



## Opportunity Portfolio

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### **THE PORTFOLIO:**

**Inception:** March 31, 1999

**Investment Style:** Blend of value and growth investing; all capitalization (small, medium, and large capitalization companies considered).

IMVA's Opportunity Portfolio invests in equity securities that, in the opinion of the portfolio manager, represent unique opportunities for capital appreciation. Considerable appreciation potential at an attractive price is the primary investment criterion, and both value and growth companies are considered for purchase. Typical investment attributes include reasonable price/earnings multiples relative to projected earnings and cash flow growth, strong or improving profit margins, a solid financial position, and impressive management. "Insider" transactions, stock buy-backs, effective use of innovative technologies, exposure to international markets, and identifiable catalysts for change are other important considerations.

The portfolio manager relies on personal contact with management (when possible), published financial reports, analyst meetings and conferences, and the advice of securities analysts with proven knowledge of a company and its industry. Some sectors are more heavily weighted than others based on the manager's judgment that certain industries are substantially more attractive than others at any given time.

The Opportunity Portfolio investment range includes small, medium, and large capitalization companies, including exchange traded funds (ETFs). Over time, each account owns approximately the same stocks in similar percentages. The Portfolio generally holds 20 to 30 positions in each account.

The Opportunity Portfolio employs a highly concentrated investment style and will normally produce results that are considerably more volatile than those of the broader market. Consequently, the Portfolio may be appropriate for long-term, risk tolerant investors.

The Opportunity Portfolio uses the S&P 500 and the S&P 1500 indices as its benchmarks.\*

\*The S&P 1500 index was added in January, 2006.

**Opportunity Portfolio Composite****\*Performance Results**

<u>Period</u>	<u>Gross Opportunity</u>	<u>Net Opportunity</u>	<u>S&amp;P 1500</u>	<u>S&amp;P 500</u>
3/31/99-12/31/99	63.8%	63.4%	16.0%	15.3%
Annual 2000	-48.9%	-49.2%	-7.0%	-9.1%
Annual 2001	-4.7%	-5.2%	-10.6%	-11.9%
Annual 2002	-21.7%	-22.1%	-21.3%	-22.1%
Annual 2003	46.4%	45.6%	29.6%	28.7%
Annual 2004	17.2%	16.6%	11.8%	10.9%
Annual 2005	16.1%	15.4%	5.7%	4.9%
Annual 2006	18.7%	18.0%	15.3%	15.8%
Annual 2007	9.8%	9.2%	5.5%	5.5%
Annual 2008	-29.4%	-29.8%	-36.7%	-37.0%
Annual 2009	53.6%	52.9%	27.3%	26.5%
Annual 2010	32.9%	32.3%	16.4%	15.1%
Annual 2011	-4.4%	-4.9%	1.8%	2.1%
Annual 2012	47.0%	46.3%	16.2%	16.0%
Annual 2013	44.7%	43.9%	32.8%	32.4%
1 <sup>st</sup> Qtr '14	-7.7%	-7.8%	1.9%	1.8%
2 <sup>nd</sup> Qtr '14	0.1%	-0.1%	5.1%	5.2%
3 <sup>rd</sup> Qtr '14	-10.8%	-10.9%	0.4%	1.1%
4 <sup>th</sup> Qtr '14	-18.7%	-18.9%	5.2%	4.9%
Annual 2014	-33.0%	-33.4%	13.1%	13.7%
1 <sup>st</sup> Qtr '15	-2.1%	-2.3%	1.4%	1.0%
2 <sup>nd</sup> Qtr '15	1.8%	1.7%	0.2%	0.3%
3 <sup>rd</sup> Qtr '15	-13.9%	-14.0%	-6.7%	-6.4%
4 <sup>th</sup> Qtr '15	2.2%	2.1%	6.6%	7.0%
Annual 2015	-12.3%	-12.8%	1.0%	1.4%
1 <sup>st</sup> Qtr '16	4.1%	3.9%	1.6%	1.4%
2 <sup>nd</sup> Qtr '16	-0.2%	-0.3%	2.6%	2.5%
3 <sup>rd</sup> Qtr '16	10.2%	10.1%	4.0%	3.9%
4 <sup>th</sup> Qtr '16	6.8%	6.7%	4.3%	3.8%
Annual 2016	22.3%	21.6%	13.0%	12.0%
1 <sup>st</sup> Qtr '17	-1.7%	-1.8%	5.7%	6.1%
2 <sup>nd</sup> Qtr '17	5.3%	5.1%	3.0%	3.1%
3 <sup>rd</sup> Qtr '17	4.0%	3.8%	4.4%	4.5%
4 <sup>th</sup> Qtr '17	-0.5%	-0.7%	6.5%	6.6%
Annual 2017	7.0%	6.4%	21.1%	21.8%
1 <sup>st</sup> Qtr '18	3.0%	2.9%	-0.7%	-0.8%
2 <sup>nd</sup> Qtr '18	10.9%	10.8%	3.7%	3.4%
3 <sup>rd</sup> Qtr '18	7.6%	7.4%	7.4%	7.7%
4 <sup>th</sup> Qtr '18	-23.4%	-23.5%	-14.0%	-13.5%
Annual 2018	-5.9%	-6.4%	-5.0%	-4.4%
<b><u>Cumulative Return</u></b>				
03/31/99-12/31/18	244.4%	209.5%	208.9%	184.3%
<b><u>Annualized Return</u></b>				
03/31/99-12/31/18	6.5%	5.9%	5.9%	5.4%

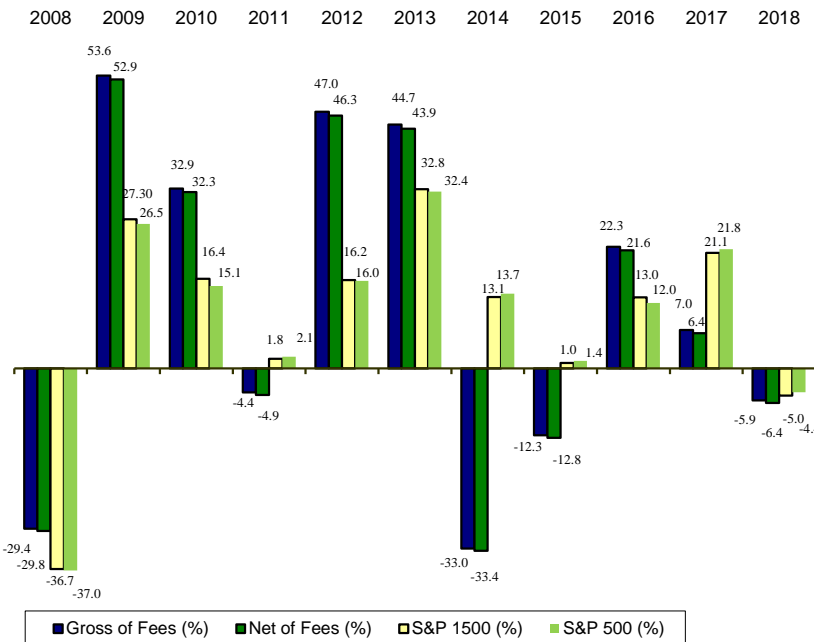
\*Opportunity Portfolio Composite Inception Date: March 31, 1999. Please refer to the attached GIPS fully compliant presentation for a detailed explanation of performance presented. Performance figures, both net and gross of fees, have been examined through September 30, 2018. Performance returns are for the period ending 12/31/18. Past performance is no guarantee of future results, and no representation is made that results similar to those shown can be achieved. A complete presentation of any composite and/or a list of all composites is available upon request.

# Opportunity Portfolio Composite

## Annual Performance\*\*

## Commentary

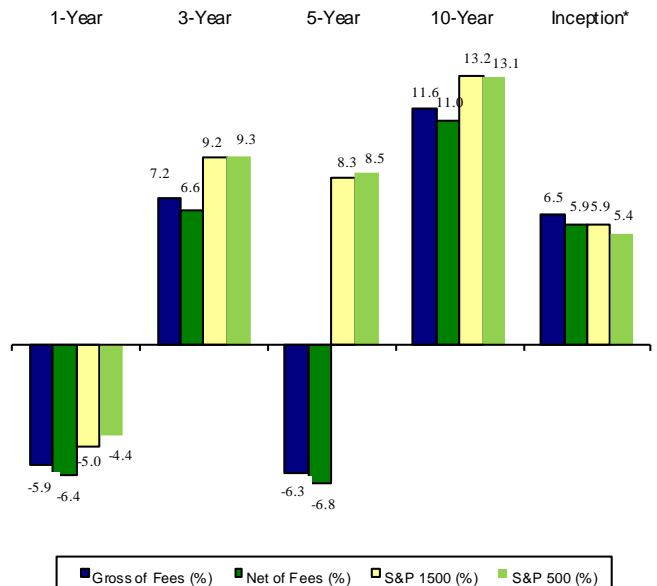
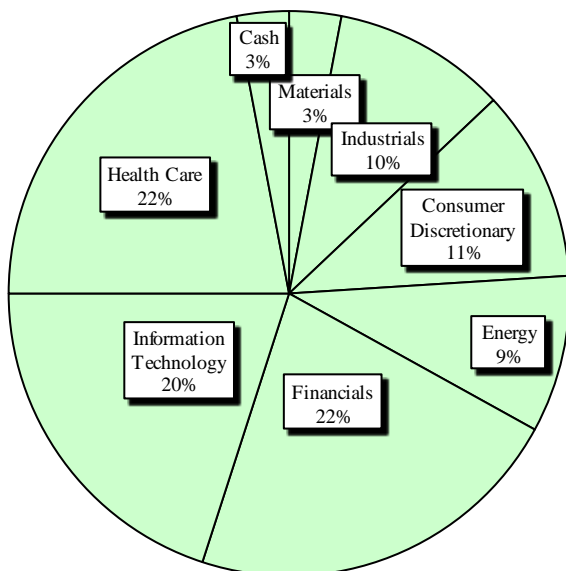
The equity market turned treacherous in the fourth quarter. Almost all asset classes around the world were weak, and the U.S. stock market had the worst December since the Great Depression. The fundamental issue for U.S. markets is the prospect of a recession and what that downturn might do to corporate earnings. The depth of a possible economic slowdown could be affected dramatically by Federal Reserve policy/decisions and collateral damage from a trade war with China. Computerized trading, the spread of populism/protectionism, and global warming/volatile weather are a few more things to keep you awake at night. Looking on the bright side, current investor sentiment is very low; the Federal Reserve Board and Chairman do not want to cause a recession; neither the U.S. nor China wants an ugly trade war; and equity valuations appear reasonable. Perhaps some of the doom and gloom is “fake news”.



Fourth Quarter 2018 Performance**	
Opportunity Portfolio (Gross)	-23.4%
Opportunity Portfolio (Net)	-23.5%
S&P 1500	-14.0%
S&P 500	-13.5%

## Sector Breakdown\*\*\*

## Annualized Performance\*\*



\*Inception of the composite was 3/31/99. \*\*Please refer to the attached GIPS fully compliant presentation for a detailed explanation of performance presented. Performance returns are for the period ending 12/31/18. Past performance is no guarantee of future results, and no representation is made that results similar to those shown can be achieved. A complete presentation of any composite and/or a list of all composites is available upon request. \*\*\*The sector breakdown is presented as “Supplemental Information” to the fully compliant GIPS presentation of the composite.

**INVESTMENT MANAGEMENT OF VIRGINIA, LLC  
OPPORTUNITY PORTFOLIO COMPOSITE  
ACCOMPANYING NOTES**

Year <sup>A</sup>	Total Return Gross (Percent)	Total Return Net <sup>B</sup> (Percent)	Benchmark S&P 1500 (Percent)	Benchmark S&P 500 (Percent)	Composite 3 Yr. St. Dev. <sup>C</sup> (Percent)	Benchmark S&P 1500 3 Yr. St. Dev. <sup>C</sup> (Percent)	Benchmark S&P 500 3 Yr. St. Dev. <sup>C</sup> (Percent)	Number of Accounts	Composite Dispersion <sup>C</sup> (Percent)	Composite Assets End of Period (Millions)	Strategy Assets End of Period <sup>D</sup> (Millions)	Model Assets End of Period <sup>D</sup> (Millions)	Non-Fee Paying Composite Assets End of Period (MM)	Percentage of Non-Fee Paying Composite Assets	Total Firm Assets End of Period (Millions)
2008	-29.37	-29.78	-36.72	-37.00	N/A	N/A	N/A	12	1.98	5.19	32.37	N/A	0.00	0.00%	285.31
2009	53.64	52.89	27.25	26.46	N/A	N/A	N/A	13	3.48	16.06	61.18	N/A	0.00	0.00%	335.79
2010	32.90	32.26	16.38	15.06	N/A	N/A	N/A	10	1.69	19.35	95.79	N/A	0.00	0.00%	427.21
2011	-4.39	-4.85	1.75	2.11	25.44	19.06	18.70	13	1.21	18.28	114.93	N/A	0.00	0.00%	409.51
2012	46.98	46.27	16.17	16.00	22.60	15.39	15.09	15	3.09	26.82	173.34	N/A	0.00	0.00%	526.95
2013	44.66	43.89	32.80	32.39	20.10	12.24	11.94	22	1.99	40.79	264.32	13.60	0.29	0.71%	697.44
2014	-33.00	-33.42	13.08	13.69	18.11	9.12	8.98	28	1.64	41.63	142.45	13.16	0.19	0.47%	549.17
2015	-12.26	-12.75	1.01	1.38	17.38	10.49	10.48	71	1.47	59.56	110.71	3.76	1.16	1.95%	437.32
2016	22.26	21.60	13.03	11.96	17.12	10.66	10.59	70	1.09	82.87	129.75	3.30	1.21	1.46%	484.18
2017	7.01	6.42	21.13	21.83	15.23	9.92	9.92	66	0.89	74.32	123.23	1.89	2.83	3.80%	491.22
*2018	-5.87	-6.36	-4.96	-4.38	17.86	10.99	10.80	72	0.74	75.67	105.74	1.10	5.30	7.01%	448.68

\* 2018 performance returns are for the period ending 12/31/18.

A. Inception of the composite was 3/31/99. Creation of the composite was 3/31/99.

B. Fee schedule: 1.00% per annum on the first \$1 million of assets; 0.75% per annum on assets greater than \$1 million. Fees are negotiable.

C. N/A for the current year signifies that the information is not available until year end. N/A for previous years signifies that the information was not required.

D. Supplemental information. In addition to composite assets, strategy assets include separately managed accounts that do not meet the criteria for inclusion in the composite and wrap accounts. Opportunity Portfolio model assets are managed by other firms based on model portfolios submitted by IMVA.

Investment Management of Virginia, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Investment Management of Virginia, LLC has been independently verified for the periods January 1, 1993 through September 30, 2018. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Opportunity Portfolio composite has been examined for the periods March 31, 1999 through September 30, 2018. The verification and performance examination reports are available upon request.

#### 1. Basis of Presentation

Investment Management of Virginia, LLC ("IMVA") is a registered investment adviser under the Investment Advisors Act of 1940. IMVA was originally established as Scott & Stringfellow Capital Management, Inc., a division of Scott & Stringfellow, in 1982. In March 1999, Scott & Stringfellow became a wholly owned subsidiary of Branch Banking & Trust Company (BB&T). IMVA became an independent investment adviser in July of 2000 when the principals of Scott & Stringfellow Capital Management, Inc. purchased IMVA from BB&T. Total firm assets exclude model programs. Additionally, as supplemental information, as of December 31, 2018, the firm provides models to programs managing a total of approximately \$12.56 million in assets based on those models (this figure includes the Opportunity Portfolio model assets and all other model portfolio assets at IMVA).

#### 2. Composite Criteria

The Composite consists of institutional, endowment, retirement, and individual accounts. Tax-exempt and taxable accounts are included. The Composite seeks a strong total return through capital appreciation in small, medium, and large capitalization companies, including limited use of ETFs. The primary investment criteria are strong upside potential at a reasonable price. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Performance results of the Composite are based on U.S. dollar returns.

#### 3. Calculation Methodology

The Composite results are time-weighted rates of return net of commissions, custodial fees, and any other expenses incurred in the management of accounts. Accounts may be shown gross or net of withholding taxes on foreign dividends based on the custodian. These returns have been presented both gross and net of investment advisory fees. Quarterly composite rates of return, which are net of investment advisory fees, are calculated at the account level. For each account, the fee percentage is subtracted from the account's gross monthly return, during the month the fee is incurred, to obtain a monthly account return net of investment advisory fees. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding policies for valuing portfolios, calculating performance and preparing compliant presentations is available upon request.

#### 4. Comparison with Market Index

Results of the Composite are shown compared to the Standard & Poor's 1500 Index and to the Standard & Poor's 500 Index. The Standard & Poor's 1500 Index is a combination of the S&P 500, S&P MidCap 400, and S&P Small Cap 600 indices. This creates a broad market portfolio representing 90% of the U.S. equities. The S&P 1500 Index was added as a benchmark in January 2006. Performance has been linked in the same manner as the Opportunity Portfolio Composite. The Standard & Poor's 500 Index is a capitalization-weighted index, and is calculated based on a total return basis with dividends reinvested. The Standard & Poor's 500 Index is a capitalization-weighted index of 500 blue-chip U.S. companies representing the industrial, transportation, utility, and financial sectors with heavy emphasis on the industrial sector. The returns for these unmanaged indexes do not include any transaction costs, management fees, or other costs. Investment Management of Virginia, LLC takes no responsibility for the validity of the index and/or other performance numbers provided by reputable outside sources.

#### 5. SEC Advertising Disclosure Footnotes

All performance composite returns are reported net and gross of investment advisory fees charged by Investment Management of Virginia, and reflect the reinvestment of dividends and other earnings. The investment returns will be reduced by commissions, custodial fees, and any other expenses incurred in the management of accounts. Accounts may be shown gross or net of withholding taxes on foreign dividends based on the custodian. Net performance reflects the deduction of actual quarterly fees for each account in the composite. Gross of fees performance returns are presented before investment management fees.

#### 6. Additional Information

A complete presentation of any composite and/or a list of all composite descriptions is available upon request. Such inquiries should be addressed to George McVey, Investment Management of Virginia, LLC, 919 E. Main Street, Suite 1600, Richmond, Virginia 23219, or contact him through email at gmvey@imva.net.

**Past performance is no guarantee of future results, and no representation is made that results similar to those shown can be achieved. All portfolios have the potential of profit and/or loss on the investment securities.**