

Davis Large Cap Value SMA Portfolio

Spring Update 2026

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THE EQUITY SPECIALISTS

Portfolio Commentary

Key Takeaways

- Davis Large Cap Value SMA returned +0.21% in the first quarter of 2026 versus a +2.10% return for the benchmark Russell 1000 Value Index.
- This positive result was achieved in a volatile market environment against a backdrop of geopolitical tensions.
- Investors should not be pessimistic, we believe, provided they remain selective with a focus on quality, durability and valuation.

Market Perspectives: Uncertain Environment

At Davis Advisors we are guided by the deep research we conduct on individual businesses and their industries over the course of years in addition to appreciating features of the current environment. While no investor can predict the near term with certainty, what we can do is prepare for the inevitable.

Net Average Annual Total returns as of March 31, 2026, for Davis Large Cap Value SMA Composite with a 3% maximum wrap fee: 1 year, 19.75%; 5 years, 6.64%; 10 years, 9.97%. The performance presented represents past performance and is not a guarantee of future results. Total return assumes reinvestment of dividends. Investment return and principal value will vary so that an investor may lose money. For current, quarterly returns, please ask your financial advisor to contact Davis Advisors. Current performance may be higher or lower. The investment strategies described herein are those of Davis Advisors. These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials are preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Advisor. Davis Advisors fee schedules are described in Part 2 of its Form ADV. The strategies herein may not be suitable or appropriate for all investors depending on their specific investment objectives and financial situation. Potential investors should consult with their financial professional before determining whether to invest in a strategy.

This material 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. Unless otherwise noted, all performance information is as of March 31, 2026.** The investment strategies described herein are those of Davis Advisors. These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these Davis Advisors materials are preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Advisor.

Bubbling Up?

We do see several potential bubbles in the financial markets. First, we think momentum strategies and the enormous flow into passive strategies, which generate momentum as well as concentration, present a risk of a bubble emerging.

We think there could be shocks and surprises—and ultimately disappointed investors—in some of the alternative markets that offer less liquidity, such as private equity or private credit.

In some of the dividend darlings, where people feel safe, there seem to be under-appreciated risks, both in prospective fundamentals and the degree of current overvaluation. Payout ratios are stretched and the competitive positions of many of those businesses that were once stalwarts are being challenged.

The hyperactive growth assumptions that we see in the AI space may constitute a bubble. People are projecting high rates of growth deep into the future. We are probabilistic investors and from experience know how hard it is for companies to maintain elevated growth rates for long periods of time. Similarly, the valuations of many of these companies imply that they will sustain very high margins over time, rather than see

them competed away. That is a very unlikely outcome. When we put it all together—high valuations, rosy growth rates and unrealistic margin assumptions—we think there is a high probability that some investors are headed for disappointment in the AI space.

Against this background we cannot lose sight of how important it is to prepare for the normal volatility and shocks that appear over a long investment cycle. For example, investors should expect that a 5% market dip happens three times a year, a 10% dip on average once a year and a decline of 20% or more on average every three-and-a-half years. Such corrections are an unpleasant but an inevitable part of the investment landscape, so we always remain prepared in our mindset for them. As a matter of course we stress test all the companies that we own for a meaningful stock market correction and an eventual recession. We don't know when a recession will come, but we know that one will come, and we need to be prepared.

We do not believe investors should be pessimistic per se, but they should be realistic about the headwinds and challenges ahead. Attractive opportunities undoubtedly exist, but the key in this environment is to focus on quality, durability and valuation. It is the way to manage uncertainty and risk given the bigger picture today. ■

Portfolio Review: Valuation Discipline

The Davis Large Cap Value SMA portfolio returned +0.21% in the first quarter of 2026 versus a +2.10% return for the benchmark Russell 1000 Value Index and a -4.33% decline for the S&P 500 Index.

We achieved this positive result in a volatile market environment without having an overweight position in the parts of the market that we consider the riskiest, most overvalued and potentially the most prone to be in a bubble. This is one of the reasons we feel the portfolio is positioned well for the future.

A central tenet of our investment approach is that we do not look like the indexes. By being highly selective, we have constructed a portfolio of companies that combine strong earnings growth rates with attractive valuations relative to the benchmark (see Figure 1).

Fig. 1 Selective, Attractive Growth, Undervalued¹

	Portfolio	Russell 1000 Value Index	S&P 500 Index
Holdings	28	868	504
EPS Growth (5 Year)	14.2%	14.9%	18.7%
P/E (Forward)	13.6x	17.8x	21.2x

The valuation is key because a low valuation reduces risk. Here we have a portfolio trading at a dramatic discount to the Russell 1000 Value Index (as well as to the S&P 500 Index) despite having attractive growth

characteristics and benefiting from the durability of the underlying businesses. This rare combination of attractive growth at bargain prices is what we call a value investor’s dream and it underpins our conviction in the portfolio despite some concerns about hype and volatility in the market overall.

The real watch word is selectivity. For example, in technology we have a significant underweighting in the Mag 7 as a whole, but very selectively own companies like Alphabet and Meta that have been large contributors to our results over time.² We have recently trimmed our technology holdings on strength—although we continue to like these companies, we must stick to our valuation discipline to ensure reasonable margins of safety.

Within financials, we have also pared our holdings into strength in recent quarters where the margin of safety was reduced. Our positions in this sector are focused on retail banking giants, specialty insurers and diversified financial conglomerates. Selectivity and differentiation really pay off as we continue to see a divergence between those companies that are positioned for the changes ahead and companies that will inevitably be disadvantaged. We especially like financial companies that are positioning themselves to reap the benefits of AI and have the scale and the mindset and the data to do it well.

In healthcare we continue to see positive results from our highly selective portfolio of managed care, pharmaceutical and laboratory testing companies.

1. Five-year EPS Growth Rate (5-year EPS) is the average annualized earnings per share growth for a company over the past 5 years. The values shown are the weighted average of the 5-year EPS of the stocks in the Portfolio or Index. Approximately 1.90% of the assets of the Portfolio are not accounted for in the calculation of 5-year EPS as relevant information on certain companies is not available to the Advisors’ data provider. Forward Price/Earnings (Forward P/E) Ratio is a stock’s price at the date indicated divided by the company’s forecasted earnings for the following 12 months based on estimates provided by the Portfolio’s data provider. These values for both the Portfolio and the Index are the weighted average of the stocks in the portfolio or Index. **2.** The “Magnificent 7” is a group of seven dominant, high-performing U.S. technology companies that have a significant influence on the stock market. The companies that make up the Magnificent 7 are: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla.

Another key category in our portfolio is what we call the “oversold and under-earning”. These are businesses that have durability in the sense that they are not likely to be disrupted and can withstand cyclical downturns while, at the same time, are attractively valued on somewhat depressed earnings. They may be under temporary or cyclical earnings pressure. This gives us two ways to win potentially—a recovery in earnings and an upgrade in market valuation.

We have been adding to holdings in energy and materials. One example is Coterra, which is known for its strong presence in natural gas in the Marcellus Shale in Pennsylvania as well as its core holdings in the Permian Basin in Texas. Another key holding in this category is Teck Resources, a Canadian metals major that has some of the most long-lived and lowest-cost copper reserves in the world.

During the quarter we initiated a new position in LyondellBasell Industries, one of the largest independent chemical manufacturers in the U.S. We sold our holding in Darling Ingredients, a company that uses animal by-products and food industry waste to produce fertilizers, animal feed and renewable energy fuels. ■

Outlook: Growth and Durability

Putting it all together, one of the key characteristics of this current volatile market environment is the bipolar nature of investor sentiment. On one hand are people who continue to be wildly optimistic, and who are chasing momentum and high growth and taking

risks. On the other hand are those who are bearish and pessimistic and believe the market has come too far, too fast, and is due for correction. This last group prefers to wait on the sidelines. However, these people are also taking an enormous risk by potentially missing out on the benefits of being invested for the long term.

We try to build a portfolio based not on excessive optimism or pessimism, but on the reality that it must be able to withstand the inevitable shocks but also make progress when times are good. It should neither take on the risks of the big momentum and go-go growth investors or, alternatively, the risk of sitting on the sidelines when markets advance.

Our high selectivity allows us to identify that handful of companies that, when combined, offer truly attractive growth and durability with discounted valuations. It is the key to organizing the portfolio in today’s uncertain world. This is why, despite concern and caution about the volatile market environment, we continue to have confidence in how we are positioned for 2026 and beyond.

Together on This Journey

For more than 50 years, Davis Advisors has navigated a constantly changing investment landscape guided by one North Star: to grow the value of the funds entrusted to us. We are pleased to have achieved strong results thus far and look forward to the decades ahead. With more than \$2 billion of our own money invested in our portfolios, we stand shoulder to shoulder with our clients on this long journey.³ We are grateful for your trust and are well-positioned for the future. ■

3. As of 3/31/26, Davis Advisors, the Davis family and Foundation, and our employees have more than \$2 billion invested alongside clients in similarly managed accounts and strategies.

High Conviction. Different from the Index.

Holdings	Portfolio (%)	S&P 500 (%)
Alphabet	7.0	2.4
Capital One Financial	7.0	0.2
Coterra Energy	6.8	0.1
Viatis	6.0	< 0.1
U.S. Bancorp	6.0	0.1
Berkshire Hathaway	5.8	1.6
Meta Platforms	5.0	2.2
CVS Health	4.7	0.2
MGM Resorts	4.6	< 0.1
Amazon.com	4.4	3.6
Tyson Foods	4.1	< 0.1
Texas Instruments	3.6	0.3
LyondellBasell Industries	3.3	< 0.1
Cigna Group	3.3	0.1
Wells Fargo	3.2	0.4
Markel Group	3.1	—
Teck Resources	2.7	—
Applied Materials	2.5	0.5
UnitedHealth Group	2.1	0.4
Chubb	2.0	0.2
Solventum	1.9	< 0.1
ConocoPhillips	1.8	0.3
Pinterest	1.5	—
AGCO	1.4	—
Restaurant Brands International	1.4	—
Owens Corning	1.3	—
Quest Diagnostics	1.3	< 0.1
IAC	0.7	—
CASH	1.5	—
	100%	

The listed securities are representative of a model Davis Large Cap Value SMA 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 securities listed for the S&P 500 are not representative of the entire portfolio, which consists of 504 securities. 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.

Davis Large Cap Value SMA

March 31, 2026



Davis Large Cap Value is a portfolio of attractive businesses selected using the time-tested Davis Investment Discipline. The portfolio has outperformed its benchmark since inception. As one of the largest investors in the strategy, we have a unique commitment to client stewardship.*

Unique Attributes of Davis Large Cap Value SMA Portfolio

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.

Portfolio of Best of Breed Businesses:

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. Active Share = 84%.

We Are One of the Largest Investors:

We have a unique commitment to stewardship, generating attractive long-term results and managing risks.

Our Investment Alongside Our Clients

We have more than \$2 billion invested in Davis Strategies and Funds.*

Selective, Attractive Growth, Undervalued[†]

		Portfolio
Selective	Holdings	28
Attractive Growth	EPS Growth (5 Year)	14.2%
Undervalued	P/E (Forward)	13.6x

Experienced Management

Chris C. Davis, 37 yrs with Davis Advisors

Danton G. Goei, 27 yrs with Davis Advisors

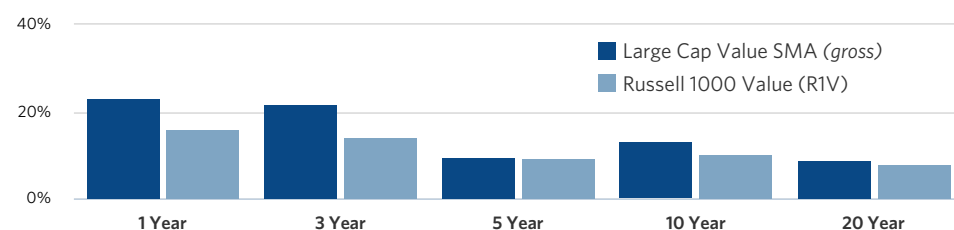
Sectors**

	Portfolio (%)	S&P 500 (%)
Financials	27.5	12.6
Health Care	19.6	9.5
Communication Services	14.4	10.3
Consumer Discretionary	10.6	9.9
Energy	8.7	4.0
Information Technology	6.2	32.9
Materials	6.1	2.1
Consumer Staples	4.2	5.3
Industrials	2.7	9.0
Utilities	—	2.5
Real Estate	—	2.0

Top 10 Holdings[‡]

	Portfolio (%)	S&P 500 (%)
Alphabet	7.0	2.4
Capital One Financial	7.0	0.2
Coterra Energy	6.8	0.1
Viartis	6.0	< 0.1
U.S. Bancorp	6.0	0.1
Berkshire Hathaway	5.8	1.6
Meta Platforms	5.0	2.2
CVS Health	4.7	0.2
MGM Resorts	4.6	< 0.1
Amazon.com	4.4	3.6

Attractive Average Returns (%)



Performance (%)

	1 Year	3 Year	5 Year	10 Year	20 Year
Large Cap Value SMA (gross)	23.34	21.89	9.87	13.30	9.21
Large Cap Value SMA (net 3%)	19.75	18.34	6.64	9.97	6.00
Russell 1000 Value	15.87	14.29	9.42	10.57	8.12
S&P 500	17.80	18.30	12.06	14.15	10.52

Net average annual total returns as of March 31, 2026, for Davis Large Cap Value SMA Portfolio Composite with a 3% maximum wrap fee: 1 year, 19.75%; 5 years, 6.64%; 10 years, 9.97%; and Inception, 10.79%. Total return assumes reinvestment of dividends. Investment return and principal value will vary so that an investor may lose money. For current, quarterly returns, please ask your financial advisor to contact Davis Advisors. Current performance may be higher or lower.

The investment strategies described herein are those of Davis Advisors. These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials are preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Advisor.

Investment Professionals

Christopher C. Davis joined Davis Advisors in 1989. He has 37 years experience in investment management and securities research. Mr. Davis received his M.A. from the University of St. Andrews in Scotland.

Danton G. Goei joined Davis Advisors in 1998. 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. 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, CFA joined Davis Advisors in 2008. Previously, he worked as a research analyst at Davidson Kempner Capital Management and in mergers and acquisitions at RBC Capital Markets. Mr. Crosbie received his B.A. from McGill University, his M.B.A. from the Harvard Business School and is a CFA charter holder.

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.

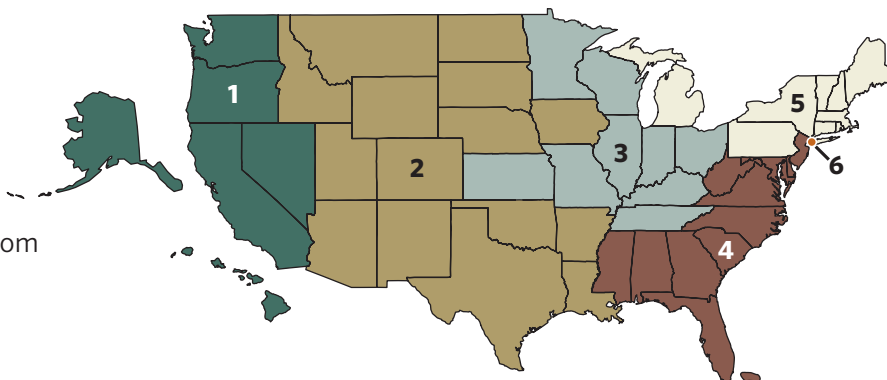
Ian Gorman, CFA joined Davis Advisors in 2023. Previously, he worked at Scotiabank and Barclays. Mr. Gorman received his B.B.A. from Villanova University and his M.B.A. from Columbia Business School and is a CFA charter holder.

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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.

*As of 3/31/26. Includes Davis Advisors, Davis family and Foundation, and our employees. †The Attractive Growth and Undervalued reference in this piece relates to underlying characteristics of the portfolio holdings. There is no guarantee that the Portfolio's performance will be positive as equity markets are volatile and an investor may lose money. **Past performance is not a guarantee of future returns.** Five-year EPS Growth Rate (5-year EPS) is the average annualized earnings per share growth for a company over the past 5 years. The values shown are the weighted average of the 5-year EPS of the stocks in the Portfolio or Index. The 5-year EPS of the S&P 500 is 18.8%. Approximately 1.90% of the assets of the Portfolio are not accounted for in the calculation of 5-year EPS as relevant information on certain companies is not available to the Portfolio's data provider. Forward Price/Earnings (Forward P/E) Ratio is a stock's price at the date indicated divided by the company's forecasted earnings for the following 12 months based on estimates provided by the Advisor's data provider. These values for both the Portfolio and the Index are the weighted average of the stocks in the Portfolio or Index. The Forward P/E of the S&P 500 is 21.2x. ‡For information purposes only. Not a recommendation to buy or sell any security. **Sources: Davis Advisors and Clearwater Wilshire Atlas.

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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 buy 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.

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 material. 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.

Returns from inception (4/1/69) through 12/31/01, were calculated from the Davis Large Cap Value Composite (see description below). Returns from 1/1/02, through the date of this material 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 1/1/98, 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 1/1/02, through 12/31/10, 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 1/1/11, through the date of this material, 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 hypothetical 3% maximum wrap fee charged by the wrap account sponsor for all account service, including advisory fees for the period 1/1/06, 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.

This material discusses companies in conformance with Rule 206(4)-1 of the Investment Advisers Act of 1940 and guidance published thereunder. Six companies are discussed and are chosen as follows: (1-4) current holdings based on December 31 holdings; (5) the first new position; and (6) the first position that is completely closed out. Starting at the beginning of the year, the holdings from a Large-Cap Value 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, 6, 11, and 16 are selected and discussed. For the second quarter, holdings numbered 2, 7, 12, and 17 are selected and discussed. This pattern then repeats itself for the following quarters. If a holding is no longer in the portfolio then the next holding listed is discussed. No more than two of these holdings can come from the same sector per piece. None of these holdings can be discussed if they were discussed in the previous three quarters. If there were no purchases or sales, the purchases and sales are omitted from the material. If there were multiple purchases and/or sales, the purchase and sale discussed shall be the earliest to occur. As this is primarily a domestic equity strategy, no more than one foreign holding will be discussed in any material. If more than one foreign holding would be discussed based on the criteria above, the holding with the largest percent of assets in the model portfolio would be chosen. However, if the model portfolio has an aggregate foreign

holding percentage that is greater than 15% the commentary would include a discussion of the largest foreign holding in the model portfolio that has not been discussed in the previous three quarters. Other than the recent buy and sell, any company discussed must constitute at least 1% of the portfolio as of March 31.

The information provided in this material 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 material 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.

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 Advisors uses the Davis Investment Discipline to invest a client's assets principally in common stocks (including indirect holdings of common stock through depository receipts) issued by large companies with market capitalizations of at least \$10 billion. Historically, the Large-Cap Value strategy has invested a significant portion of its assets in financial services companies and in foreign companies, and may also invest in mid- and small-capitalization companies. The principal risks are: China risk, common stock risk, depository receipts risk, emerging market risk, fees and expenses risk, financial services risk, focused portfolio 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.

The attractive growth reference in this material 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.

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

The **S&P 500 Index** is an unmanaged index that covers 500 leading companies and captures approximately 80% coverage of available market capitalization. The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. Investments cannot be made directly in an index.