reports online.

Participants and Plan Sponsors in the RetirementAdvisor program receive from ExpertPlan,

- Confirmation statements after each transaction – Plan Sponsors;
- Statements at least quarterly reflecting security positions – Participants
- Participants and Plan Sponsors have access to a wide range of information via the www.davenportRetirementAdvisor.com website.

Participants and Plan Sponsors in the Flexible Retirement Account Consulting program receive from CDM Retirement Consultants, Inc.,

- Quarterly Allocation Reports, with all transactions for the period– Plan Sponsors
- Confirmation statements after each transaction – Plan Sponsors or Participants if self-directed
- Statements at least quarterly reflecting security positions – Participants
- Participants and Plan Sponsors have access to a wide range of information via the www.accessCDM.com website.

14. Client Referrals and Other Compensation

Davenport can engage in written agreements and compensate persons independent of Davenport ("Solicitors") for client referrals. If a referred client establishes an investment advisory account or relationship with Davenport, the Solicitor will receive a referral fee. The fee will be a negotiated percentage of the Investment Executive's share of the quarterly investment advisory fees paid by the client. The arrangement will continue for the duration of the investment advisory relationship. This referral fee will be paid out of the total advisory fees collected from clients. Davenport will not charge an

additional fee for advisory services to pay a Solicitor. There is no difference in the advisory fee schedule for clients who have been solicited and those who have not been solicited. Clients that are referred by a Solicitor will receive a copy of the Solicitor's written disclosure document that describes the nature of the relationship between Davenport and the Solicitor.

Davenport Investment Executives may solicit referrals from existing clients. Although Investment Executives do not pay specifically for client referrals, in order to build relationships with their clients, Investment Executives may provide clients with meals, entertainment, or modest gifts. Such gifts or entertainment may be considered an indirect form of compensation for client referrals.

15. Custody

Davenport provides custody services. If you custody your funds at Davenport, you will receive an account statement at least quarterly. The statement will reflect security positions grouped by market sector; showing cost, market values, percent of total assets, estimated annual income and current yield. The statement will also show all activity in the account during the period covered by the statement.

16. Investment Discretion

Clients in the Core, Value & Income, Equity Opportunities, Blended Allocation, and *FundAdvisor* programs always assign Davenport with full authority and discretion for the buying, selling, changing, investing or reinvesting of any or all of the assets in the investment account.

Clients in the Flexible Managed Account I and Flexible Managed Account II program have the option to assign or not assign through the Davenport Investment Executive the full authority and discretion for the buying, selling, changing, investing or reinvesting of any or all of the assets in the investment account. If the client elects to retain discretion themselves, Davenport is authorized to execute transactions that the client has approved of either verbally or in writing.

Clients in the Flexible Managed Account III and Portfolio Management Account program always assign Davenport, through the Investment Executive, the full authority and discretion for the buying, selling, changing, investing or reinvesting of any or all of the assets in the investment account.

Clients in the *ManagerSelect* programs always assign Davenport, through the Investment Executive, the full authority and discretion for the buying, selling, changing, investing or reinvesting of any or all of the assets in the investment account.

In carrying out these responsibilities, Davenport shall consider factors such as investment objectives and account guidelines, as they are communicated in writing to Davenport by the client. The client agrees to inform Davenport in writing of any material change in the client's circumstances that may affect the manner in which the client's assets should be invested.

The Portfolio Review program is designed to be nondiscretionary; however upon request clients may sign a discretionary agreement giving their Investment Executive trading discretion on the account.

17. Voting Client Securities

Davenport has written policies and procedures designed to ensure we vote proxies in the best interest of the clients.

- Unless otherwise directed in writing by the client, Davenport will vote proxies consistently across our client base for the Core, Value & Income, Equity Opportunities, Blended Allocation, and *FundAdvisor* accounts.
- Davenport does not vote proxies for the Flexible Managed Account and Portfolio Management Account programs unless the client has assigned discretion of the account to the Investment Executive and directed us in writing to vote their proxies.
- For the Portfolio Review program, the right to vote proxies is reserved solely for the client.
- Unless otherwise directed in writing by the client, Davenport will vote proxies consistently across our client base for the *ManagerSelect* program accounts.

- Davenport will not vote proxies for securities held in accounts of the Retirement Advisor or Flexible Retirement Account Consulting

Since the quality and depth of management is a primary factor considered when investing in a company, Davenport will give substantial weight to the recommendation of the management on any issue.

Davenport has contracted with Broadridge, an independent third party to vote and maintain records regarding the voting of proxies based on detailed proxy voting recommendations provided by Glass-Lewis. Davenport will follow the recommendations of Glass-Lewis unless they are in direct conflict with the guidelines established by Davenport. If material conflicts are identified, the proxy will be voted pursuant to guidance from Glass-Lewis.

Clients may receive a copy of Davenport's complete proxy voting policies and procedures as well as information on how we voted specific proxies by submitting a written request to Davenport & Company LLC, Attn: Proxy Coordinator, P.O. Box 85678, Richmond, Virginia 23285.

18. Financial Information

Davenport does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. We do not foresee any financial condition that is likely to impair our ability to meet contractual commitments to our clients. Davenport has not been the subject of a bankruptcy petition at any time during the past ten years. Davenport has had an independent examination of its controls and the auditing firm – KPMG LLC – has prepared a report describing their findings in accordance with the Statement on Auditing Standards (SAS) No.70.

Davenport & Company LLC

Part 2A - Appendix 1 of ADV: Wrap Fee Program Brochure

August 15, 2011

This wrap-fee program brochure is required by regulation and is designed to provide information about the qualifications and business practices of Davenport & Company LLC. If you have any questions about the contents of this brochure, please contact us at 804-780-2000 or dpeters@investdavenport.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Davenport & Company LLC is an SEC Registered Investment Adviser. However, registration does not imply a certain level of skill or training.

Davenport & Company LLC
901 East Cary Street, Suite 1100
Richmond, Virginia 23219
Phone: 804-780-2000
Email: info@investdavenport.com
www.investdavenport.com

Additional information about Davenport & Company LLC is also available on the SEC's website at: www.adviserinfo.sec.gov.

2. Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure, dated 8/15/11, is a new document prepared according to the SEC's new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this item will discuss only specific material changes that are made to the brochure and provide clients with a summary of these changes. We will also reference the date of our last annual update of this brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information at any time, without charge.

Currently our Brochure may be requested by contacting Denise Peters, Chief Compliance Officer of our Asset Management Division at 804-780-2139 or dpeters@investdavenport.com. Our Brochure is also available on our web site, www.investdavenport.com, free of charge.

Additional information about Davenport & Company LLC is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site provides information about any persons affiliated with Davenport & Company LLC who are registered, or are required to be registered, as investment advisor representatives of Davenport & Company LLC.

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4. Services, Fees and Compensation

Davenport & Company LLC (Davenport) is a privately held investment firm established in 1863 and headquartered in Richmond, Virginia. The firm is 100% employee-owned, with no employee owning more than 10% of the firm. The firm offers Asset Management, Retail Brokerage, Investment Research, and Investment Banking, and Advisory Services. The Investment Advisory division of Davenport offers Davenport Asset Management (DAM) and Investment Executive Managed Programs described below.

In order to recommend or receive compensation for an Investment Advisory Account, the Investment Executive and/or Portfolio Manager must be registered as an "Investment Advisory Representative" with the appropriate State Securities Board, unless exempt by law and must also pass the General Securities Representative (Series 7) examination administered by the Financial Industry Regulatory Authority ("FINRA").

The programs described in this brochure are "wrap" programs that combine investment advice, stock brokerage and custody services for one bundled fee. Fees are billed in advance at the beginning of each quarter. The initial fee is calculated as of the date the agreement is accepted by Davenport. The fee is based on the initial value of the account and covers the remainder of the calendar quarter. Subsequent quarterly fees will be calculated on the basis of the market value of the securities and cash held in the account on the last business day of the prior calendar quarter. If cash and/or securities of \$5,000 or more are deposited into the account between billing periods, a proportionate fee will be charged on the value added as of the date of the addition and billed at the beginning of the following quarter.

Davenport's fees and compensation vary, depending upon on the type of account a client chooses with Davenport. Account fees are charged quarterly. In some instances, fees may be negotiated. Various accounts are subject to minimum fees.

<u>Program</u>	<u>Minimum Quarterly Fee</u>
Blended Allocation	1250
Core – Equity Only	\$375
Core w/ Fixed Income	375
Equity Opportunities	375
Flexible Managed Account	n/a
FundAdvisor	125
Portfolio Managed Account	n/a
Value & Income Equity Only	375
Value & Income w/ Fixed Income	375

Fees will either be deducted from the client's account, or if the client prefers, they will be billed. If a client's account has insufficient funds to cover the fee in the account, Davenport will sell additional securities in the account to cover the fee. The client will be notified of these sells by way of the trade confirmation when securities have been liquidated. There will be no refunds of fees for partial withdrawals throughout the quarter. The investment advisory agreement may be canceled at any time by either party, with 30-days written notice. If an account is terminated, the client will receive a pro rata refund of any fees paid in advance as of the effective date of termination.

Like many securities firms, Davenport & Company receives payments from third parties whose products we distribute. This includes mutual-fund companies, money market funds, and insurance companies. Payments from these companies may include:

- sales loads,
- Rule 12b-1 fees,
- sub-transfer agent fees and fees for other administrative services,
- shareholder accounting fees and networking fees,
- reimbursements for education and training-related expenses and
- marketing support and client seminars.

In addition, Davenport has entered into a "revenue sharing" arrangement with the adviser and distributor of the money market funds used for our cash management services. Davenport believes that all payments are in accordance with industry

rules and regulations as currently in effect. The maximum aggregate payment that Davenport receives from money-market funds ranges from 0.05% to 0.88% annually, depending on fund type and share class.

In addition to asset-based fees, clients will reimburse Davenport for transaction fees that are assessed by the New York Stock Exchange ("NYSE"), Nasdaq, or any other national securities exchange or association of which Davenport is a member. These fees are in relation to Section 31 of the Securities Exchange Act of 1934 ("Exchange Act") which requires national securities exchanges or associations (such as the NYSE or Nasdaq) to pay a fee to the Securities and Exchange Commission. The fee is based on the aggregate dollar amount of sales of securities that are transacted on the exchange or association. The amount of the fee changes periodically. The national securities exchanges and associations require their members to pay a sum equal to the amount prescribed in Section 31 of the Exchange Act. Davenport will pass this fee to clients for each qualifying transaction.

Other fees that may be charged to clients in these programs include the standard costs associated with opening, maintaining or closing an account at Davenport. This information is noted on the new account documents. In addition, accounts which are qualified plans using the Davenport prototype plan document may be charged a \$250 annual fee for prototype plan document maintenance. The fee can be paid directly from the account or payment can be submitted separately.

Clients have the option to purchase investment products that Davenport recommends through other Broker/Dealers not affiliated with Davenport, or to purchase investment products directly from the investment company, in some cases at a lower cost than available from Davenport. Davenport's programs may cost a client more or less than purchasing investment advice, custody and brokerage services separately or outside of Davenport. In some cases fund companies allow investors to purchase the same fund shares selected for the program accounts directly from the fund company, in which case the client would not incur a program fee.

Investment Executives who recommend Davenport's managed programs to their clients receive a percentage of the client's fee as a result of the client's participation in the program. This compensation may be greater than what an Investment Executive would earn if a client participated in other programs or paid separately for investment advice, brokerage and other services. In addition, Investment Executives who recommend programs may receive their portion of the clients' estimated annual fees in advance. Therefore, the Investment Executive may have a financial incentive to recommend the program.

Investment Executives who recommend certain mutual fund products will receive a percentage of 12b-1 fees. This represents a conflict of interest by giving the Investment Executive an incentive to recommend investment products based on the compensation received, rather than on the client's need. One way Davenport addresses this conflict is by requiring the purchase of no-load funds, A Shares at NAV or adviser class shares in Wrap Fee accounts. Davenport also reimburses the 12b-1 fee to qualified accounts and IRAs in fee-based accounts. Another way we address this conflict of interest, is to educate Investment Executives about such conflicts. In addition we include information in the advisory agreement describing the costs and the advantages and disadvantages of certain products and ask clients to attest that they understand them.

Clients invested in the Core, Equity Opportunities, Value & Income, FundAdvisor, Blended Allocation, Flexible Managed, and Portfolio Management programs who request temporary full liquidations to cash for their account will be accommodated, however an account that has not reinvested the proceeds within a reasonable amount of time may be terminated, billing will be suspended and the account will be converted to retail. Following such termination, new paperwork, including a new contract will be required to reinvest the account.

Davenport Asset Management (DAM) Programs:

Clients in the Core, Value & Income, Equity Opportunities, Blended Allocation, and FundAdvisor programs always assign Davenport with full authority and discretion for the buying, selling, changing, investing or reinvesting of any or all of the assets in the investment account. DAM is also the Advisor to three mutual funds, the Davenport Core Fund, the Davenport Value & Income Fund, and the Davenport Equity Opportunities Fund.

Davenport Asset Management offers a variety of investment strategies.

Stock strategies available include:

- Core Portfolio, which has the goal of outperforming the S&P 500 while taking less risk
- Value & Income Portfolio, which has the goal of providing solid equity returns with twice the dividend yield of the S&P 500
- Equity Opportunities Portfolio, which has the goal of identifying small- to medium-sized companies with the potential for above average, long-term results

Mutual Fund Strategies include:

- *FundAdvisor*, which has the goal to deliver well diversified portfolios of premier mutual funds

Blended Strategies include:

- Blended Allocation, which has the goal of delivering the best of Davenport Asset Management in one portfolio – this portfolio will combine either the Core or the Value & Income stock strategies with select *FundAdvisor* mutual funds

Clients in the DAM program always assign Davenport, the full authority and discretion for the buying, selling, changing, investing or reinvesting of any or all of the assets in the investment account.

If a client chooses to fund a Davenport Asset Management account with securities that do not fit the established or agreed upon criteria, those securities will be sold and the proceeds reinvested in the strategy model. Normally there is no charge to sell assets transferred into a Wrap Fee account, however there could be deferred sales charges imposed by the investment company when liquidating mutual fund positions. Davenport Asset Management may not take into consideration any costs associated with switching, such as deferred sales charges, surrender charges, or tax consequences when selling securities that have been used to establish the account. A prospective client should discuss any tax consequences with their tax advisor before depositing securities into a managed account.

Maximum annual asset-based fees for Core, Value & Income, Equity Opportunities and Blended Allocation programs:

- 1.50% of the first \$1 million or portion thereof in market value
- 1.25% of market value between \$1 million and \$5 million
- 1.00% of all market value above \$5 million

Maximum annual asset-based fees for the *FundAdvisor* program:

- 1.25% of the first \$1 million or portion thereof in market value
- 1.00% of market value between \$1 million and \$5 million
- 0.75% of all market value above \$5 million

In addition to the *FundAdvisor* or Blended Allocation portfolio fee, clients will bear a proportionate share of each fund's management and expenses, including advisory fees paid to the mutual fund's advisors

Davenport's Investment Executive Managed Programs include:

Portfolio Management Account (PMA)

Clients in the Portfolio Management Account program always assign Davenport, through their Investment Executive, the full authority and discretion for the buying, selling, changing, investing or reinvesting of any or all of the assets in the investment account.

PMA is an account in which the Investment Executive manages the client's investments and recommends securities transactions according to their individual needs and objectives. Each account in the PMA program is reviewed on a

quarterly basis by Davenport's Portfolio Review Committee, a group of six senior executives of Davenport with combined investment experience of nearly 160 years. Additional reviews by the Committee are available upon the request of either the client or the Investment Executive and are conducted at no extra charge.

The Committee and the Investment Executive meet to evaluate the portfolio holdings, investment strategy and performance results. The Committee may make investment recommendations; however, the Investment Executive and/or the client will ultimately make the investment decisions regarding which securities to be bought and sold and the timing of transactions. Investment ideas generally come from sources approved by Davenport.

Maximum annual asset-based fees for the Portfolio Management program:

- 1.50% of market value up to \$250,000
- 1.25% of market value between \$250,000 and \$1 million
- 1.00% of market value between \$1 million and \$2 million
- 0.75% of market value above \$2 million

Flexible Managed Account (FMA)

Clients in the Flexible Managed Account program have the option to assign or not assign through the Davenport Investment Executive the full authority and discretion for the buying, selling, changing, investing or reinvesting of any or all of the assets in the investment account. If the client elects to retain discretion, Davenport is authorized to execute transactions that the client has approved of either verbally or in writing.

Accounts in this program are managed by the client's Investment Executive on either a discretionary or non-discretionary basis. The programs offer clients and their Investment Executives the flexibility to structure portfolios in any manner deemed suitable for the client. Allowable investments include, but are not limited to, equities, fixed income securities, mutual funds, certain unit investment trusts ("UITs"), managed futures funds, covered options, or any combination thereof. Securities deemed unsuitable for wrap-fee programs may not be purchased in the Flexible Managed Account Wrap Fee option. The Investment Executive may engage in short selling, margin, and uncovered option purchasing or writing on a non-discretionary basis, if deemed appropriate by Davenport and the client and to the extent consistent with the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"). Additional information is required before trading options is allowed.

The various Davenport Investment Executive Managed Programs described in this brochure are "wrap" programs that combine investment advice, stock brokerage and custody services for one bundled fee. The fee is based on the market value of assets under management, including cash, on the last business day of the prior calendar quarter, and is charged against the account on a quarterly basis, in advance, at the following maximum annual rates:

Maximum annual asset-based fees for the Flexible Managed Account program:

- 1.25% - 3.00% of the first \$1 million or portion thereof in market value
- 1.00% - 2.50% of market value between \$1 million and \$5 million
- 0.75% - 2.00% of market value above \$5 million

Separately, Open-End Mutual Funds and Unit Investment Trusts within the FMA account are charged the following annual rates (excludes cash & cash equivalents):

- 1.00% - 2.00% of the first \$1 million or portion thereof in market value
- 0.75% - 2.00% of market value between \$1 million and \$5 million
- 0.50% - 2.00% of market value above \$5 million

In addition to the Flexible Managed Account fee, clients whose assets are invested in mutual funds (including money-market funds), UITs, managed futures funds or other similar types of pooled investment vehicles will bear a proportionate share of the investment product's management and administrative fees and sales charges, including advisory fees paid to the mutual fund's investment advisors.

ManagerSelect (DMS)

ManagerSelect offers access to some of the premier asset managers in the country. It includes a full range of investing styles and encompasses both domestic and international equity. The Davenport Manager Research team has analyzed a wide range of professional portfolio managers and selected those they determined to be most appropriate for the program. Each strategy selected for the Recommended List has its' own unique or distinctive investment style. The portfolio manager strategies that are currently available include the following:

- Atalanta Sosnoff Large Cap
- Eagle Small/Mid Core
- Federated Strategic Value
- Gratry International Growth
- Hansberger International Value
- Harding Loevner International
- London Company Small Cap
- MFS Large Cap Value
- Neuberger Berman Large Cap Disciplined Growth
- RiverFront Global
- RiverFront Moderate Growth
- Sterling Mid Cap Value

Davenport will monitor the portfolio managers on the recommended list to offer what we believe are the best choices available. If Davenport makes a determination that a portfolio manager is no longer a suitable option they will be removed from the Recommended List. However, clients that are using a manager that is removed from the list will not be required to switch managers.

After an analysis of a client's risk tolerance, time horizon and investment objectives the Investment Executive and the client will select a portfolio manager strategy from the Recommended List. A separate account is required for each strategy selected. Davenport and the Investment Executive will have discretion over the account and will act as the Investment Advisor and fiduciary to and on behalf of the client. Davenport and the Investment Executive will provide individualized investment advice and portfolio management services to each client.

Davenport will receive the investment recommendations for each strategy – via FolioDynamix, the portfolio manager coordinator – derived from the portfolio manager selected. When allocation or trade recommendations for a strategy are received, Davenport will implement that recommendation in all accounts invested in that strategy. These recommendations will likely be delayed and clients should be aware that there is the potential for an adverse impact on prices when implementing recommendations.

Clients in the DMS program always assign Davenport, the full authority and discretion for the buying, selling, changing, investing or reinvesting of any or all of the assets in the investment account.

If a client chooses to fund a Davenport ManagerSelect account with securities that do not fit the strategy model selected, those securities will be sold and the proceeds reinvested according to the strategy model. Normally there is no charge to sell assets transferred into a wrap-fee account, however there could be deferred sales charges imposed by the investment company when liquidating mutual fund positions. Davenport may not take into consideration any costs associated with switching, such as deferred sales charges, surrender charges, or tax consequences when selling securities that have been used to establish the account. A prospective client should discuss any tax consequences with their tax advisor before depositing securities into a managed account.

Maximum annual asset-based fees for the *ManagerSelect* program:

- 1.50% of the first \$1 million or portion thereof in market value
- 1.25% of market value between \$1 million and \$5 million
- 1.00% of all market value above \$5 million

Voting Client Securities

Davenport has written policies and procedures designed to ensure we vote proxies in the best interest of the clients.

- Unless otherwise directed in writing by the client, Davenport will vote proxies consistently across our client base for the Core, Value & Income, Equity Opportunities, Blended Allocation, and FundAdvisor accounts.
- Davenport does not vote proxies for the Flexible Managed Account and Portfolio Management Account programs unless the client has assigned discretion of the account to the Investment Executive and directed us in writing to vote their proxies.
- Unless otherwise directed in writing by the client, Davenport will vote proxies consistently across our client base for the ManagerSelect program accounts.

Since the quality and depth of management is a primary factor considered when investing in a company, Davenport will give substantial weight to the recommendation of the management on any issue.

Davenport has contracted with Broadridge, an independent third party to vote and maintain records regarding the voting of proxies based on detailed proxy voting recommendations provided by Glass-Lewis. Davenport will follow the recommendations of Glass-Lewis unless they are in direct conflict with the guidelines established by Davenport. If material conflicts are identified, the proxy will be voted pursuant to guidance from Glass-Lewis.

Clients may receive a copy of Davenport's complete proxy voting policies and procedures as well as information on how we voted specific proxies by submitting a written request to Davenport & Company LLC, Attn: Proxy Coordinator, P.O. Box 85678, Richmond, Virginia 23285.

5. Account Requirements and Types of Clients

Davenport manages separate accounts for individuals, institutions, ERISA plans, trusts, estates, corporations, and various other types of entities. Davenport is also the Advisor to three mutual funds. The various managed account programs can each be tailored to an individual's needs. Clients may impose restrictions on investing in certain securities or types of securities.

The minimum account size varies by the type of account. Minimums required by specific types of investments (i.e. mutual funds) must also be met.

<u>Program</u>	<u>Minimum Initial Amount</u>	<u>Minimum Quarterly Fee</u>
Blended Allocation Portfolio	500,000	1275
Blended Allocation Portfolio – Customized or w/individual Bonds	1,000,000	1275
Core - Equity Only	\$150,000	\$375
Core w/ Fixed Income	250,000	375
Equity Opportunities	150,000	375
Flexible Managed Account I & II	100,000	0
FundAdvisor	35,000	125
FundAdvisor - Opportunistic model	75,000	250
ManagerSelect Account	150,000	375
Portfolio Management Account	100,000	0
Value & Income – Equity Only	150,000	375
Value & Income w/ Fixed Income	250,000	375

6. Portfolio Manager Selection and Evaluation

Davenport offers separately managed accounts within a wrap-fee platform. Davenport is the sole sponsor of these wrap-fee programs. Davenport does not recommend external portfolio managers for any of its wrap-fee programs.

Advisory Business

The Davenport Asset Management wrap-fee program is managed by the Investment Policy Committee (the "IPC") using a team approach to analyze and select investment ideas. The IPC consists of seven senior investment professionals. The committee meets once a week, or more often if necessary, to discuss investment ideas and strategies. Investment decisions are made by a majority vote of the committee, except in the case of the Equity Opportunities Portfolio, which is sub-managed by the Equity Opportunities Team. The IPC provides oversight of the Equity Opportunities Portfolio and the Equity Opportunities Team. Once an investment decision is made, Davenport's Portfolio Managers review their respective client accounts and execute the decision in suitable accounts. Each of the Davenport Asset Management program strategies is an investment option within the Davenport Profit Sharing Plan. We manage your money like we manage our own.

Individual accounts are continuously managed by salaried Portfolio Managers who participate in the weekly Investment Policy Committee meetings. Portfolio Managers are responsible for the daily oversight and management of the account(s).

Core

The goal of the Core strategy is to outperform the S&P 500 Index while taking less risk than the overall market through investment in a diversified portfolio of common stocks. The Committee looks for companies with strong management, low price-earnings ratios and a history of earnings and dividends.

Core is a large cap equities strategy. As such the stocks and other assets in the account are subject to market risk. If the account includes fixed income, the bonds or other fixed income assets are subject to interest rate risk and default risk.

Value & Income

This strategy focuses on achieving solid returns by emphasizing value and dividends. The objective is to provide attractive total returns while buying stock in companies with lower than average risk characteristics. Companies in Value & Income portfolios will typically have above-average dividends, below average price-to-earnings ratios (P/Es), strong track records of increasing dividends and solid balance sheets. We invest the portfolio in the common stocks of companies in a variety of industries. Convertible securities and closed-end funds may be used to increase diversification. No single position, other than cash or money market, will exceed 10% of an account's holdings, unless directed by the account owner. Due to the emphasis on income, this investment portfolio will not be a fully diversified equity portfolio. Our goal over time is for the portfolio to yield approximately twice that of the S&P 500.

Value & Income is a large cap equities strategy. As such the stocks and other assets in the account are subject to market risk. If the account includes fixed income, the bonds or other fixed-income assets are subject to interest-rate risk and default risk. In addition, there is no guarantee that the companies held in the strategy will continue to pay dividends.

Equity Opportunities

A majority of the portfolio's assets will be invested in companies with a market capitalization below \$10 billion. Investment considerations include, but are not limited to: quality and depth of management, business strength, valuation level, historical earnings record, prospects for the future growth and balance sheet strength. While the emphasis is on companies with attractive free cash flow and return on invested capital characteristics, the Equity Opportunities Team also has the latitude to consider "special situations" such as spin-offs or turnarounds.

The Equity Opportunities portfolio consists of small and mid-cap companies that do not have a long track record, nor may management have extensive experience. Small and mid-cap stocks tend to be more volatile than large-cap stocks and the risk of loss of value is greater.

FundAdvisor

A professional investment team (the “FundAdvisor Team”) manages the model portfolios and directs the investments for the individual client accounts, with guidance from Davenport’s Investment Policy Committee. The six model portfolios are named according to their respective investment objectives. Each model portfolio consists of different target asset allocations to achieve its objectives. The six models are: Maximum Growth, Growth, Conservative Growth, Balanced, Conservative Balanced, and Opportunistic.

The FundAdvisor accounts are invested in a combination of no-load, Class A mutual-fund shares at net asset value (“NAV”), or advisor-class shares, if available. Each account is rebalanced to its model portfolio on an annual basis. Changes other than the annual rebalancing will be made to portfolios when the short or long-term prospects of a mutual fund no longer appear to meet the FundAdvisor standards (e.g. new management, chronic underperformance, excessive risk, activity that is inconsistent with the objectives of the fund), or a better alternative is identified.

The FundAdvisor Team screens a broad universe of mutual funds for investment objectives, size, manager tenure, years in existence, performance, and a number of other quantitative and qualitative criteria to identify quality mutual funds for inclusion in the model portfolios. For the Maximum Growth, Growth, Conservative Growth, Balanced, and Conservative Balanced models, Davenport has created asset allocation models that we believe are well suited to the model portfolios’ stated objectives. For the Opportunistic model, Davenport will typically invest assets in equal proportion across each fund that is used. Finally, the FundAdvisor Team constructs individual client portfolios and monitors the funds and the asset allocations on an ongoing basis.

Davenport uses complex databases and other specialized resources to evaluate and monitor a broad universe of mutual funds and investment managers. In addition, the FundAdvisor Team communicates with the portfolio managers or other representatives of the mutual-fund families under consideration to gather insight about their mutual funds. Davenport expects to hold the chosen mutual funds long-term, so long as the fund continues to meet the FundAdvisor criteria.

Blended Allocation Portfolio

The Blended Allocation Portfolio programs are a combination of equities and mutual funds using either the Core strategy or Value & Income strategy equities, and a mutual fund asset allocation strategy similar to the FundAdvisor model for the portfolio selected. Each model portfolio consists of different target asset allocations to reach their various objectives. The Blended Allocation Portfolio accounts will be invested in a combination of individual securities and no-load, Class A mutual-fund shares at net asset value (“NAV”), or advisor-class shares, if available. Each account is rebalanced to its model portfolio on an annual basis. Prior to opening an account, clients are asked to complete a questionnaire that gives Davenport an understanding of the clients’ investment objectives and risk tolerances. From that information, Davenport will recommend a model portfolio that best matches each client’s individual needs.

Blended Allocation investments are subject to all of the risks associated with all of the incorporated strategies.

DAM also offers clients the option of including fixed-income investments in certain accounts that meet the minimum size requirement. Davenport’s fixed-income philosophy in general includes buying investment grade and intermediate bonds.

Flexible Managed Account and Portfolio Management Account

The Portfolio Management Account and Flexible Account wrap-fee programs are managed by individual Investment Executives serving as the portfolio manager. These portfolios are constructed based on the investment goals established by the client. Prior to opening an account, clients complete a questionnaire which gives the Investment Executive an understanding of the clients’ investment objectives and risk tolerances. From that information, the Investment Executive will construct a portfolio that best matches each client’s individual needs. Clients may impose restrictions on investing in certain securities or types of securities.

The Portfolio Managed Accounts are typically invested in a variety of stocks and the account may not be fully diversified. The equities are subject to market risk and bonds held in the account are subject to interest rate and default risk.

Flexible Managed Accounts can include many unique combinations of securities and strategies. These accounts may be invested in a variety of securities and the account may not be fully diversified. As such it is important for each investor to discuss the unique risks associated with their account holdings and/or strategy with the Investment Executive managing the account. Investors should ensure they understand each asset and/or technique used to manage the account.

In addition to equities, it is possible that either of the portfolios may include fixed-income securities, certain wrap- approved unit investment trusts and closed-end mutual funds, managed-futures funds, or any combination thereof. Clients establish the asset allocation guidelines for their portfolio by completing the account profile and specifying the stock, bond, and cash percentage allocations.

ManagerSelect

With Davenport ManagerSelect, the Investment Executive and the client will establish an investment strategy based on the client's personal objectives, time horizon, and risk tolerance. Then, together select a professional portfolio manager (or managers, depending on their needs) from a Recommended List prepared by our Manager Research team. The ManagerSelect portfolio managers will provide Davenport with model portfolios that will be traded at Davenport & Company.

Davenport will monitor the portfolio managers to ensure they continue to meet Davenport's rigorous standards and adhere to the investment philosophy for which they were originally selected. If a particular manager strays from their stated strategy and/or performance is not to the expected standard a portfolio manager may be removed from the Recommended List. The Manager Research team will monitor portfolio managers on at least a quarterly basis.

The strategies are typically invested in stocks, bonds, ETFs or other common investment vehicles. As such the stocks and other assets in the account are subject to market risk. If the account includes fixed income, the bonds or other fixed-income assets are subject to interest-rate risk and default risk. In addition, as there may be a delay in the relaying of recommendations received; therefore the prices received may be adversely affected and individual account performance may differ from the composite performance reported by the Portfolio Manager.

Note: All investments involve the risk of loss, including but not limited to loss of principal, a reduction in earnings (including interest, dividends and other distributions) and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, liquidity risk, and general economic risk. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee our efforts will be successful. The investor should be prepared to bear the risk of loss.

7. Client Information Provided to Portfolio Managers

Prior to opening an account, clients complete a questionnaire that gives Davenport an understanding of the clients' investment objectives, time horizon and risk tolerances. Clients are urged to communicate any changes that have occurred that would affect their investment objectives and risk tolerance either verbally or in writing to their Investment Executive/Portfolio Manager.

8. Client Contact with Portfolio Managers

There are no restrictions placed on clients' ability to contact and consult with their portfolio managers and/or Investment Executives. Davenport encourages open and frequent communication between clients and their Investment Executives/Portfolio Managers. They are available on a daily basis to answer any questions that may arise regarding the management of client portfolios.

9. Additional Information

Disciplinary Information

On May 26, 2004, without admitting or denying the allegations, Davenport entered into an Acceptance, Waiver & Consent ("AWC") with the NASD. (CAF 040043) The NASD alleged that Davenport facilitated two of its clients' market-timing activities in subaccounts of variable annuities and executed mutual-fund trades in violation of Investment Company Act Rule 22c-1. Without admitting or denying the allegations the firm consented to a \$450,000 fine and agreed to pay restitution of \$288,454.97 to the sub-accounts of the affected variable annuities.

The issues regarding mutual fund order pricing and books and records requirements relate to inadvertent systems shortcomings that have been corrected. The issues regarding the two clients' market timing represented a small amount of the company's business. The firm no longer transacts business with these clients. The firm believes that this is a reasonable settlement.

Other Financial Industry Activities and Affiliations

Davenport is a Securities and Exchange Commission ("SEC") Registered Investment Advisor a SEC registered Broker/Dealer and a member of the New York Stock Exchange ("NYSE") and the Financial Industry Regulatory Authority ("FINRA"). We provide a full range of traditional brokerage services, including securities clearing and custodial services. We also provide:

- Public and Corporate Finance
- Equity research services
- Investment advice
- Portfolio management
- Investment consulting services
- Insurance products – life insurance, variable and fixed annuities
- Financial planning services

Other than the instances described herein, Davenport does not have arrangements that are material to its advisory business and its clients and investors with a related person who is a broker-dealer, investment company, other investment advisor, financial-planning firm, commodity pool operator, commodity-trading adviser, futures commission merchant, bank or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited liability companies.

Davenport is a full-service brokerage firm as well as a Registered Investment Adviser. Davenport's principal business is stock brokerage. We provide a full range of traditional-brokerage services, including securities clearing and custodial services. We also provide public and corporate finance and equity-research services. Davenport's Research Department publishes research reports on various companies, including companies in which clients may invest. Such research reports will be prepared and disseminated without regard to the effects on investments held or being considered by the client.

Many Davenport Investment Executives are licensed insurance agents. As such, they sell insurance products, primarily variable and fixed annuities and life insurance, to clients. Insurance products and variable annuities are not normally considered part of the investment advisory account and they are not assessed an advisory fee. However, as a convenience to clients, variable annuities may appear on a client's investment advisory account statement for consolidation purposes.

Davenport serves as investment advisor to the Davenport Core Fund, the Davenport Value & Income Fund, and the Davenport Equity Opportunities Fund (the "Funds"). The Funds are a no-load, diversified, open-end series of the Williamsburg Investment Trust, a registered management investment company. Davenport receives an annual investment management fee of .75% of the average daily net assets of the Funds. Investment Executives that recommend the Funds receive a portion of the investment management fee as sales compensation. Principals of Davenport are officers of the Funds. The Funds execute all securities transactions through Davenport and they pay no commissions.

Davenport manages the three Funds in a similar manner as the investment choices available in Davenport's PSP and accounts in the DAM programs. Davenport generally purchases and/or sells the same securities for the Funds that it does for individual

advisory clients and the PSP. For more details on trade allocation see Section 11 - Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading.

Investment Executives or clients may choose to use the Funds for a portion of the assets in their investment advisory account. The decision to use the Funds is based in part on the amount of assets under management and whether the client is benefited with respect to taxes and management fees. A client will not be charged any investment advisory fees on the portion of the portfolio that is invested in the Funds. Clients may revoke their consent to the use of the Funds at any time.

Davenport currently has and may in future form limited liability companies ("Companies") created for private investment purposes. Davenport currently serves as the managing member and investment advisor for several such Companies. Interests in the Companies will not be registered under the U.S. Securities Act of 1933 ("Securities Act") or the securities laws of any state or other jurisdiction. Interests will be offered and sold in the United States to sophisticated investors under the exemptions provided by Section 4(2) of the Securities Act and Regulation D. The Companies will not be registered under the Investment Company Act of 1940 in reliance upon the exemption provided by Section 3(c) (1) of that Act. For more details see Section 6. Performance-Based Fees and Side-by-Side Management.

Davenport & Company LLC may act as a principal in selling and buying securities to or from our investment advisory clients, particularly with respect to fixed-income securities. When we engage in a principal transaction it is because we believe it is in the best interest of our clients and believe it to be consistent with our fiduciary duty. We will inform our advisory clients, prior to settlement date, when we propose to act as a principal. We will obtain the consent of the client to such a transaction. Clients may pay a markup on principal transactions in addition to the advisory fee paid to Davenport. The client has the right to decline the trade.

Davenport may recommend that clients buy or sell securities in which the firm or a related person may have some financial interest. For example, Davenport may recommend that clients buy or sell securities of companies in which we are seeking to engage in corporate finance business, or in which we have in the past acted as a manager or co-manager of an underwriting of the companies' securities. However, such transactions will generally occur after the offering period and in the secondary market. Davenport may also invest portions of client assets in certain public companies for which Davenport's related persons serve as directors. There may be an inherent conflict of interest in Davenport's directing client assets to be invested in companies in which Davenport or its related persons have some financial interest. However, Davenport's policy is to put our clients' interests above our own and to only recommend investments that are suitable for each client's individual needs and objectives.

With the exception of Flexible Managed Account – Commission-based and the private investment companies managed by Davenport, investment advisory accounts are restricted from participating in initial-public offerings ("IPOs") or secondary offerings where Davenport is involved in the underwriting, regardless of whether the security may be suitable for investment. This policy is meant to prevent allocation concerns and other conflicts of interest that could result from recommending securities for which Davenport would receive additional compensation in addition to investment advisory fees. When Davenport is involved in an initial or secondary offering, Davenport receives underwriting compensation from companies whose securities are being offered. Davenport believes there is a conflict when it recommends securities where Davenport is compensated both by investment advisory fees and underwriting fees. This policy may result in a loss of investment opportunity for advisory clients that may otherwise have been suited to invest in such securities. FMA III accounts are exempted from this policy because no separate investment-advisory fees are charged to those accounts.

Davenport's philosophy is that we invest for our clients in the same manner that we invest for ourselves. Therefore, the officers, directors, and employees of Davenport may often purchase and sell securities for their personal and related accounts that they also recommend to clients. The Davenport Employee Profit Sharing Plan (PSP) serves as a guide for many of Davenport's investment-advisory programs, including the Davenport Funds; therefore, the securities purchased and sold for clients, as well as the timing of such transactions, may be similar to the securities purchased and sold for the PSP.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Davenport has adopted a Code of Ethics that establishes standards of business conduct for all of its officers, directors, and employees. It is based on the principle that Davenport and its employees have a fiduciary duty to place the customers' interests above their own. Employees are expected to maintain the highest standards of ethics and conduct in all of their business relationships.

The code requires all employees to:

- Always place the interests of Davenport's clients ahead of their own personal interests
- Ensure that all personal securities transactions are conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility
- Not take inappropriate advantage of information obtained as a result of their positions.

More specifically, employees must disclose personal securities transactions in any account that they have a beneficial ownership. Employees must also follow specific rules for buying and selling securities. Davenport monitors its employee's personal securities trading activity on an ongoing basis. Employees who violate the code may be reprimanded, fined, suspended, or terminated.

In addition to its Code of Ethics, Davenport has also adopted a policy regarding the giving or receipt of gifts, gratuities, or other forms of compensation. This policy is intended to address conflicts of interest. Generally, neither Davenport nor its employees may give or allow to be given any thing or service of any significant value if it is business related. Davenport limits its employees from accepting or soliciting cash or other forms of compensation, payments, gifts or reimbursement from third parties that could create a conflict of interest.

A copy of Davenport's Code of Ethics can be obtained in its entirety by contacting the client's Investment Executive, or the Davenport Compliance Department at (804) 780-2000.

Aggregating Orders

Davenport's Code of Ethics does allow Investment Executives to aggregate orders for their personal accounts with client orders, if they wish to buy or sell the same securities at the same time as their clients. When investment decisions are suitable for a group of advisory clients, the orders may be aggregated. If more than one price is paid for securities in an aggregated transaction throughout the day, each participating account will receive the average price paid for the block of securities traded on that day.

If a client has directed brokerage to another firm, he will not participate in aggregated orders. Therefore, the execution price will most likely be different for those clients and may be more or less than the price obtained by the aggregated order. Directed client orders are generally placed after the aggregated order had been given to Davenport's wire room for execution. As a result, the directed brokerage client may not receive "best execution" for the trade.

When an aggregated order can only be partially filled on a given business day, trade allocation decisions are made on a fair and equitable basis. For the Davenport Asset Management programs, Davenport will allocate shares to or from client accounts, including Davenport's PS P and the Funds, on a random basis that is generated by trade order management software. Therefore, no portfolio manager will be favored over another portfolio manager, and all client accounts that participate in the day's allocation will receive the average share price for the aggregated order.

Davenport's Profit Sharing Plan or any other personal or proprietary account will not be any more, or less, favored than any other client account. They will participate in the random allocation in the same manner as all Davenport Asset Management accounts and the Davenport Funds.

Aggregated orders for the Investment Executive managed programs, if only partially completed on a given business day, will be allocated to client accounts on a fair and equitable basis. The preferred method is a pro-rata allocation; however, other methods for allocating partially filled orders are acceptable if they are fair and equitable and applied consistently over time.

Performance-Based Fees and Side-by-Side Management

Davenport currently has formed, and may form additional, limited liability companies ("Companies") created for private investment purposes. Davenport employees currently serve as the managing member and investment advisor to these Companies. These Companies may pay a performance based incentive fee. The day-to-day investment decisions for the Companies will be made by Davenport portfolio managers and/or management committees which include some of the same employees primarily responsible for managing individual client portfolios and the Davenport Mutual Funds. The

Portfolio Managers may follow similar or different investment strategies for the Companies as they follow for other client portfolios, including the Davenport Funds.

Davenport Portfolio Managers manage multiple accounts for different groups of clients, with different investment objectives, risk tolerances, and fee or cost structures. While Davenport seeks to manage all accounts in the client's best interests, it is possible that some clients could be placed at a disadvantage with respect to the timing of trading decisions and/or the price of securities bought or sold. It may appear that the Companies' Portfolio Managers have an incentive to favor the Companies over other client portfolios because the Companies may pay a performance-based incentive fee to Davenport while other accounts managed by the same persons do not. Davenport does not believe that such conflict of interest is material because the investment objectives and strategies of the Companies are substantially different from that of most client portfolios. Nevertheless, Davenport and the Portfolio Managers will attempt to resolve any actual or perceived conflicts of interest that arise, particularly with respect to trade allocation and pricing, in a manner consistent with Davenport's fiduciary duties and Code of Ethics guidelines.

Portfolio Managers will use their best efforts to provide the Companies and other client portfolios with suitable investment opportunities. Portfolio Managers might not present the Companies and other client portfolios with the same investment opportunities even if such opportunities are consistent with the Companies and other clients' investment objectives. Portfolio Managers will use their best judgment and specific knowledge of the individual Companies and client accounts when deciding which securities to recommend or invest in specific instances.

Review of Accounts

Davenport Asset Management Programs

The Investment Policy Committee meets on a weekly basis and reviews the Davenport Asset Management portfolio models. In addition, Portfolio Managers review assigned accounts in the Core, Equity Opportunities, Value & Income, and Blended Allocation programs on a daily basis.

The Manager Research Team reviews the FundAdvisor model portfolios on a quarterly basis, or more frequently if warranted. In addition, the FundAdvisor program is reviewed quarterly by Davenport's Investment Policy Committee.

The Portfolio Services Department and the Asset Management Division review all accounts on a quarterly basis to review inclusion of each account in a composite. All accounts are included in an appropriate composite. The composites are reviewed on an annual basis by an independent firm for a Global Investment Performance Standards – GIPS verification. The Investment Executive for each account has daily access to account information and activity.

Portfolio Management Account Program:

Members of the Portfolio Review Committee review Portfolio Management Accounts on at least a quarterly basis. In addition, the Investment Executive or the client may request the Committee's review at any time. Members of the Portfolio Review Committee are senior officers of Davenport and have nearly 160 years combined experience in the investment industry.

Flexible Managed Accounts:

Account activity in the Flexible Managed Account program is reviewed on a daily basis by the Investment Executive managing the account. The Branch Office Manager conducts daily and monthly reviews of discretionary accounts. The Branch Office Manager will review a sample of accounts with regard to portfolio holdings, performance, and compliance with the client's stated investment objectives at least annually. On a semi-annual basis, the Investment Executive will formally review each account with regard to portfolio holdings, diversification, performance, and compliance with the client's stated investment objectives. In addition, members of the Compliance Department and senior officers of the firm will periodically review accounts to ensure that accounts are being managed according to firm policies and procedures.

ManagerSelect Accounts:

Account activity in the ManagerSelect program is reviewed on a daily basis by the Investment Executive associated with the account. The Manager Research team reviews the model portfolios and portfolio managers on a quarterly basis, or more frequently if warranted.

Clients in the DAM programs receive,

- Confirmation statements after each transaction;
- Brokerage statements at least quarterly reflecting security positions grouped by market sector, showing cost, market values, percent of total assets, estimated annual income and current yield; as well as all activity in the account during the month;
- Quarterly market letter highlighting recent investment decisions and summarizing general market conditions.
- Annual report of dividend and interest income on Form 1099B for taxable clients; a similar report is available to non-taxable clients upon request.

Clients in the Portfolio Management, Flexible Managed Account and ManagerSelect programs receive,

- Confirmation statements after each transaction;
- Brokerage statements at least quarterly reflecting security positions grouped by market sector, showing cost, market values, percent of total assets, estimated annual income and current yield; as well as all activity in the account during the month;
- Annual report of dividend and interest income on Form 1099B for taxable clients; a similar report is available to non-taxable clients upon request.

All reports are provided in written format. Davenport also offers clients the ability to access these reports online.

Client Referrals and Other Compensation

Davenport can engage in written agreements and compensate persons independent of Davenport (“Solicitors”) for client referrals. If a referred client establishes an investment advisory account or relationship with Davenport, the Solicitor will receive a referral fee. The fee will be a negotiated percentage of the Investment Executive’s share of the quarterly investment advisory fees paid by the client. The arrangement will continue for the duration of the investment advisory relationship. This referral fee will be paid out of the total advisory fees collected from clients. Davenport will not charge an additional fee for advisory services to pay a Solicitor. There is no difference in the advisory fee schedule for clients who have been solicited and those who have not been solicited. Clients that are referred by a Solicitor will receive a copy of the Solicitor’s written disclosure document that describes the nature of the relationship between Davenport and the Solicitor.

Davenport Investment Executives may solicit referrals from existing clients. Although Investment Executives do not pay specifically for client referrals, in order to build relationships with their clients, Investment Executives may provide clients with meals, entertainment, or modest gifts. Such gifts or entertainment may be considered an indirect form of compensation for client referrals.

Custody

Davenport provides custody services. If you custody your funds at Davenport, you will receive an account statement at least quarterly. The statement will reflect security positions grouped by market sector, showing cost, market values, percent of total assets, estimated annual income, and current yield. The statement will also show all activity in the account during the period covered by the statement.

Investment Discretion

Clients in the Core, Value & Income, Equity Opportunities, Blended Allocation, and FundAdvisor programs always assign Davenport with full authority and discretion for the buying, selling, changing, investing, or reinvesting of any or all of the assets in the investment account.

Clients in the Flexible Managed Account program have the option to assign or not assign through the Davenport Investment Executive the full authority and discretion for the buying, selling, changing, investing or reinvesting of any or all of the assets in the investment account. If the client elects to maintain discretion themselves, Davenport is authorized to execute transactions that the client has approved of either verbally or in writing.

Clients in the Portfolio Managed Account programs always assign Davenport, through the Investment Executive, the full authority and discretion for the buying, selling, changing, investing or reinvesting of any or all of the assets in the investment account.

Clients in the *ManagerSelect* programs always assign Davenport, through the Investment Executive, the full authority and discretion for the buying, selling, changing, investing or reinvesting of any or all of the assets in the investment account.

In carrying out these responsibilities, Davenport shall consider factors such as investment objectives and account guidelines, as they are communicated in writing to Davenport by the client. The client agrees to inform Davenport in writing of any material change in the client's circumstances that may affect the manner in which the client's assets should be invested.

Financial Information

Davenport does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. We do not foresee any financial condition that is likely to impair our ability to meet contractual commitments to our clients. Davenport has not been the subject of a bankruptcy petition at any time during the past ten years. Davenport has had an independent examination of its controls, and the auditing firm – KPMG LLC – has prepared a report describing their findings in accordance with the Statement on Auditing Standards (SAS) No.70.