Investment Management of Virginia

Select Equity Income Portfolio
3rd Quarter, 2020

The Select Equity Income Portfolio Composite was up 4.61%, net of fees, for the quarter. This result was behind the S&P 500 Index's advance of 8.93% and the Russell 3000 Value Index's advance of 5.42%.[1] Year-to-date, the Select Equity Income Portfolio Composite is down 5.71%, net of fees. This is behind the 5.57% gain of the S&P 500 Index but ahead of the Russell 3000 Value Index loss of 12.23%. This relationship is remarkably consistent looking backwards; the Select Equity Income Composite is behind the S&P 500 Index and ahead of the Russell 3000 Value Index over basically every period since inception.[2]

As we commented last quarter, the current performance difference between the S&P 500 Index and the Russell 3000 Value Index remains nearly "off the chart", given the relationship between these types of investments over the past 25 years. We have increased our technology and communications sector exposure incrementally in order to lower our inherent underweight in some of the most popular technology stocks, but we continue to like the valuations, dividend yield, and relative stability of this portfolio's typical positions, especially in the current environment of seemingly endless uncertainty

The Portfolio[3]

Vanguard Communication Services ETF (VOX): We increased our exposure to the Vanguard Communication Services ETF. VOX provides an interesting mix of traditional telecom companies and internet services companies that were previously classified as technology companies. The fund's holdings are concentrated in several technology heavyweights such as Facebook (FB), Alphabet (GOOG), and Netflix (NFLX) but also traditional telecom companies such as Verizon (VZ) and AT&T (T).

Kinder Morgan (KMI): We added to Kinder Morgan. KMI is one of the largest energy infrastructure companies in North America. KMI's main business segment is natural gas pipelines (approximately 60% of operating earnings), followed by refined product pipelines, and storage. The company gets paid, regardless of volume, on a substantial portion of its pipeline capacity, so it has some cushion from commodity price volatility. Nonetheless, the stock has been weak along with the sector. We believe the company has adequate cash flows to maintain its attractive 8% dividend yield, and we like to see Rich Kinder's repeated insider purchases.

AT&T (T): We sold our position in T to fund the increase in VOX. AT&T has struggled to grow its wireless business during the pandemic and is reportedly having trouble finding a buyer for its shrinking DirecTV business. While we like the company's steady cash flows and dividend yield, we have been frustrated by the stock's performance.

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 the

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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] Inception is 7/1/2001.

[3] 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.

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.[4]
- 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.[5]
- The 4th quarter is normally the best quarter of the year, even in an election year.[6]

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.

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

INVESTMENT MANAGEMENT OF VIRGINIA, LLC
SELECT EQUITY INCOME PORTFOLIO COMPOSITE
ACCOMPANYING NOTES

Year[A]	Total Return Gross (Percent)	Total Return Net[B] (Percent)	Benchmark S&P 500 (Percent)	Benchmark Russell 3000 Value (Percent)	Composite 3 Yr. St. Dev.[C] (Percent)	Benchmark S&P 500 3 Yr. St. Dev.[C] (Percent)	Benchmark Russell 3000 Value 3 Yr. St. Dev.[C] (Percent)	Number of Accounts	Composite Dispersion[C] (Percent)	Composite Assets End of Period (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	16.77	16.10	15.06	16.23	N/A	N/A	N/A	13	1.47	12.87	3.02	23.43%	427.21
2011	3.54	2.95	2.11	-0.10	18.12	18.70	21.04	14	0.47	13.83	2.84	20.53%	409.51
2012	9.80	9.18	16.00	17.55	14.49	15.09	15.81	15	0.48	22.87	3.05	13.35%	526.95
2013	32.98	32.18	32.39	32.69	11.44	11.94	12.90	16	0.53	29.04	3.96	13.64%	697.44
2014	10.28	9.55	13.69	12.70	9.60	8.98	9.36	16	0.36	30.57	4.30	14.06%	549.17
2015	-4.18	-4.75	1.38	-4.13	10.60	10.48	10.74	25	0.33	38.79	3.85	9.92%	437.32
2016	25.78	24.98	11.96	18.40	10.93	10.59	10.97	27	0.79	45.35	3.07	6.78%	484.18
2017	7.78	7.11	21.83	13.19	10.55	9.92	10.33	27	1.05	46.07	3.30	7.16%	491.22
2018	-6.37	-6.93	-4.38	-8.58	12.11	10.80	11.06	28	0.55	39.90	2.81	7.04%	448.68
2019	21.41	20.70	31.49	26.26	12.74	11.93	12.01	27	0.87	44.89	3.04	6.78%	509.85
*2020	-5.27	-5.71	5.57	-12.23	N/A	N/A	N/A	24	N/A	38.37	2.73	7.10%	467.06

* 2020 performance returns are for the period ending 9/30/20.
A. Inception of the composite was 7/1/01. Creation of the composite was 7/1/01.
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.

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 Select Equity Income Portfolio composite has been examined for the periods July 1, 2001 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 the Company 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 all 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 500 Index and to the Russell 3000 Value Index. 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 and 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 Russell 3000 Value Index is based on the Russell 3000 Index, which measures the performance of the 3,000 largest publicly held companies incorporated in America, as defined by total market capitalization. The Russell 3000 Value Index is a market capitalization weighted equity index and is calculated based on a total return basis with dividends reinvested. It measures how U.S. stocks in the equity value segment perform and includes stocks from the Russell 3000 Index with lower price-to-book ratios and lower expected growth rates. The Russell 3000 Value Index was added as a benchmark in September 2018. Performance has been linked in the same manner as the Select Equity Income Portfolio Composite. 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.