

# Davis Global ADR SMA Portfolio

June 30, 2019

Davis Global is a portfolio of attractive businesses from around the world 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.

## ► Unique Attributes of Davis Global SMA

- **Equity-Focused Research Firm:**  
Established in 1969, Davis is a leading specialist in equity investing. Our primary focus on research and unique investment discipline has built wealth for our clients over the long term.
- **Portfolios of Best of Breed Businesses:** The Portfolio invests in businesses in the U.S. and abroad, from both developed and developing markets. 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.
- **Flexible, Opportunistic Approach:**  
We believe a bottom-up stock selection process and not mirroring the benchmark index are keys to long-term outperformance.
- **We Are One of the Largest Investors:**  
We have a unique commitment to stewardship, generating attractive long-term results and managing risks.
- **Experienced Management:**  
Danton Goei, 21 years with Davis Advisors

## ► Undervalued, Attractive Growth, Selective<sup>1</sup>

		Portfolio	Index
<b>Undervalued</b>	P/E (Forward)	10.6x	15.5x
<b>Attractive Growth</b>	EPS Growth (5 Year)	24.5%	14.3%
<b>Selective</b>	Holdings	31	2,847
	Total Countries	12	48

## ► Geographically Diverse Portfolio

United States	42.6%
Asia	31.3
Europe	12.4
Africa	7.1
North & Central America, ex. U.S.	6.6

## ► Top 10 Countries

United States	Singapore
China	Denmark
South Africa	Bermuda
U.K.	Hong Kong
Canada	France

## ► Sectors

	Portfolio	Index
Consumer Discretionary	34.1%	10.8%
Financials	29.7	17.6
Communication Services	11.1	8.7
Industrials	10.2	10.5
Information Technology	8.9	15.4
Energy	6.0	5.9
Consumer Staples	0.0	8.3
Health Care	0.0	11.4
Materials	0.0	4.9
Real Estate	0.0	3.2
Utilities	0.0	3.3

## ► Performance

	YTD <sup>3</sup>	1 Year	3 Year	Inception 10/1/14
Global Equity SMA Composite (gross)	20.58%	-7.96%	11.90%	7.85%
Global Equity SMA Composite (with a 3% max. wrap fee)	18.83	-10.71	8.61	4.67
MSCI ACWI Index	16.23	5.74	11.62	7.02

## ► Attractive Businesses from Around the World (Top 10 Holdings)

**New Oriental Education & Technology (China):** Largest provider of private education services

**Alibaba Group (China):** World's largest and most valuable retailer, with operations in over 200 countries, and a dominant position in the e-commerce market

**Alphabet (U.S.):** The dominant global online search and advertising company

**Naspers (South Africa):** Media conglomerate that holds interests in a range of e-commerce businesses around the world, including Tencent

**Wells Fargo (U.S.):** One of the largest banks in the U.S.

**Amazon.com (U.S.):** An e-commerce giant within the retail industry and leader in cloud computing

**Ferguson PLC (U.K.):** World's largest distributor of heating and plumbing supplies for professionals, predominantly in the United States

**Capital One Financial (U.S.):** Top 10 bank with \$240+ billion of deposits

**Hollysys Automation Technology (China):** Leading industrial automation company in China

**JD.com (China):** One of the largest e-commerce businesses in mainland China offering consumer electronics and appliances

1. The Attractive Growth and Undervalued reference in this piece relates to underlying characteristics of the portfolio holdings. There is no guarantee that the portfolio performance will be positive as equity markets are volatile and an investor may lose money. 2. As of 6/30/19. **Past performance is not a guarantee of future results.** 3. Returns for periods less than one year are not annualized.

*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.*

Effective 9/23/14, Davis Advisors created a Global Equity SMA Composite which excludes the institutional accounts and mutual funds. Performance shown from 10/1/14, through the date of this report, the Davis Advisors' Global Equity 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.

A time-weighted internal rate of return formula is used to calculate performance for the accounts included in the Composite. The net of fees rate of return formula is calculated based on a hypothetical 3% maximum wrap fee charged by the wrap account sponsor for all account services. For the gross performance results, custodian fees and advisory fees are treated as cash withdrawals.

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.

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

**Historical 5 Year EPS Growth** represents the annualized rate of net-income-per-share growth over the trailing five-year period for the stocks held. The **Forward P/E ratio** is the aggregate of the Forward P/E ratios of the holdings. The ratio is not a forecast of performance and is calculated for each security by dividing the current ending price of the stock by a forecast of its projected Earnings Per Share (EPS). Davis does not offer an opinion as to the accuracy of, and does not guarantee, the forecasted numbers.

The model account generally uses Global Industry Classification Standard ("GICS") as developed by Morgan Stanley Capital International and

Standard & Poor's Corporation to determine industry classification. GICS presents industry classification as a series of levels (i.e., sector, industry group, industry, and sub-industry). Allocations shown are at the Industry Group level except for the following industry groups which have been combined as indicated: Information Technology: Software & Services, Technology Hardware & Equipment, Semiconductors & Semiconductor Equipment; Pharmaceutical & Health Care: Pharmaceuticals, Biotechnology & Life Sciences, Health Care Equipment & Services. The Advisor may reclassify a company into an entirely different industry if it believes that the GICS classification for a specific company does not accurately describe the company. Industry Group weightings are subject to change.

Data provided herein is representative of a model account. Data provided is as of the date indicated and is subject to change. This material should not be considered a recommendation to buy, sell or hold any of the securities mentioned.

We gather our index data from a combination of reputable sources, including, but not limited to, Thomson Financial, Wilshire Atlas, Lipper, and index websites.

The MSCI ACWI (All Country World Index) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets throughout the world. The Index includes reinvestment of dividends, net foreign withholding taxes. Investments cannot be made directly in an index.

After 10/31/19, this material must be accompanied by a supplement containing performance data for the most recent quarter end.

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