

“Where is the Market Headed from Here?”

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- **Davis ETFs**
- **Davis Mutual Funds**
- **Davis SMA**
- **Davis Variable Annuities**
- **Davis Institutional**

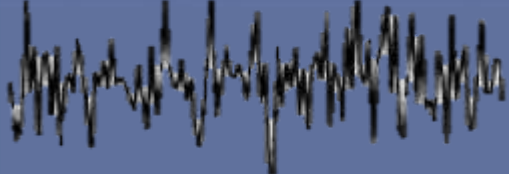

Research, Stewardship & Long Term Results

		Outperformed Benchmark & Peers (Since Inception)	High-Conviction, Benchmark-Agnostic	Low Costs	Davis One of Largest Shareholders
Davis New York Venture	Large cap U.S. companies	✓	✓	✓	✓
Davis Financial	Financial services companies	✓	✓	✓	✓
Davis Global	Companies in the U.S. & abroad	✓	✓	✓	✓
Davis International	Companies outside of the U.S.	✓	✓	✓	✓
Davis Opportunity	Small/mid/large cap companies in U.S.	✓	✓	✓	✓

Peer/category data is compiled using Lipper. As of 3/31/17. The Funds are categorized by Lipper as: Davis New York Venture Fund: Large Cap Core; Davis Global Fund: Global Multi-Cap Growth; Davis International Fund: International Multi-Cap Growth; Davis Opportunity Fund: Multi-Cap Core; Davis Financial Fund: Financial Services. Index for each fund is: Davis New York Venture Fund and Davis Financial Fund: S&P 500 Index; Davis Global Fund: MSCI ACWI; Davis International Fund: MSCI ACWI ex US; Davis Opportunity Fund: Russell 3000 Index. Class A shares, without a maximum 4.75% sales charge. Figures will vary in future periods. Lipper category average and index returns are based on the Funds' inception dates, except for Large Cap Core, which is based on February 28, 1969. Inception dates for the Funds are: Davis New York Venture Fund: 2/17/69; Davis Opportunity Fund: 12/1/94; Davis Global Fund: 12/22/04; Davis Financial Fund: 5/1/91 and Davis International Fund: 12/29/06. Net expenses. As of the most recent prospectus. See endnotes for expense ratios.

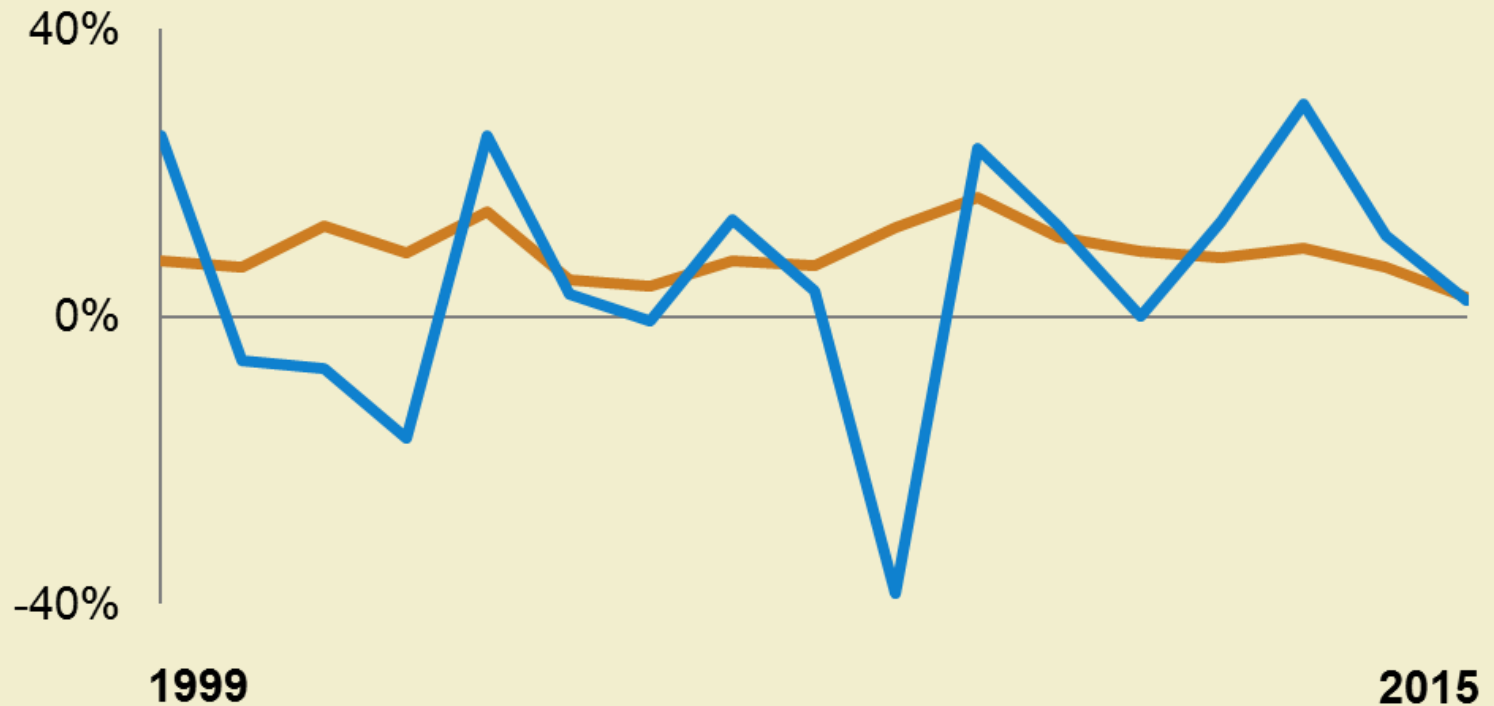
“Where is the market
headed from here?”

Where Should an Investor Focus?

	<u>Important</u>	<u>Unimportant</u>
<u>Knowable</u>	Valuable Information	 Noise
<u>Unknowable</u>	Investor Attention	

The Short-Term Direction of the Market is Unknowable

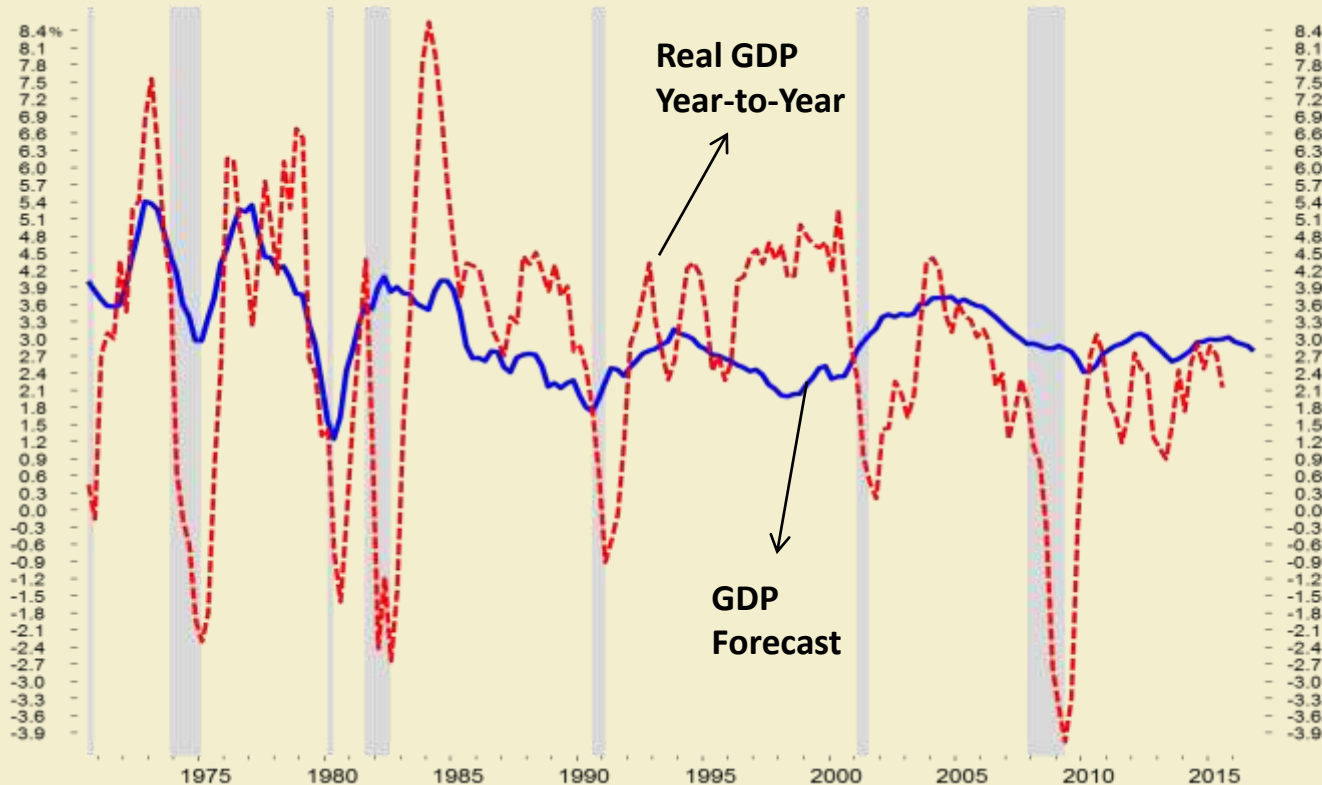
- Wall Street Strategists' Average Predictions
- Actual Market Returns



The Short-Term Direction of the Economy is Unknowable

Real GDP Growth vs. Survey of Professional Forecasters

Quarterly Data 9/30/1970 - 12/31/2015



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The Short-Term Direction of Interest Rates is Unknowable

Six Month Average Forecasted Direction vs. Actual Direction of Interest Rates

The Wall Street Journal Survey of Economists 12/82–12/16

Date	Result	Date	Result	Date	Result	Date	Result	Date	Result	Date	Result	Date	Result
12/82	Right	6/87	Wrong	12/91	Right	6/96	Right	12/00	Wrong	6/05	Wrong	6/09	Right
6/83	Wrong	12/87	Wrong	6/92	Wrong	12/96	Right	6/01	Wrong	12/05	Right	12/09	Right
12/83	Wrong	6/88	Right	12/92	Right	6/97	Wrong	12/01	Right	6/06	Right	6/10	Wrong
6/84	Wrong	12/88	Right	6/93	Wrong	12/97	Wrong	6/02 ¹	Right	12/06	Wrong	12/10	Right
12/84	Wrong	6/89	Wrong	12/93	Wrong	6/98	Wrong	12/02	Wrong	6/07	Wrong	6/11	Right
6/85	Wrong	12/89	Wrong	6/94	Wrong	12/98	Wrong	6/03	Wrong	12/07	Wrong	12/11	Wrong
12/85	Wrong	6/90	Wrong	12/94	Wrong	6/99	Wrong	12/03	Right	6/08	Wrong	6/12	Wrong
6/86	Wrong	12/90	Right	6/95	Wrong	12/99	Wrong	6/04	Right	12/08	Wrong	12/12	Right
12/86	Right	6/91	Wrong	12/95	Right	6/00	Right	12/04	Wrong			12/16	Right

The forecast was incorrect 64% of the time

Source: Legg Mason and *The Wall Street Journal Survey of Economists*. This is a semi-annual survey by *The Wall Street Journal* last updated March 31, 2017. 1. Benchmark changed from 30 Year Treasury to 10 Year Treasury. **Past performance is not a guarantee of future results.** For Broker/Dealer use only. Not for use with the public.

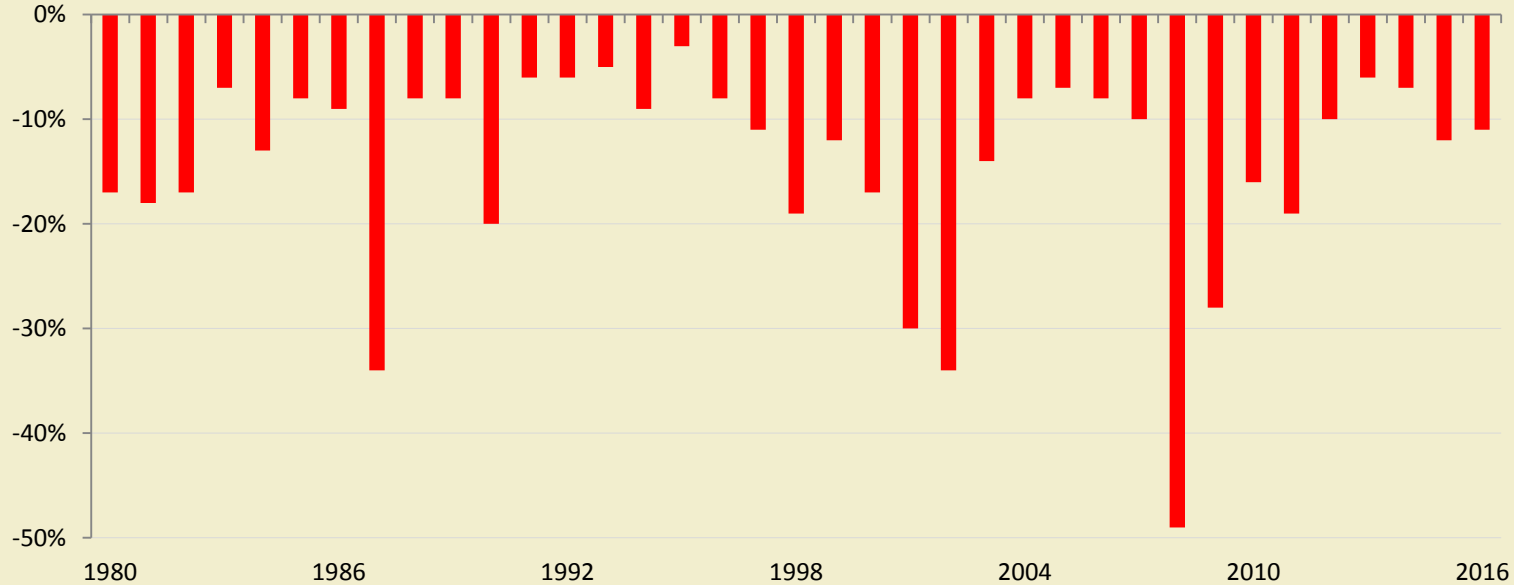
Stocks Likely to Outperform Bonds

	P/E	Yield	Growth
Bonds	40X	2.5%	0%
Stocks	18.5X	2.1%	3-5%

Source: Bloomberg as of 1/31/17. Bonds represented by 10 Year Government Bond (TNX) and Stocks represented by S&P 500. P/E for stocks is for forward 12 month estimate.

Market Dips Are Inevitable – Don't Overreact

S&P 500 Annual Peak-to-Trough Pullbacks 1980 – 2016



- **Average drawdown: -14%**
- **Percent of Years with Positive Returns: 84%**
- **Percent of Years with Double-Digit Drawdowns: 57%**
- **Percent of Years with Returns >10%: 62%**

Number of Days on Average Between Market Dips 1928 – 2016



5% dip every 3 months

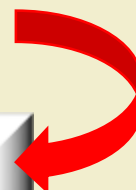


10% dip every 8 months

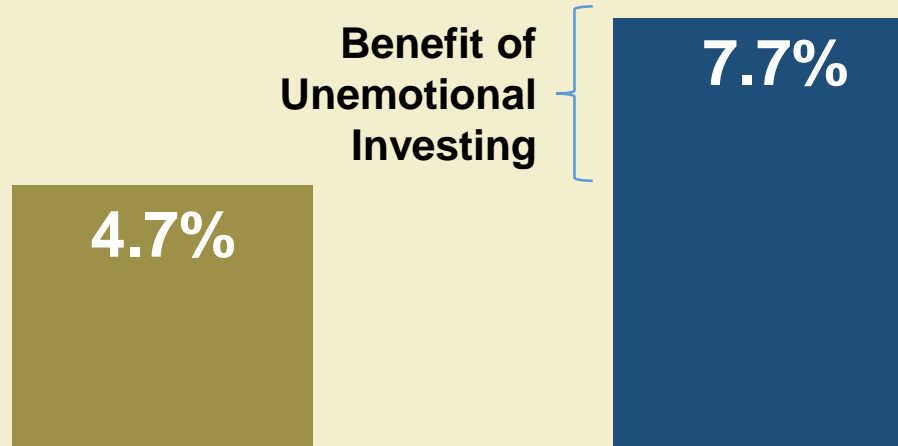


20 % dip every 2 ½ years

**Past 7 years one of longest
periods without 20% drop**



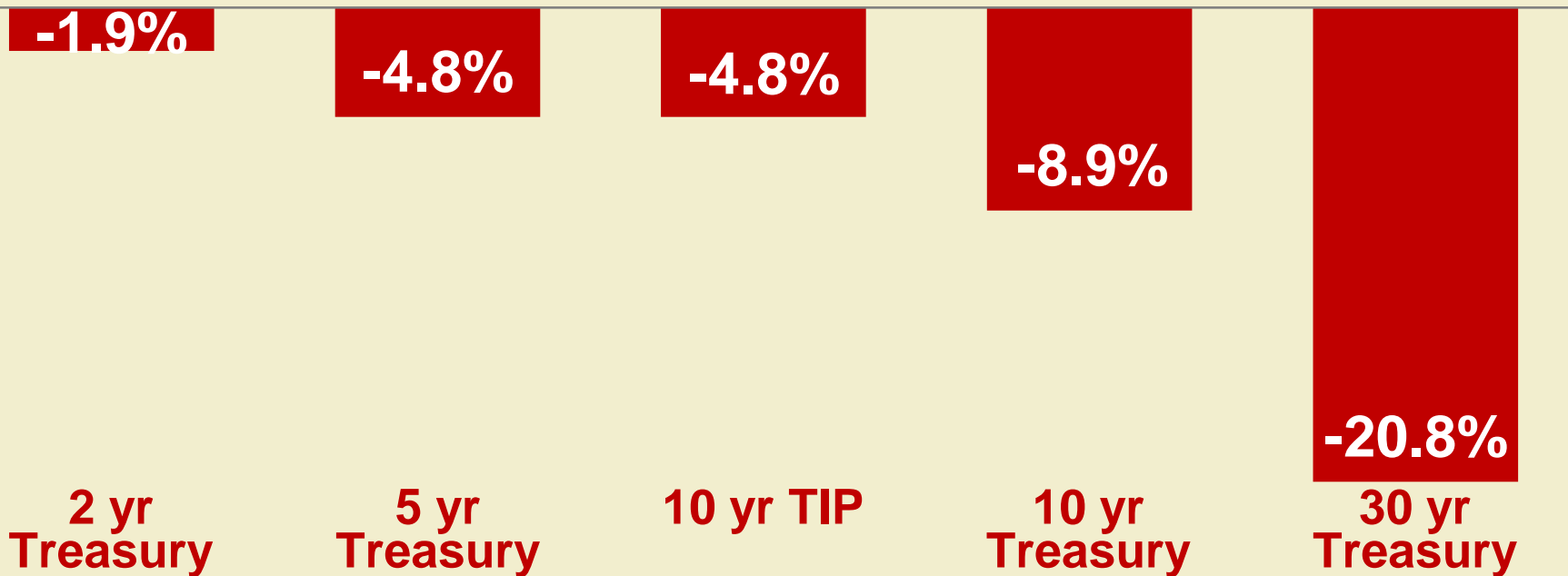
Average Stock Fund Investor Return vs. Average Stock Fund Return 1996–2015



See *Quantitative Analysis of Investor Behavior* in endnotes for more information. The fact that buy and hold has been a successful strategy in the past does not guarantee that it will continue to be successful in the future. The performance shown is not indicative of any particular Davis investment.

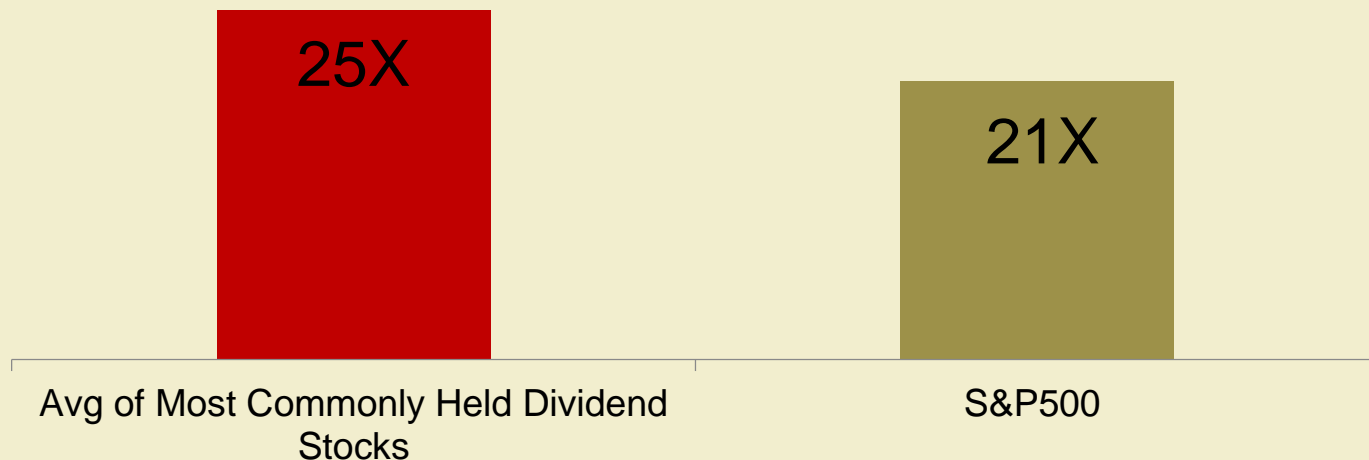
Past performance is not a guarantee of future results.

Price Impact of a 1% Rise in Interest Rates



This chart shows the hypothetical price impact to various fixed income securities if that security's interest rate increased by 1%. The graph is for illustrative purposes only and is not intended to predict future results. Source: Davis and Bloomberg.

Average P/E of 25 Most Commonly Held Dividend-Paying Stocks vs. P/E of S&P 500®



Payout Ratio of "Dividend Darlings" = 83%
5-Year Average Revenue Growth of "Dividend Darlings" = -1.2%



- Innovation vs. middle class
- Economics vs. politics
- Momentum vs. valuation
- Peak margins?
- Selectivity is key



- Long term perspective vs. stagnation
- Regional vs. national policies
- Demographic challenges
- Regulation vs. flexibility
- Global leaders

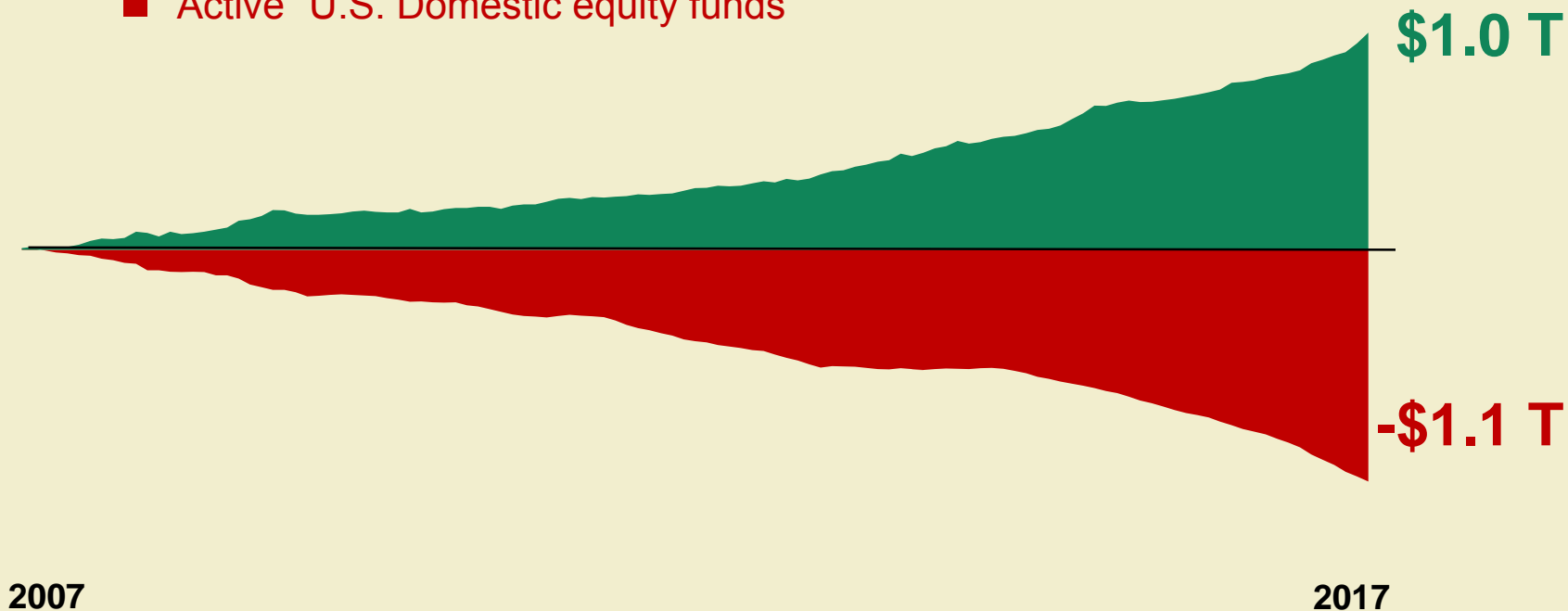


- Very diverse group
- Focus on local circumstances
- Quality vs. capitalization weighted
- Management adaptability and accountability key consideration

“Active Management:
Has everything been said?”

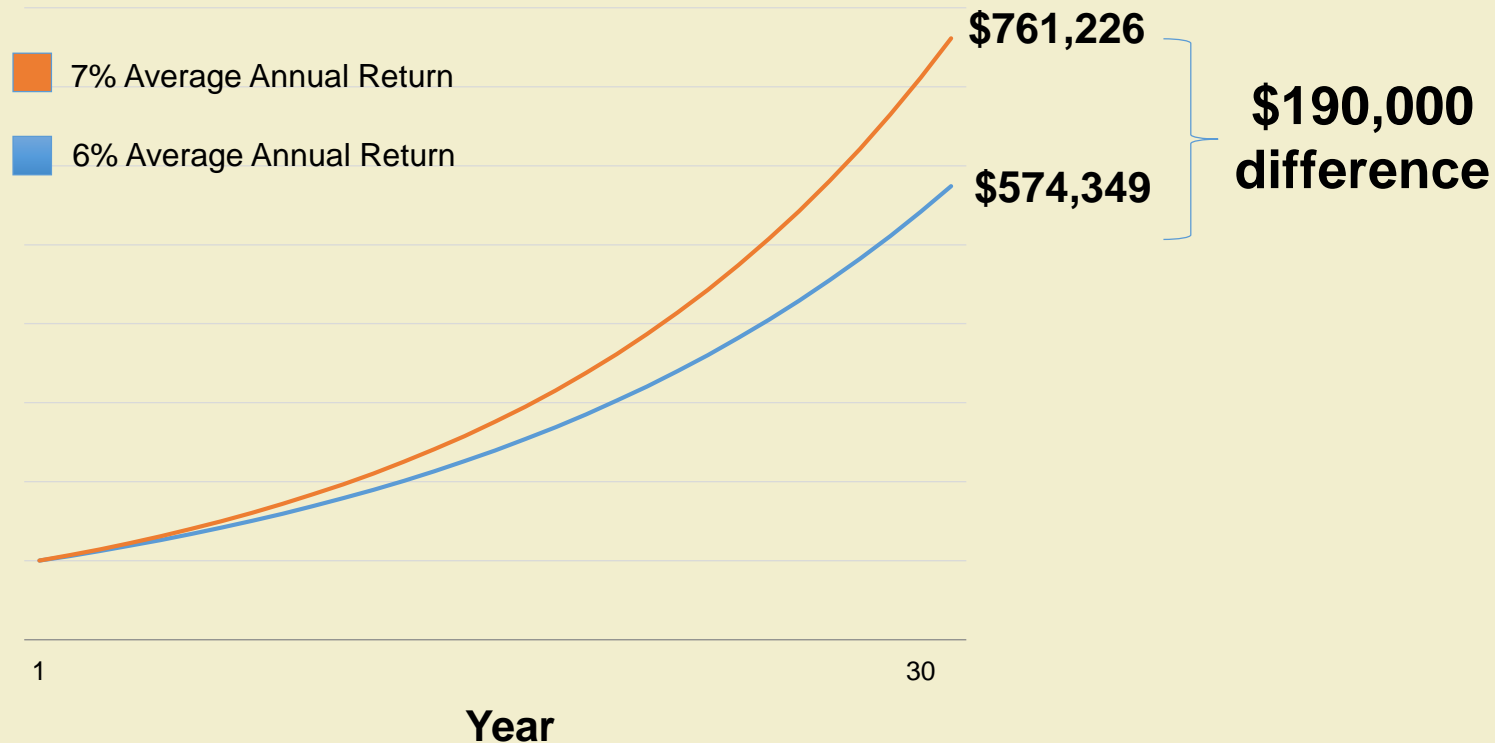
Passive vs Active Cumulative Net Flows

- “Passive” U.S. Domestic equity funds
- “Active” U.S. Domestic equity funds

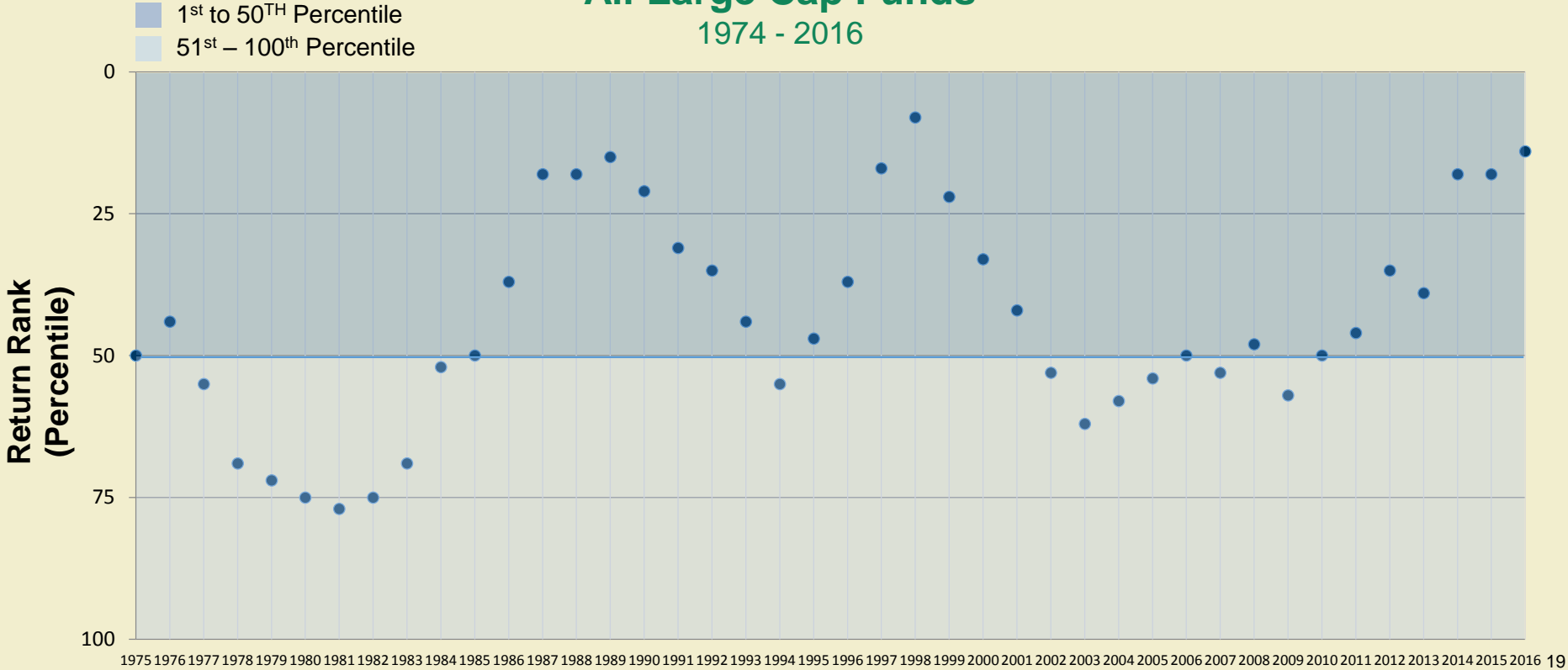


A Small Amount of Excess Return Can be Meaningful

Growth of Hypothetical \$100,000 Investment over 30 Years



5-Year Rolling Results of S&P 500 Relative to All Large Cap Funds 1974 - 2016



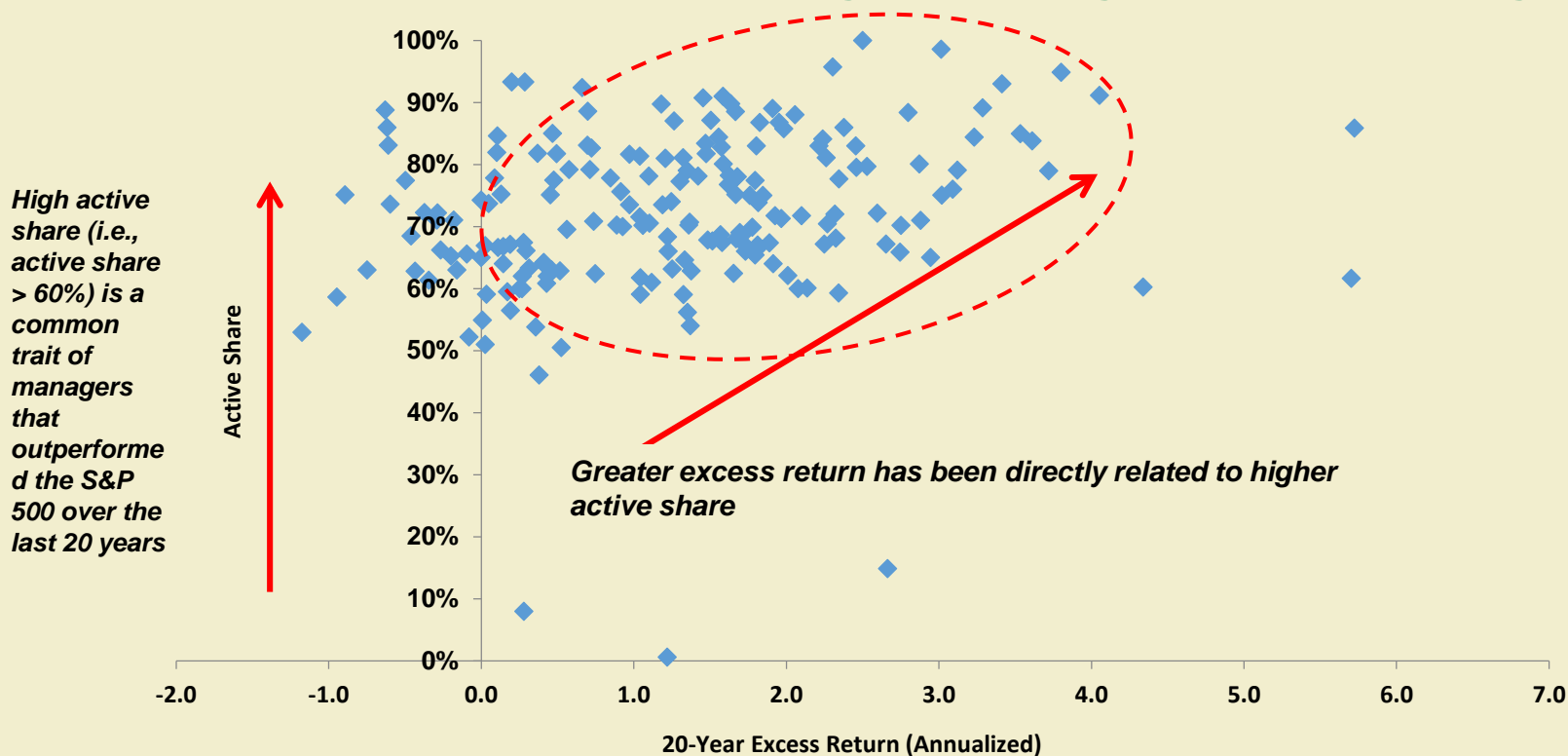
Active Tends to Underperform in Certain Market Environments



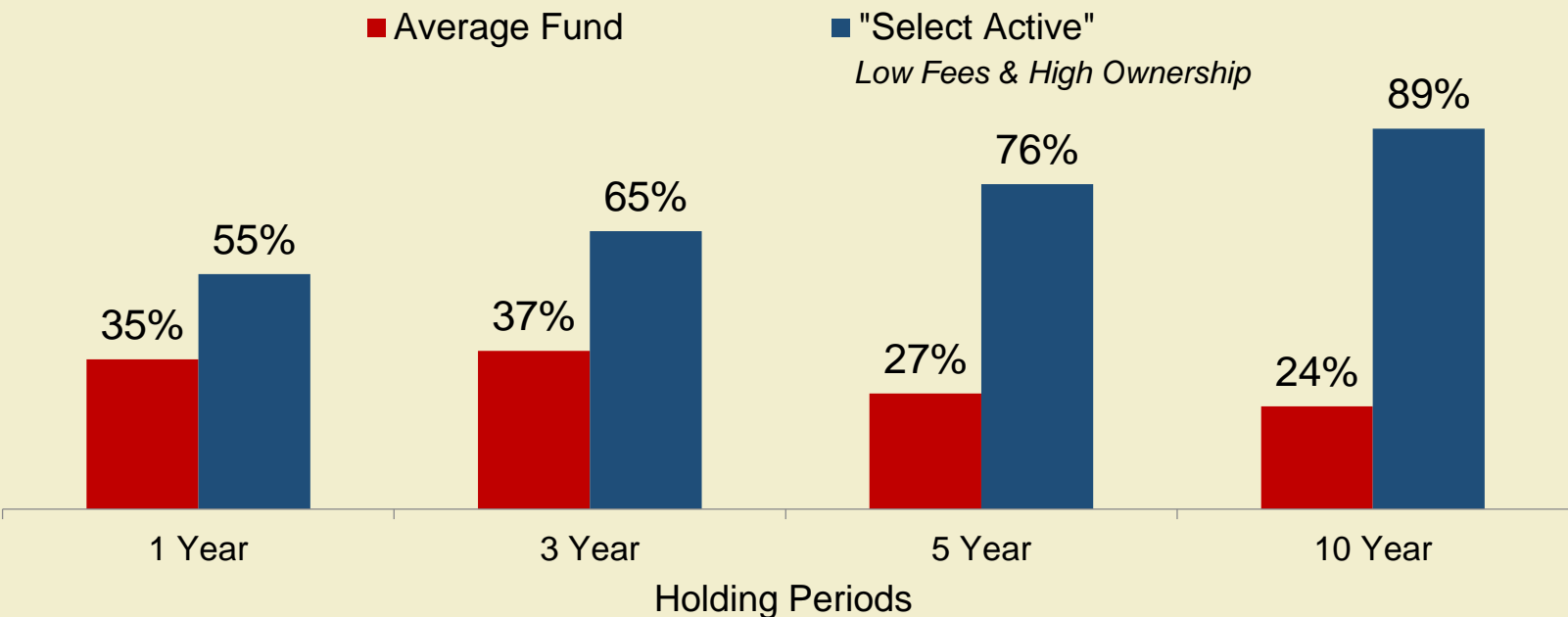
Source: AMG Funds, Morningstar. The above chart plots median actively managed large-cap funds, with manager tenure of greater than 10 years (longest tenured PM), annualized three-year rolling returns (with quarterly frequency) over the 20-year periods ending March 31, 2016 against the S&P500 index returns. Dark grey plot points indicate periods of outperformance and orange plot points represent underperformance. The distance of the points from the diagonal line indicates the degree over- or underperformance. The fund category used is the Morningstar large-cap fund universe, including growth, value and blend categories. Performance is net of fees. Past performance is no guarantee of future results.

- Low fees
- Different from index
- Low turnover and long-term orientation
- Proper incentives and strong alignment of interest
- Experienced team
- Proven record

Active Share and Excess Returns of U.S. Large Cap Managers - 20 Years ending 12/31/16



“Select Active Fund” vs. Average Fund Percentage of Time Outperformed the S&P 500



Source: Capital Group, based on Morningstar data. Based on monthly rolling periods from July 1996 to June 2016. Funds in the “Average Fund” category are those U.S. domestic equity funds in the Morningstar Large Value, Large Blend and Large Growth categories. Funds in the “Select Active” group are those U.S. domestic equity funds in the Morningstar Large Value, Large Blend and Large Growth categories filtered for the quartile with the lowest net expense ratios (NER) and the quartile with the highest manager ownership. U.S. index is S&P 500. The index is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index. Past performance is not a guarantee of future results.

“Where does an active manager find opportunities with the market at all-time highs?”

Opportunities for the Coming Decade

- **Global Leaders at Bargain**



**United
Technologies**

**Johnson
Controls**



SAFRAN

- **Underappreciated and Undervalued**

**JPMORGAN
CHASE & CO.**



VISA

Apache

encana™

- **Tomorrow's Blue Chips**



Google

amazon

- **National Giants in Developing Markets**



NASPERS



TAL Education Group



Earnings

Multiples

Buybacks &
Dividends

Many of Our Largest Financial Holdings Founded More Than 100 Years Ago



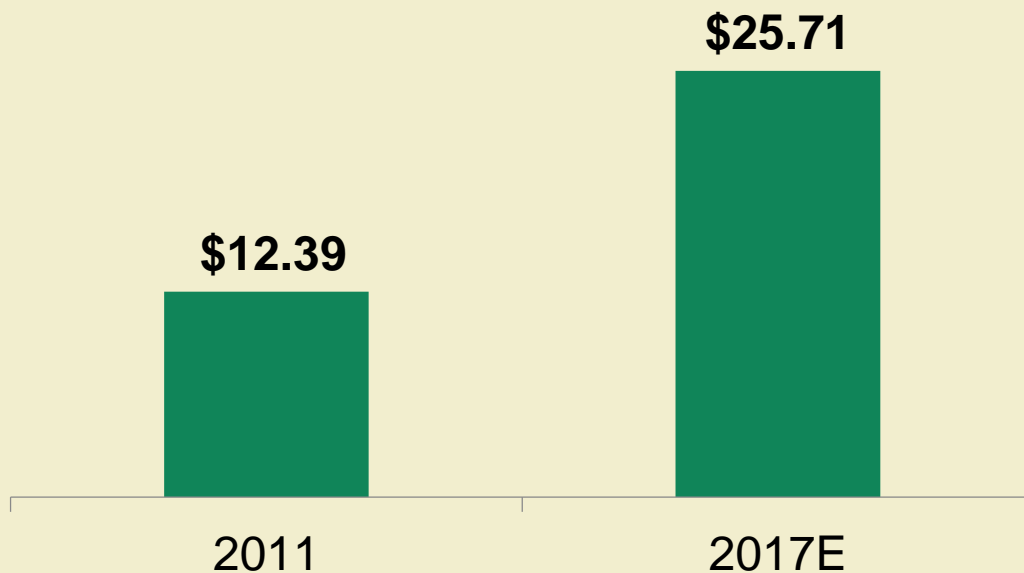
JPMORGAN CHASE & CO.

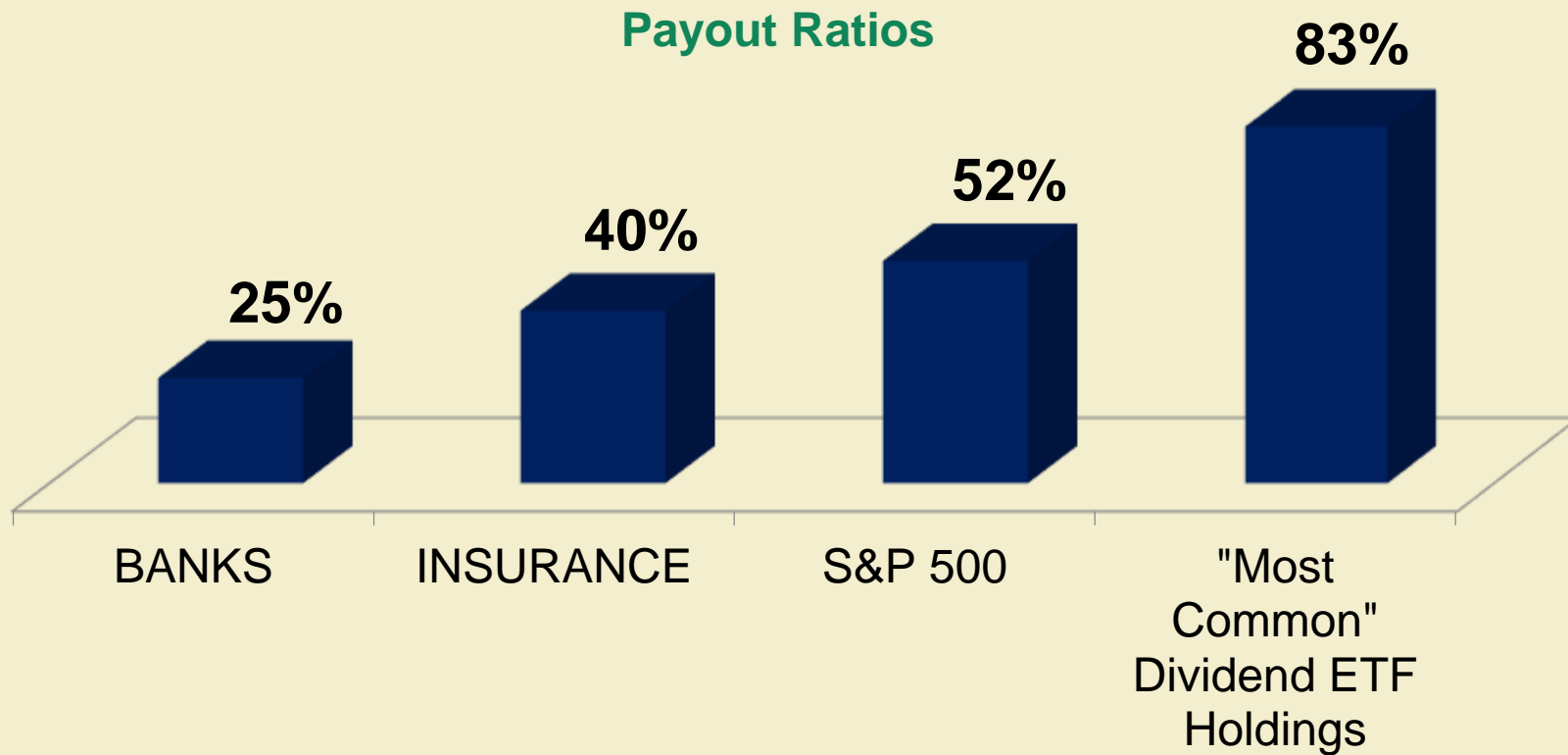


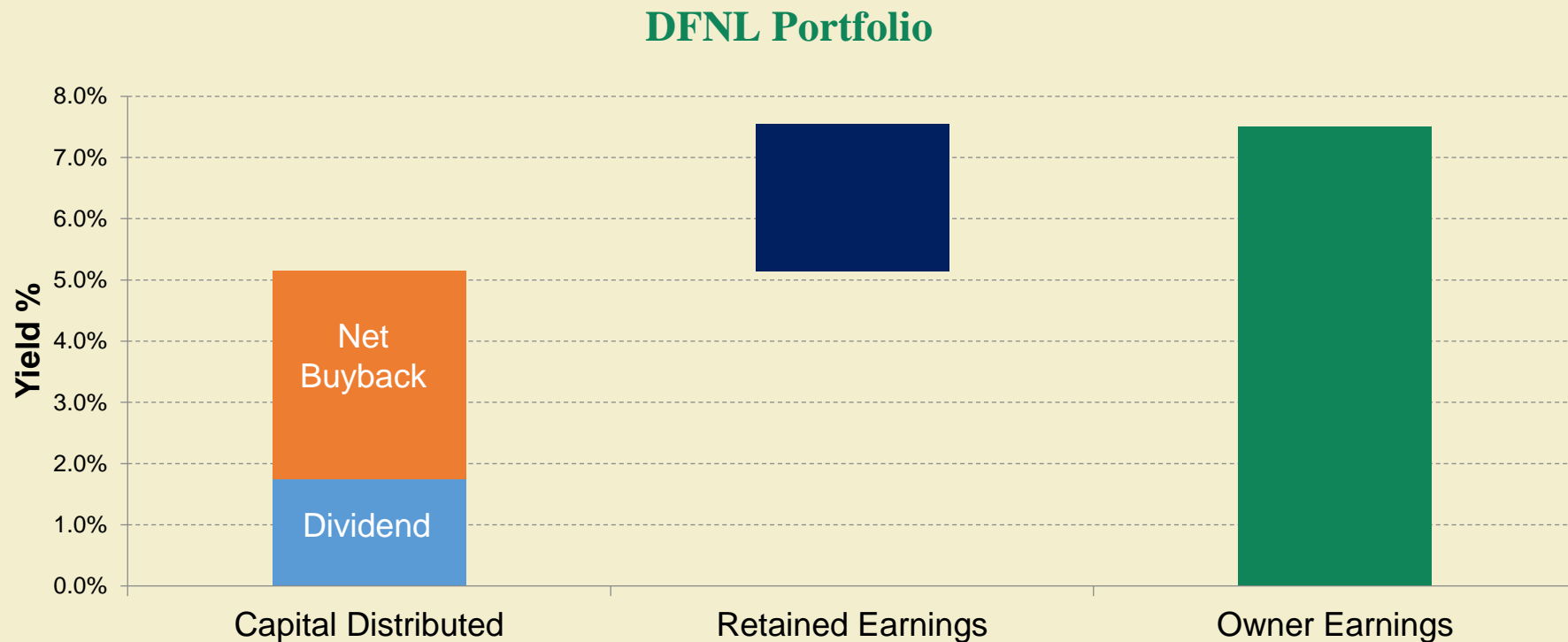
BNY MELLON



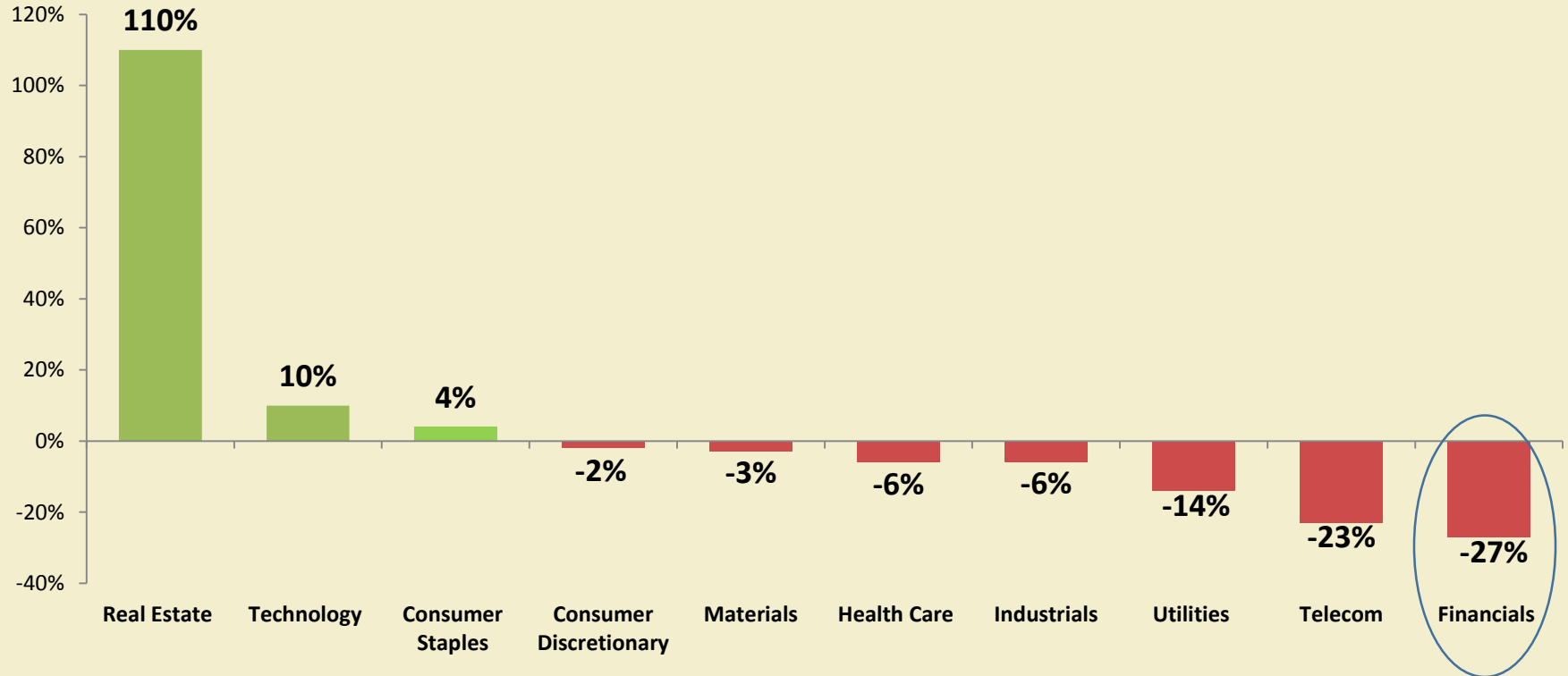
Earnings Growth: S&P Financial Index





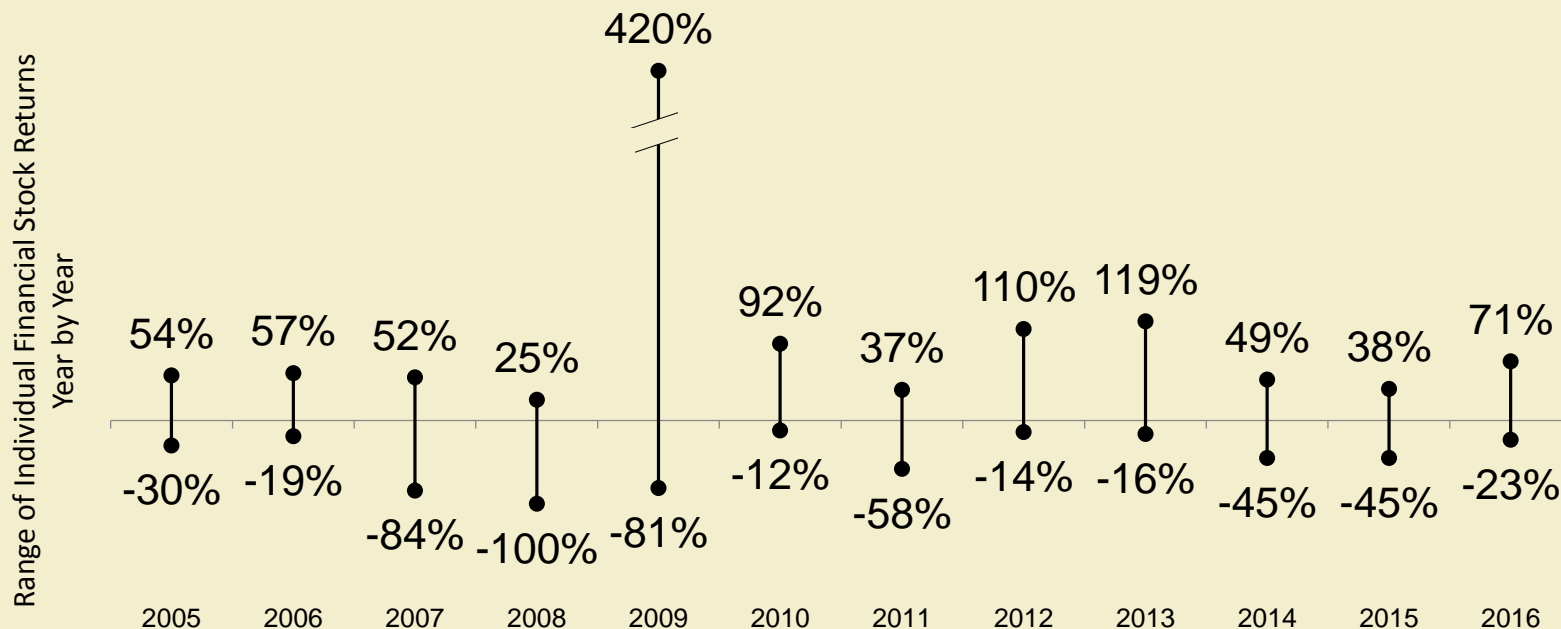


Various S&P Sectors Premium/Discount to Market



Source: Bloomberg as of 3/31/17

Range of Financial Stock Returns Since 2005



Average Yearly Fluctuation Between Best & Worst Performer = 138%

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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. These comments may also include the expression of opinions that are speculative in nature and should not be relied on as statements of fact.

Objective and Risks. The investment objective of Davis New York Venture Fund, Davis Global Fund, Davis International Fund, Davis Financial Fund, and Davis Opportunity Fund is long-term growth of capital. There can be no assurance that a Fund will achieve its objective. Some important risks of investments in Davis New York Venture Fund are stock market risk, manager risk, financial services risk, and foreign country risk. Some important risks of investments in Davis Global Fund and Davis International Fund are stock market risk, manager risk, foreign country risk, and emerging market risk. Some important risks of investments in Davis Financial Fund are stock market risk, manager risk, and financial services risk. Some important risks of investments in Davis Opportunity Fund are stock market risk, manager risk, large-capitalization companies risk, and mid- and small-capitalization companies risk.

The information provided in this material should not be considered a recommendation to buy, sell, or hold any particular security.

As of March 31, 2017 the following holdings represent the top 10 largest positions in the Davis New York Venture Fund:

Alphabet Inc.	7.21%	Apache Corp.	4.63%
Amazon.com, Inc.	6.48%	Bank of New York Mellon Corp.	4.04%
JPMorgan Chase & Co.	5.97%	United Technologies Corp.	3.79%
Wells Fargo & Co.	5.76%	American Express Co.	3.58%
Berkshire Hathaway Inc., Class A	5.32%	Encana Corp.	3.25%

As of March 31, 2017 the following holdings represent the top 10 largest positions in the Opportunity Fund:

Alphabet Inc.	6.52%	Cabot Oil & Gas Corp.	3.76%
Amazon.com, Inc.	5.79%	Adient PLC	3.65%
Apache Corp.	5.50%	United Technologies Corp.	3.58%
Wells Fargo & Co.	5.40%	Delphi Automotive PLC	3.23%
Encana Corp.	4.59%	UnitedHealth Group Inc.	2.69%

As of March 31, 2017 the following holdings represent the top 10 largest positions in the Davis Global Fund:

Alphabet Inc.	5.76%	Apache Corp.	3.41%
Encana Corp.	4.56%	Adient PLC	3.37%
Amazon.com, Inc.	4.54%	Naspers Ltd. - N	3.36%
Wells Fargo & Co.	4.20%	Safran S.A.	3.05%
Berkshire Hathaway Inc., Class B	3.60%	New Oriental Education & Technology	2.79%

As of March 31, 2017 the following holdings represent the top 10 largest positions in the Davis International Fund:

Encana Corp.	6.36%	LafargeHolcim Ltd.	3.85%
Naspers Ltd. - N	5.36%	Sul America S.A.	3.66%
Didi Chuxing Joint Co., Series A	4.29%	New Oriental Education & Technology	3.50%
Safran S.A.	4.28%	Roche Holding AG - Genusschein	3.49%
JD.com Inc., Class A, ADR	3.99%	TAL Education Group, Class A, ADR	3.40%

Davis Funds has adopted a Portfolio Holdings Disclosure policy that governs the release of non-public portfolio holding information. This policy is described in the prospectus. Holding percentages are subject to change. Visit davisfunds.com or call 800-279-0279 for the most current public portfolio holdings information.

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

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. 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. The **MSCI ACWI® (All Country World Index) ex US** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the United States. The Index includes reinvestment of dividends, net of foreign withholding taxes. 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 **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded blue chip stocks. The Dow Jones is calculated by adding the closing prices of the component stocks and using a divisor that is adjusted for splits and stock dividends equal to 10% or more of the market value of an issue as well as substitutions and mergers. The average is quoted in points, not in dollars. **Large-Cap Core** funds invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) above Lipper's USDE large-cap floor. Large-cap core funds have more latitude in the companies in which they invest. These funds typically have an average characteristics compared to the S&P 500® Index. **Global Multi-Cap Growth** funds invest in a variety of market capitalization ranges without concentrating 75% of their equity assets in any one market capitalization range over an extended period of time. Global multi-cap growth funds typically have above-average characteristics compared to the MSCI World Index. **International Multi-Cap Growth** funds invest in a variety of market capitalization ranges without concentrating 75% of their equity assets in any one market capitalization range over an extended period of time. International multi-cap growth funds typically have above-average characteristics compared to the MSCI EAFE Index. **Multi-Cap Core** funds invest in a variety of market-capitalization ranges without concentrating 75% of their equity assets in any one market capitalization range over an extended period of time. Multi-cap core funds typically have average characteristics compared to the S&P SuperComposite 1500 Index. **Financial Service** funds invest primarily in equity securities of domestic companies engaged in providing financial services, including but not limited to banks, finance companies, insurance companies, and securities/brokerage firms. Investments cannot be made directly in an index.

Outperforming the Market. Davis New York Venture Fund's average annual total returns for Class A shares were compared against the returns earned by the S&P 500® Index as of the end of each quarter for all time periods shown from February 17, 1969 through March 31, 2017. The Fund's returns assume an investment in Class A shares on the first day of each quarter with all dividends and capital gain distributions reinvested for the period. The returns are not adjusted for any sales charge that may be imposed. If a sales charge was imposed, the reported figures would be lower. The figures shown reflect past results; past performance is not a guarantee of future results. There can be no guarantee that the Fund will deliver consistent investment performance. The performance presented includes periods of bear markets when performance was negative. Equity markets are volatile and an investor may lose money. Returns for other share classes will vary.

After July 31, 2017 this material must be accompanied by a supplement containing performance data for the most recent quarter end.

The expense ratio for Class A shares of each fund vs. its respective peer is: Davis New York Venture Fund: 0.89% vs. 1.24%; Davis Financial Fund: 0.86% vs. 1.63%; Davis Global Fund: 0.97% vs. 1.96%; Davis International Fund: 1.04% vs. 2.16%; Davis Opportunity Fund: 0.96% vs. 1.97%.

Shares of the Davis Funds are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including possible loss of the principal amount invested.

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Lipper Categories: Large-Cap Core funds invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) above Lipper's USDE large-cap floor. Large-cap core funds have more latitude in the companies in which they invest. These funds typically have an average characteristics compared to the S&P 500 Index. **International Multi-Cap Growth** funds invest in a variety of market capitalization ranges without concentrating 75% of their equity assets in any one market capitalization range over an extended period of time. International multi-cap growth funds typically have above-average characteristics compared to the MSCI EAFE Index. **Global Multi-Cap Growth** funds invest in a variety of market capitalization ranges without concentrating 75% of their equity assets in any one market capitalization range over an extended period of time. Global multi-cap growth funds typically have above-average characteristics compared to the MSCI World Index. **Financial Service** funds invest primarily in equity securities of domestic companies engaged in providing financial services, including but not limited to banks, finance companies, insurance companies, and securities/brokerage firms. **Multi-Cap Growth** funds that, by portfolio practice, invest in a variety of market capitalization ranges without concentrating 75% of their equity assets in any one market capitalization range over an extended period of time. Multi-cap growth funds typically have above-average characteristics compared to the S&P SuperComposite 1500 Index.