

Large Cap Value Portfolio All-Cap Portfolio

Spring Update 2018

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THE EQUITY SPECIALISTS

Large Cap Value Portfolio Commentary

Market Perspectives

In first quarter of 2018 the U.S. stock market was volatile but ended the period relatively flat returning -0.76%. Making a distinction between stock prices and business values, the businesses we own continue to generate relatively robust earnings, a sign our companies are making progress in building intrinsic value even if share prices fluctuate. As Ben Graham noted, in the long run the stock market is a weighing machine for corporate earnings despite acting as a voting machine measuring changes in investor psychology in the short run. At Davis Advisors we remain focused on long-term earnings power and are confident the businesses we own have the potential to compound capital for shareholders at a competitive rate over the long term.

Looking ahead, we believe selective stock picking is the best way to navigate the current market environment. As a result, at Davis Advisors we focus on the durability, sustainable growth, competitive moats, and management of every company in the Portfolio and continue to exercise discipline regarding the share price of each company we own.

Portfolio Review

The Davis Large Cap Value Portfolio holds three categories of businesses including in order of proportion:

- Dominant market leaders
- Lesser-known, “out-of-the-spotlight” businesses
- Contrarian investments¹

Alphabet Inc., a representative example of a market leader in the Portfolio, is an innovative global technology holding company that dominates the business of online search.² By establishing a first mover advantage, the company has positioned itself as a prime beneficiary of the shift in advertising spending from traditional media channels to search-based, online advertising, a secular shift that is happening worldwide. In addition to its global core search business, the company owns YouTube, is quickly building a high operating margin cloud computing business and is a leader in artificial intelligence, which has implications not only for advertising and market research but also for other industries such as autonomous or self-driving cars. Financially strong, Alphabet is a cash flow machine

This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. Equity markets are volatile and an investor may lose money. **Past performance is not a guarantee of future results.** 1. While we research companies subject to such contingencies, we cannot be correct every time, and a company's stock may never recover. 2. Holdings discussed in this commentary are selected according to objective, non-performance-based criteria. They are chosen each quarter according to a consistent methodology based on their weight in the Davis Advisors Large Cap Value model portfolio as well as recent purchases and recent sales and are intended only as illustrations of the Davis Investment Discipline. They are not recommendations to buy, sell or hold any security. Individual account holdings may vary.

with 15% to 20% annual revenue and earnings growth, no net debt, and enormous global markets for the company's current and prospective business lines.

Alibaba Group, a global e-commerce giant based in China, is another example of a dominant market leader in this category. While the company has its roots in China, Alibaba connects businesses and consumers in almost 200 countries via its online platforms. The company is the largest e-commerce marketplace in the world with an estimated \$700 billion of gross merchandise volume in 2017. Given the company's enviable competitive position, increasing use as an advertising platform, and promising investments abroad, we expect Alibaba to grow e-commerce revenues at a faster rate than the e-commerce market overall.

Liberty Global, a major cable company with strong international operations, is controlled by John Malone, a pioneer in the U.S. cable industry with an outstanding record as a capital allocator. Liberty Global is dominant especially in Europe, where it is the largest cable company with more than 26 million customer relationships. During the past decade, the company has opportunistically acquired several European cable TV systems, most of which were inefficiently run. We expect Liberty Global to improve the efficiency of these

operations substantially over time. The company has an advantageous fixed-line infrastructure in all of its key markets and should benefit as users demand greater broadband speeds over the next five years, enabling Liberty Global to benefit from online user trends and ultimately grow value for shareholders.

Our contrarian investments include a number of North American shale companies that meet our investment criteria but are under-earning relative to their long-term potential in our estimation.

Among recent Portfolio changes, we sold Express Scripts during the first quarter of 2018.

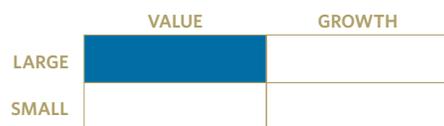
Overall, we believe our Portfolio is positioned to provide a diversified balance of durable, well-managed businesses with attractive growth prospects.

Since our firm's inception nearly 50 years ago, we have adhered to the same, time-tested investment philosophy and rigorous research process of buying durable businesses at attractive prices and holding them for the long term. The more than \$2 billion the Davis family and Foundation, Davis Advisors, and our employees have invested side by side with our clients' savings in similarly managed accounts and strategies remains a true sign of our commitment to and conviction in this enduring philosophy.³ ■

Large Cap Value Portfolio Profile

March 31, 2018

Long-Term Capital Appreciation



Davis Large Cap Value is a portfolio of attractive businesses primarily in the U.S. selected using the time-tested Davis Investment Discipline. As one of the largest investors in the strategy, we have a unique commitment to client stewardship.

► Why Invest in the Davis Large Cap Value Portfolio

- **Equity-Focused Research Firm:** Established in 1969, Davis is a leading specialist in equity investing.
- **Portfolio of Best of Breed Businesses:** The Portfolio invests in businesses in the U.S. Utilizing rigorous independent research, we invest in durable, well-managed businesses with sustainable competitive advantages and attractive long-term growth prospects selling at a discount to their true value.
- **We Are Among the Largest Investors in the Strategy:** We have a unique commitment to stewardship, generating attractive long-term results, managing risks and minimizing fees.

► Experienced Management

Chris Davis, 29 years with Davis Advisors
Danton Goei, 19 years with Davis Advisors

► Our Investment Alongside Our Clients

We have more than \$2 billion of our own money invested side by side with clients.¹

► Top 10 Holdings²

| | |
|-------------------------|------|
| Alphabet | 7.0% |
| Amazon.com | 7.0 |
| Berkshire Hathaway | 7.0 |
| JPMorgan Chase | 6.7 |
| Wells Fargo | 6.5 |
| Capital One Financial | 5.8 |
| Bank of New York Mellon | 5.6 |
| Apache | 4.6 |
| United Technologies | 4.5 |
| Aetna | 4.2 |

► Portfolio Characteristics

| | Portfolio | S&P 500 Index |
|------------------------------------|-----------|---------------|
| Number of Holdings | 28 | 505 |
| Turnover Rate (%) | 23.4 | 3.8 |
| Median Market Cap (\$bn) | 63.9 | 20.8 |
| Weighted Average Market Cap (\$bn) | 242.5 | 193.1 |
| Trailing Positive P/E Ratio | 22.4 | 22.4 |
| P/E Ratio FY1 | 16.0 | 17.3 |
| P/B | 2.9 | 4.1 |
| Weighted Average Yield (%) | 1.3 | 2.0 |
| EPS Growth—Last 5 years (%) | 13.5 | 12.7 |
| Beta (3 years) | 1.1 | 1.0 |
| R-Squared | 0.8 | 1.0 |

► Industry Groups³

| | |
|-------------------------------|-------|
| Diversified Financials | 23.5% |
| Technology | 20.1 |
| Banks | 13.9 |
| Energy | 9.4 |
| Capital Goods | 8.8 |
| Retailing | 7.8 |
| Pharmaceuticals & Health Care | 4.4 |
| Automobiles & Components | 2.3 |
| Consumer Services | 2.2 |
| Transportation | 2.2 |
| Insurance | 2.1 |
| Media | 1.7 |
| Materials | 1.6 |

Portfolio characteristics, holdings and industry groups are subject to change. Davis Advisors classifies its Large Cap Value Portfolio as such based on its overall investment strategy. At the time of this report, this classification may or may not agree with classifications by other third party information services. **1.** Includes Davis Advisors, the Davis family and Foundation, and our employees in similarly managed accounts and strategies. As of December 31, 2017. **2.** For information purposes only. Not a recommendation to buy or sell any security. **3.** Sources: Davis Advisors and Wilshire Atlas.

Large Cap Value Portfolio Holdings

March 31, 2018

| Ticker | Security Description | Percent |
|--------------|------------------------------|---------------|
| MULTI | Alphabet (Class A and C) | 7.0% |
| AMZN | Amazon.com | 7.0 |
| BRK/B | Berkshire Hathaway-Class B | 7.0 |
| JPM | JPMorgan Chase | 6.7 |
| WFC | Wells Fargo | 6.5 |
| COF | Capital One Financial | 5.8 |
| BK | Bank of NY Mellon | 5.6 |
| APA | Apache | 4.6 |
| UTX | United Technologies | 4.5 |
| AET | Aetna | 4.2 |
| AXP | American Express | 3.9 |
| JCI | Johnson Controls | 3.9 |
| FB | Facebook | 3.3 |
| TXN | Texas Instruments | 3.2 |
| BABA | Alibaba Group Holding-ADR | 3.1 |
| ECA | Encana | 3.1 |
| ADNT | Adient PLC | 2.2 |
| FDX | FedEx | 2.1 |
| EDU | New Oriental Education-ADR | 2.1 |
| MSFT | Microsoft | 1.7 |
| LBTYK | Liberty Global PLC-Series C | 1.6 |
| AXTA | Axalta Coating Systems | 1.5 |
| L | Loews | 1.2 |
| OXY | Occidental Petroleum | 1.2 |
| CB | Chubb | 0.8 |
| ORCL | Oracle | 0.8 |
| QRTEA | Liberty Interactive-Series A | 0.4 |
| CASH | | 5.0 |
| TOTAL | | 100.0% |

The above listed securities are representative of the Davis Large Cap Value Portfolio as of the indicated date. Portfolio holdings may change over time. Individual accounts may contain different securities. There is no assurance that any securities listed herein will remain in an individual account at the time you receive this report. The information provided should not be considered a recommendation to buy or sell any particular security. There can be no assurance that an investor will earn a profit and not lose money.

All-Cap Portfolio Commentary

Market Perspectives

In first quarter of 2018 the U.S. stock market was volatile but ended the period relatively flat returning -0.76%. Making a distinction between stock prices and business values, the businesses we own continue to generate relatively robust earnings, a sign our companies are making progress in building intrinsic value even if share prices fluctuate. As Ben Graham noted, in the long run the stock market is a weighing machine for corporate earnings despite acting as a voting machine measuring changes in investor psychology in the short run. At Davis Advisors we remain focused on long-term earnings power and are confident the businesses we own have the potential to compound capital for shareholders at a competitive rate over the long term.

Looking ahead, we believe selective stock picking is the best way to navigate the current market environment. As a result, at Davis Advisors we focus on the durability, sustainable growth, competitive moats, and management of every company in the Portfolio and continue to exercise discipline regarding the share price of each company we own.

Portfolio Review

The Davis All-Cap Portfolio holds three categories of businesses including in order of proportion:

- Dominant market leaders
- Lesser-known, “out-of-the-spotlight” businesses
- Contrarian investments¹

Alphabet Inc., a representative example of a market leader in the Portfolio, is an innovative global technology holding company that dominates the business of online search.² By establishing a first mover advantage, the company has positioned itself as a prime beneficiary of the shift in advertising spending from traditional media channels to search-based, online advertising, a secular shift that is happening worldwide. In addition to its global core search business, the company owns YouTube, is quickly building a high operating margin cloud computing business and is a leader in artificial intelligence, which has implications not only for advertising and market research but also for other industries such as autonomous or self-driving cars. Financially strong, Alphabet is a cash flow machine with 15% to 20% annual revenue and earnings growth, no net debt, and enormous global markets for the company’s current and prospective business lines.

This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. Equity markets are volatile and an investor may lose money. **Past performance is not a guarantee of future results.** 1. While we research companies subject to such contingencies, we cannot be correct every time, and a company’s stock may never recover. 2. Holdings discussed in this commentary are selected according to objective, non-performance-based criteria. They are chosen each quarter according to a consistent methodology based on their weight in the Davis Advisors Multi-Cap Equity model portfolio as well as recent purchases and recent sales and are intended only as illustrations of the Davis Investment Discipline. They are not recommendations to buy, sell or hold any security. Individual account holdings may vary.

Markel Corporation, a specialty provider of nonstandard property and casualty (P&C) and life insurance products, is an example of an out-of-the-spotlight holding in the Portfolio. Markel generally underwrites policies in certain less competitive niche markets where the company has developed significant expertise over many years, including P&C coverage for museums and private libraries, child care centers and camps, historic homes, private schools, and horse farms and riding clubs, among other niche markets. The company's underwriting margins remain stable, and Markel continues to benefit from positive momentum in property and casualty reinsurance. Markel has also been successful in reinvesting the "float" (cost-free funds generated from premiums held on behalf of policyholders) provided by its insurance operations not only in stocks but also through the purchase of entire companies. By operating unobtrusively and shrewdly in its underwriting niches while earning good investment returns, Markel has created significant wealth for long-term shareholders.

ANGI Homeservices, another example of an out-of-the-spotlight holding, is the world's largest online marketplace for home services, a \$400 billion market connecting homeowners with home service professionals around the globe. The company was created by the 2017 merger between Angie's List and IAC's HomeAdvisor. We believe the business provides real value to customers and vendors and has attractive growth prospects.

A final example of a lesser known but highly durable business is Quest Diagnostics, a leading independent provider of clinical laboratory services. Quest offers its services at a fraction of the cost hospital labs normally charge patients, giving the company an enduring competitive advantage and the opportunity to grow market share over time.

A new position in the out-of-the-spotlight category is Qorvo, a leader in the creation of filters, power amplifiers and switches for wireless devices. Qorvo maintains a strong competitive moat operating in a duopoly in the high frequency handset market in addition to serving other end markets. We believe the company is well-positioned to capitalize on the expansion of connected wireless devices across industries and has returned significant capital to shareholders historically via share repurchases.

Our contrarian investments include a number of North American shale companies that meet our investment criteria but are under-earning relative to their long-term potential in our estimation.

Among recent Portfolio changes, we sold Concho Resources in the first quarter to allocate capital to other investment opportunities.

Overall, we believe our Portfolio is positioned to provide a diversified balance of durable, well-managed businesses with attractive growth prospects.

Since our firm's inception nearly 50 years ago, we have adhered to the same, time-tested investment philosophy and rigorous research process of buying durable businesses at attractive prices and holding them for the long term. The more than \$2 billion the Davis family and Foundation, Davis Advisors, and our employees have invested side by side with our clients' savings in similarly managed accounts and strategies remains a true sign of our commitment to and conviction in this enduring philosophy.³ ■

3. As of December 31, 2017.

All-Cap Portfolio Profile

March 31, 2018

► Investment Discipline

The Davis All-Cap Portfolio applies the firm's signature research process to a portfolio of small, medium and large size companies.

- The Davis All-Cap Portfolio is team managed. The managers collaborate, sharing ideas and responsibilities for selecting the Portfolio's investments.
- The investment management team of the Davis All-Cap Portfolio has significant co-investments alongside clients in the same strategy. In addition, the team's compensation is tied to long-term investment results. These facts help to ensure an appropriate alignment of interests with clients.
- The Davis All-Cap Portfolio is appropriate for: 1) Investors who understand opportunistic strategies that are not bound by market cap, sector or industry constraints may offer the potential for attractive long-term results;¹ 2) Investors who need a diversified equity solution that offers access to small, medium and large companies; 3) Investors who already have an appreciation for Davis Advisors' signature investment approach, firm history and culture of stewardship.

► Market Capitalization

| | |
|-----------|------|
| Small Cap | 3.6% |
| Mid Cap | 9.8 |
| Large Cap | 86.6 |

► Top 10 Holdings²

| | |
|---------------------|------|
| Alphabet | 7.0% |
| Amazon.com | 7.0 |
| Apache | 5.8 |
| Wells Fargo | 5.6 |
| United Technologies | 5.1 |
| Aetna | 5.0 |
| Encana | 5.0 |
| Adient PLC | 4.5 |
| Berkshire Hathaway | 3.4 |
| Johnson Controls | 3.4 |

► Portfolio Characteristics

| | Portfolio | Russell 3000 Index |
|---|-----------|--------------------|
| Number of Holdings | 36 | 2,956 |
| Turnover Rate (%) | 25.7 | 3.0 |
| Trailing Positive P/E Ratio | 20.9 | 22.2 |
| EPS Growth-Last 5 years (%) | 13.2 | 13.2 |
| Standard Deviation (5 years) ⁴ | 11.5 | 10.0 |

► Industry Groups³

| | |
|-------------------------------|-------|
| Technology | 26.5% |
| Energy | 15.0 |
| Capital Goods | 12.6 |
| Pharmaceuticals & Health Care | 10.8 |
| Retailing | 9.6 |
| Banks | 7.7 |
| Automobiles & Components | 7.1 |
| Diversified Financials | 6.6 |
| Transportation | 2.2 |
| Insurance | 1.9 |

1. An investor must be willing to accept the increased volatility which accompanies the potential for attractive long-term results. See endnotes for a description of the principal risks. 2. For information purposes only. Not a recommendation to buy or sell any security. 3. Sources: Davis Advisors and Wilshire Atlas. 4. Source: Morningstar Direct.

All-Cap Portfolio Holdings

March 31, 2018

| Ticker | Security Description | Percent |
|--------------|----------------------------|---------------|
| MULTI | Alphabet (Class A and C) | 7.0% |
| AMZN | Amazon.com | 7.0 |
| APA | Apache | 5.8 |
| WFC | Wells Fargo | 5.6 |
| UTX | United Technologies | 5.1 |
| AET | Aetna | 5.0 |
| ECA | Encana | 5.0 |
| ADNT | Adient PLC | 4.5 |
| BRK/B | Berkshire Hathaway-Class B | 3.4 |
| JCI | Johnson Controls | 3.4 |
| FB | Facebook | 2.8 |
| COF | Capital One Financial | 2.7 |
| COG | Cabot Oil & Gas | 2.2 |
| QRVO | Qorvo | 2.2 |
| APTV | Aptiv PLC | 2.1 |
| FDX | FedEx | 2.0 |
| ETN | Eaton PLC | 1.9 |
| ESRX | Express Scripts Holding | 1.9 |
| JD | JD.com-ADR | 1.9 |
| INTC | Intel | 1.8 |
| MKL | Markel | 1.8 |
| SFUN | Fang, Class A-ADR | 1.7 |
| QUOT | Quotient Technology | 1.7 |
| JPM | JPMorgan Chase | 1.6 |
| SHPG | Shire PLC-ADR | 1.5 |
| TXN | Texas Instruments | 1.5 |
| ANGI | ANGI Homeservices | 1.4 |
| AMAT | Applied Materials | 1.3 |
| FERGY | Ferguson PLC-ADR | 1.3 |
| MSFT | Microsoft | 1.2 |
| ORCL | Oracle | 1.2 |
| EQM | EQT Midstream Partners | 1.0 |
| SAP | SAP SE-ADR | 1.0 |
| DGX | Quest Diagnostics | 0.9 |
| UNH | UnitedHealth Group | 0.8 |
| CASH | | 6.8 |
| TOTAL | | 100.0% |

The above listed securities are representative of the Davis All-Cap Portfolio as of the indicated date. Portfolio holdings may change over time. Individual accounts may contain different securities. There is no assurance that any securities listed herein will remain in an individual account at the time you receive this report. The information provided should not be considered a recommendation to buy or sell any particular security. There can be no assurance that an investor will earn a profit and not lose money.

Investment Management Team

Christopher C. Davis joined Davis Advisors in 1989. He has more than 29 years experience in investment management and securities research. He is a portfolio manager for the Davis Large Cap Value Portfolios and a member of the research team for other portfolios. Mr. Davis received his M.A. from the University of St. Andrews in Scotland.

Danton G. Goei joined Davis Advisors in 1998. He is a portfolio manager for the Davis Large Cap Value Portfolios and a member of the research team for other portfolios. Mr. Goei received his B.A. from Georgetown University and his M.B.A. from The Wharton School. He was previously employed at Bain & Company, Morgan Stanley Asia Ltd. and Citicorp. Mr. Goei speaks multiple languages and has lived in Europe, Asia and currently resides in New York City.

Dwight C. Blazin joined Davis Advisors in 1995. He was previously a consultant for IT Consulting and Systems Design. His research analysis has been shaped by working with Shelby M.C. Davis for more than five years. Mr. Blazin received his B.A. from Brigham Young University and his M.A. and Ph.D. from New York University.

Darin Prozes joined Davis Advisors in 2004. He previously worked for the Parthenon Group, a strategy consulting firm. Mr. Prozes received his B.A. from Princeton University and his M.B.A. from Stanford University.

Pierce B.T. Crosbie joined Davis Advisors in 2008. Previously, he worked as a research analyst at Davidson Kempner Capital Management in the distressed debt group, and in the mergers and acquisitions group at RBC Capital Markets. Mr. Crosbie received his B.A. from McGill University and his M.B.A. from the Harvard Business School and is a CFA charter holder.

Kent Y. Whitaker joined Davis Advisors in 2014. Previously, he worked at Amoco Corporation, British Petroleum, Hunt Energy Corporation, and Asarco. Kent holds a B.A. from Dartmouth College, a M.S. from Miami University and a M.B.A. from the Amos Tuck Business School.

Edward Yen joined Davis Advisors in 2013. Previously, he worked at Dodge & Cox and Lehman Brothers. Mr. Yen received his B.S. from the University of California, Berkeley and his M.B.A. from Stanford University.

Contacts

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Ed Snowden, Manager, Regional Representatives
800-717-3477 Ext. 8267, esnowden@dsaco.com

Contact Regional Directors or Regional Representatives to arrange meetings
or for information on our investment process, philosophy and performance.

Central Arizona, Arkansas, Idaho, Iowa, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Utah, Wyoming

| | | | |
|--------------|--------------------------------|------------------------|---------------------|
| Dan Steichen | Regional Director | 800-279-2279 Ext. 2262 | dsteichen@dsaco.com |
| Sean Lynch | Senior Regional Representative | 800-717-3477 Ext. 2675 | slynch@dsaco.com |

Pacific Northwest Alaska, Colorado, Hawaii, Northern California, Oregon, Washington

| | | | |
|------------|--------------------------------|------------------------|-------------------|
| Joe Emhof | Regional Director | 800-279-2279 Ext. 3786 | jemhof@dsaco.com |
| Jon Franke | Senior Regional Representative | 800-717-3477 Ext. 2663 | jfranke@dsaco.com |

South Central Louisiana, Oklahoma, Southern California, Texas

| | | | |
|-------------|--|------------------------|-----------------------|
| Mark Giles | Regional Director/Portfolio Specialist | 800-279-2279 Ext. 6908 | mgiles@dsaco.com |
| Marty Smith | Regional Representative | 800-717-3477 Ext. 2674 | marty-smith@dsaco.com |

Great Lakes Illinois, Indiana, Kentucky, Minnesota, Southern Ohio, Wisconsin

| | | | |
|---------------|--------------------------------|------------------------|---------------------|
| Bill Coughlin | Regional Director | 800-279-2279 Ext. 3783 | bcoughlin@dsaco.com |
| Nancy Brennan | Senior Regional Representative | 800-717-3477 Ext. 2679 | nbrennan@dsaco.com |

Southeast Alabama, Florida, Georgia, Mississippi, Puerto Rico

| | | | |
|--------------|--------------------------------|------------------------|--------------------|
| Peter Yensel | Regional Director | 800-279-2279 Ext. 3785 | pyensel@dsaco.com |
| Mike Longoni | Senior Regional Representative | 800-717-3477 Ext. 2261 | mlongoni@dsaco.com |

Northeast Maine, Massachusetts, Michigan, New Hampshire, Northern New York, Rhode Island, Vermont

| | | | |
|----------------|--------------------------------|------------------------|------------------|
| Steve Coyle | Regional Director | 800-279-2279 Ext. 3790 | coyle@dsaco.com |
| Danielle Irwin | Senior Regional Representative | 800-717-3477 Ext. 2682 | dirwin@dsaco.com |

New York City Connecticut, Southern New York

| | | | |
|--------------|-------------------------|------------------------|---------------------|
| Jim Ambrosio | Regional Director | 800-279-2279 Ext. 3787 | jambrosio@dsaco.com |
| Laurel Hardy | Regional Representative | 800-717-3477 Ext. 2683 | lhardy@dsaco.com |

North Atlantic Delaware, New Jersey, Northern Ohio, Pennsylvania

| | | | |
|---------------|--------------------------------|------------------------|--------------------|
| Reed Finley | Regional Director | 800-279-2279 Ext. 6906 | rfinley@dsaco.com |
| Iliia Geronov | Senior Regional Representative | 800-717-3477 Ext. 2677 | igeronov@dsaco.com |

Mid-Atlantic Kansas, Maryland, Missouri, North Carolina, South Carolina, Tennessee, Virginia, Washington DC, West Virginia

| | | | |
|-------------|--------------------------------|------------------------|-------------------|
| Randy Payne | Regional Director | 800-279-2279 Ext. 6905 | rpayne@dsaco.com |
| Mari Downey | Senior Regional Representative | 800-717-3477 Ext. 2665 | mdowney@dsaco.com |

This material may be shared with existing and potential clients to provide information concerning market conditions and the investment strategies and techniques used by Davis Advisors to manage its client accounts. Please refer to Davis Advisors Form ADV Part 2 for more information regarding investment strategies, risks, fees, and expenses. Clients should also review other relevant material, including a schedule of investments listing securities held in their account.

Davis Advisors is committed to communicating with our investment partners as candidly as possible because we believe our clients benefit from understanding our investment philosophy and approach. Our views and opinions include "forward-looking statements" which may or may not be accurate over the long term. Forward-looking statements can be identified by words like "believe," "expect," "anticipate," or similar expressions. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate.

This report discusses companies in conformance with Rule 206(4)-1 of the Investment Advisers Act of 1940 and guidance published thereunder. The companies we discuss are chosen in the following manner: starting at the beginning of the year, the holdings from a Large Cap Value and an All Cap Core model portfolio are listed in descending order based on percentage owned. Companies that reflect different weights are then selected. (For the first quarter, holdings numbered 1, 11, 21, and 31 are selected and discussed. For the second quarter, holdings numbered 2, 12, 22, and 32 are selected and discussed. This pattern then repeats itself for the following quarters. No more than two of these holdings can come from the same sector per piece.); one recent purchase and one recent sale are also discussed. A sale is defined as a position that is completely eliminated from the portfolio before the end of the quarter in question. If there were no purchases or sales, the purchases and sales are omitted from the report. If there were multiple purchases and/or sales, the purchase and sale discussed shall be the earliest to occur; no holding

can be discussed if it was discussed in the previous three quarters. The information provided in this report does not provide information reasonably sufficient upon which to base an investment decision and should not be considered a recommendation to buy or sell any particular security.

There is no assurance that any of the securities discussed herein will remain in an account at the time this report is received or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of any account's portfolio holdings. It should not be assumed that any of the securities discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. It is possible that a security was profitable over the previous five year period of time but was not profitable over the last year. In order to determine if a certain security added value to a specific portfolio, it is important to take into consideration at what time that security was added to that specific portfolio. A complete listing of all securities purchased or sold in an account, including the date and execution prices, is available upon request.

Broker-dealers and other financial intermediaries may charge Davis Advisors substantial fees for selling its products and providing continuing support to clients and shareholders. For example, broker-dealers and other financial intermediaries may charge: sales commissions; distribution and service fees; and record-keeping fees. In addition, payments or reimbursements may be requested for: marketing support concerning Davis Advisors' products; placement on a list of offered products; access to sales meetings, sales representatives and management representatives; and participation in conferences or seminars, sales or training programs for invited registered representatives and other employees, client and investor events and other dealer-sponsored events. Financial advisors should not consider Davis Advisors' payment(s) to a financial intermediary as a basis for recommending Davis Advisors.

The Russell 3000 Index measures the performance of the 3,000 largest companies incorporated in the United States and its territories and listed on

the NYSE, AMEX or NASDAQ. The companies are ranked by decreased total market capitalizations. The S&P 500 Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is adjusted for dividends, weighted towards stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks. Investments cannot be made directly in an index.

Davis Large Cap Value Portfolio

The performance of mutual funds is included in the Composite. The performance of the mutual funds and other Davis managed accounts may be materially different. For example, the Davis New York Venture Fund may be significantly larger than another Davis managed account and may be managed with a view toward different client needs and considerations. The differences that may affect investment performance include, but are not limited to: the timing of cash deposits and withdrawals, the possibility that Davis Advisors may not purchase or sell a given security on behalf of all clients pursuing similar strategies, the price and timing differences when buying or selling securities, the size of the account, the differences in expenses and other fees, and the clients pursuing similar investment strategies but imposing different investment restrictions. This is not a solicitation to invest in the Davis New York Venture Fund or any other fund.

Returns from inception (April 1, 1969) through December 31, 2001, were calculated from the Davis Large Cap Value Composite (see description below). Returns from January 1, 2002, through the date of this report were calculated from the Large Cap Value SMA Composite. Davis Advisors' Large Cap Value Composite includes all actual, fee-paying, discretionary Large Cap Value investing style institutional accounts, mutual funds and wrap accounts under management including those accounts no longer managed. Effective January 1, 1998, a minimum account size of \$3,500,000 was established. Accounts below this minimum are deemed not to be representative of the Composite's intended strategy and as such are not included in the Composite. A time-weighted internal rate of return formula is used to calculate performance for the accounts included in the Composite.

Davis Advisors' Large Cap Value SMA Composite excludes institutional accounts and mutual funds. Performance shown from January 1, 2002, through December 31, 2010, includes all eligible wrap accounts with a minimum account size of \$3,500,000 from inception date for the first full month of account management and includes closed accounts through the last day of the month prior to the account's closing. For the performance shown from January 1, 2011, through the date of this report, the Davis Advisors' Large Cap Value SMA Composite includes all eligible wrap accounts with no account minimum from inception date for the first full month of account management and includes closed accounts through the last day of the month prior to the account's closing. The net of fees rate of return formula used by the wrap-fee style accounts is calculated based on a 3% maximum wrap fee charged by the wrap account sponsor for all account service, including advisory fees for the period January 1, 2006, and thereafter. For the gross performance results, custodian fees and advisory fees are treated as cash withdrawals. A list of Davis Advisors' Composites is available upon request.

The investment objective of a Davis Large Cap Value account is long-term growth of capital. There can be no assurance that Davis will achieve its objective. Davis Large Cap Value accounts invest primarily in common stock of at least \$10 billion. The principal risks are: stock market risk, manager risk, common stock risk, large-capitalization companies risk, mid- and small-capitalization risk, financial services risk, foreign country risk, emerging markets risk, foreign currency risk, depository receipts risk, and fees and expenses risk. See the ADV Part 2 for a description of these principal risks.

Davis All-Cap Portfolio

The performance of mutual funds is included in the Composite. The performance of the mutual funds and other Davis managed accounts may be materially different. For example, the Davis Opportunity Fund may be significantly larger than another Davis

managed account and may be managed with a view toward different client needs and considerations. The differences that may affect investment performance include, but are not limited to: the timing of cash deposits and withdrawals, the possibility that Davis Advisors may not purchase or sell a given security on behalf of all clients pursuing similar strategies, the price and timing differences when buying or selling securities, the size of the account, the differences in expenses and other fees, and the clients pursuing similar investment strategies but imposing different investment restrictions. This is not a solicitation to invest in the Davis Opportunity Fund or any other fund.

The Davis All-Cap Equity is represented by Davis Advisors' Multi-Cap Equity Composite. Performance shown from January 1, 1999, through December 31, 2005, is the Davis Advisors' Multi-Cap Composite which includes all actual, fee paying, discretionary Multi-Cap investing style institutional accounts, mutual funds and wrap accounts under management including those accounts no longer managed. Effective January 1, 1998, a minimum account size of \$3,500,000 was established. Accounts below this minimum are deemed not to be representative of the Composite's intended strategy and as such are not included in the Composite. A time-weighted internal rate of return formula is used to calculate performance for the accounts included in the Composite. For the net of advisory fees performance results, custodian fees are treated as cash withdrawals and advisory fees are treated as a reduction in market value. For mutual funds, the Composite uses the rate of return formula used by the open end mutual funds calculated in accordance with the SEC guidelines adjusted to treat mutual fund expenses other than advisory fees as cash withdrawals; sales charges are not reflected.

Effective January 1, 2011, Davis Advisors created a Multi-Cap SMA Composite which excludes institutional accounts and mutual funds. For performance shown from January 1, 2006, through December 31, 2010, the Davis Advisors' Multi-Cap SMA Composite includes all eligible wrap accounts

with a minimum account size of \$3,500,000 from inception date for the first full month of account management and includes closed accounts through the last day of the month prior to the account's closing. For the performance shown from January 1, 2011, through the date of this report, the Davis Advisors' Multi-Cap SMA Composite includes all eligible wrap accounts with no account minimum from inception date for the first full month of account management and includes closed accounts through the last day of the month prior to the account's closing. Wrap account returns are computed net of a 3% maximum wrap fee. For the gross performance results, custodian fees and advisory fees are treated as cash withdrawals. A list of Davis Advisors' Composites is available upon request.

The investment objective of a Davis Multi-Cap Equity account is long-term growth of capital. There can be no assurance that Davis will achieve its objective. The principal risks are: stock market risk, manager risk, common stock risk, large-capitalization companies risk, mid- and small-capitalization companies risk, headline risk, foreign country risk, emerging markets risk, foreign currency risk, depository receipts risk, and fees and expenses risk. See the ADV Part 2 for a description of these principal risks.

Small cap companies have market capitalizations less than \$3 billion. Mid cap companies have market capitalizations from \$3 billion to \$10 billion. Large cap companies have market capitalizations greater than \$10 billion. Under normal circumstances, the Multi-Cap Equity Composite invests the majority of its assets in equity securities issued by companies with market capitalizations of less than \$20 billion.

The Equity Specialists™ is a service mark of Davis Selected Advisers, L.P.