Investment Management of Virginia

Opportunity Portfolio
3rd Quarter, 2020

The Opportunity Portfolio Composite was up 1.69%, net of fees, for the quarter, behind the 8.93% gain for the S&P 500 Index and the 8.56% gain for the S&P 1500 Index.[1] For the year-to-date, the Opportunity Portfolio Composite is up 0.94% versus the S&P 500 Index up 5.57% and the S&P 1500 Index up 4.13%.

The portfolio was not able to keep pace with the S&P 500 this quarter as a few names that have been material outperformers year-to-date gave up some of that outperformance. Also, the pattern of large capitalization technology outperforming basically everything else (small capitalization stocks, cyclicals, value stocks, etc.) continued, though not to the same degree as earlier in the year. We have substantial technology exposure and continue to believe this is the wrong time to capitulate and buy the incredibly popular market leaders (our DIA position (the Dow Jones Industrial Average ETF) is basically a bet that the market will eventually broaden out beyond a half dozen large capitalization technology stocks). On a positive note, some of the underperformers in the third quarter have started the fourth quarter ahead of the market, and the portfolio has made up some of the lost ground versus the indices (as of 10/5/20). Overall, we like the mix of growth (with higher volatility/risk) and stable, more defensive positions, given the nearly unprecedented list of issues that investors are facing right now.

The Portfolio[2]
There was modest trading activity during the quarter. We added to two existing positions and trimmed one.

PRA Group (PRAA): We trimmed our position in PRA Group in July. PRAA's stock had been, basically, contra-cyclical to the market and had become one of the largest positions in the portfolio. The fundamentals at PRAA remain favorable, and it remains a meaningful position.

ProShares S&P Midcap 400 Dividend Aristocrats ETF (REGL): We used the proceeds from the sale of PRAA to increase our REGL position. REGL has lagged the broad market due to the fund's relative value bias, but we continue to like this ETF over the long-term given the high quality makeup of the portfolio and its attractive dividend yield.

Quidel (QDEL): We added to Quidel late in the quarter. QDEL turns out to be an important contributor to the U.S.'s Covid-19 testing capabilities (if you've been rapid-tested it was likely on a Quidel machine). After reducing our positon repeatedly earlier in the year, we added to QDEL when the stock sold off hard in late August on positive potential vaccine news (which could reduce the need for testing). We believe demand for Covid-19 and flu testing will continue to exceed expectations for the foreseeable future, with or without a vaccine. The company appears to agree as they recently authorized a large stock repurchase.

The Market
As if we needed any more proof that we are in uncharted territory this year, the recent (first) Presidential debate further revealed how far from the norm we are, at present. In the financial markets, interest rates, and

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[1] Past performance is no guarantee of future results, and no representation is made that results similar to those shown can be achieved. To receive a complete list and description of Investment Management of Virginia, LLC's composites and/or a presentation that adheres to the Global Investment Performance Standards (GIPS), contact Investment Management of Virginia at (804) 643-1100.

[2] The transactions/securities discussed in this section are generally portfolio-wide transactions for the accounts in this Portfolio and have not been selected by any performance criteria. It should not be assumed that all accounts in the Portfolio had the same transactions or that transactions in the future will be as profitable or will equal the performance of the securities mentioned.

the Federal Reserve's forward guidance on said rates, are the "uncharted" equivalent. In general, asset prices are determined by projected future cash flows and the interest rate used to properly discount those cash flows back to the present. In an effort to support our pandemic-hobbled economy, the Federal Reserve has indicated that it intends to keep interest rates very low for the foreseeable future. In technical terms, this takes asset valuations toward a new frontier, and, specifically, equity price/earnings multiples into the stratosphere. Combine this pricing dynamic with an alarming mix of: a dangerous pandemic, intense political conflict, high economic risk (and potential social unrest caused by the pandemic's uneven economic toll), tense international relations, and frightening weather-induced catastrophes. We are clearly in a period of high uncertainty. Naturally, the market confounds us by remaining near an all-time high as we write this letter, thanks to the aforementioned ultra-low interest rates and the prospect of additional economic stimulus. In fact, it seems like the worse the political mud-slinging gets, the higher the odds of a compromise between the White House and Congress on another stimulus package.

That said, there are a few bullish indicators and trends for long-term investors to consider:

- The SOX Index (an index of semiconductor companies) is showing strong relative strength versus the rest of the equity market. Some (smart) investors think that semiconductors are the new oil, and the strength in this industry is a precursor to general economic improvement.
- Retail investors are bearish, NASDAQ speculators are very negative, and cash on the sidelines ($4.5 trillion?) is very high. All three of these conditions are normally contrarian indicators.[3]
- The VIX, or "market fear index" remains above 20. The VIX measures the expected volatility of options prices, and a VIX over 20 normally indicates relatively high anxiety in the equity market.
- The global economy appears to be in recovery.
- The market has corrected since the high in early August; since World War II, bear markets are more likely to end during October than any other month.[4]
- The 4th quarter is normally the best quarter of the year, even in an election year.[5]

The combination of high uncertainty in so many areas (a solid "wall of worry"), supportive monetary and fiscal policy, and improving economic news are normally positive for the equity market. Politics are currently (dis)coloring almost everyone's outlook, but it is far from clear which political outcome would be best for the equity market. On balance, and despite being in the middle of a global pandemic, it seems reasonable to look through the myriad issues on the front page of any newspaper and concentrate on a long-term investment plan and horizon.

[3] Tom Lee, CEO of Fundstrat, on CNBC, 9/28/2020
[4] Mike Santoli, on CNBC, 9/30/2020
[5] Schaeffer's Investment Research, Rocky White, 9/30/2020

INVESTMENT MANAGEMENT OF VIRGINIA, LLC
OPPORTUNITY PORTFOLIO COMPOSITE
ACCOMPANYING NOTES

Year[A]	Total Return Gross (Percent)	Total Return Net[B] (Percent)	Benchmark S&P 1500 (Percent)	Benchmark S&P 500 (Percent)	Composite 3 Yr. St. Dev.[C] (Percent)	Benchmark S&P 1500 3 Yr. St. Dev.[C] (Percent)	Benchmark S&P 500 3 Yr. St. Dev.[C] (Percent)	Number of Accounts	Composite Dispersion[C] (Percent)	Composite Assets End of Period (Millions)	Strategy Assets End of Period[D] (Millions)	Model Assets End of Period[D] (Millions)	Non-Fee Paying Composite Assets End of Period (MM)	Percentage of Non-Fee Paying Composite Assets	Total Firm Assets End of Period (Millions)
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
2019	20.04	19.45	30.90	31.49	19.06	12.11	11.93	69	1.40	87.91	119.48	0.87	6.12	6.96%	509.85
*2020	1.33	0.94	4.13	5.57	N/A	N/A	N/A	65	N/A	83.35	111.25	0.37	5.82	6.98%	467.06

* 2020 performance returns are for the period ending 09/30/20.

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 June 30, 2020. 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 June 30, 2020. 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 September 30, 2020, the firm provides models to programs managing a total of approximately $5.31 million in assets based on those models (this figure includes the Oppporunity 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 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. Net performance returns have been calculated by reducing gross performance returns by the actual investment management fees charged. 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 divendends 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. The information contained in this material is based on data we have obtained from third party sources. While this information has been obtained from sources we believe to be reliable, we do not guarantee, nor are we responsible for, the accuracy, completeness, or timeliness of the information provided in this presentation.

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 gmcvey@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.