Davis Large Cap Value SMA Portfolio

Summer Update 2025

50 YEARS DAVIS ADVISORS

Davis ADVISORS

The Equity Specialists

Portfolio Commentary

Key Takeaways

- Davis Large Cap Value SMA delivered relatively strong performance in the first half of 2025, outperforming the Russell 1000 Value Index.
- The market delivered a positive performance during the period, but not in a straight-line fashion, falling close to 20% from the high before rebounding. This illustrates the very real difference between volatility and risk, which has implications for investors, as we discuss below.
- Following our investment discipline, the portfolio is selectively focused on a small number of businesses that are growing earnings faster than the benchmark, on average, while trading at lower valuations. We are comfortable with our positioning and we believe these businesses' values will become more widely apparent to the capital markets over time.

Market Perspectives:

Volatility vs. Risk

In the first half of 2025, Davis Large Cap Value SMA strategy returned 7.72% compared with returns for its benchmarks of 6.00% for the Russell 1000 Value Index and 6.20% for the S&P 500 Index.

While the market's performance was positive for the year-to-date period, those results did not occur in a straight-line fashion. Indeed, from late February through early April the market indexes fell close to 20% from high to low before rebounding by more than 20% (albeit off a lower base) to their current levels in positive territory.

In other words, despite a very strong long-term record of appreciating, stock prices can be volatile in the short run, and the first half of 2025 was no different in that respect.

Net Average Annual Total returns as of June 30, 2025, for Davis Large Cap Value SMA Composite with a 3% maximum wrap fee: 1 year, 6.38%; 5 years, 12.25%; 10 years, 8.20%. 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.*

The market's behavior over this period highlights the very real difference between stock price volatility and risk. Volatility, by definition, consists of both up and down price movements. We think that investors tacitly seek and expect volatility as long as the overall path produces a satisfactory return over time and is skewed to the positive. Given the market's meteoric rise over the last century, this seems a reasonable expectation for stocks. On the other hand, risk implies a *permanent and significant loss of capital*. This could be due to a real decline in the intrinsic worth of the businesses in a portfolio (as measured by earnings power) or to a meaningful contraction in their stock price-to-earnings multiples, or both.

It seems nearly inconceivable to us that the businesses making up the broader market could lose nearly 20% of their *intrinsic* worth, then quickly recover that value and more, all in the span of a six-month period. (In fact, earnings growth rates for the first half of 2025 have not even been determined given the quarterly reporting cycle of most U.S. public corporations.)

What have changed in the short run are news headlines and the daily pricing and repricing of uncertainties. These uncertainties range from mixed U.S. domestic economic data, including a modest contraction in the first quarter, to geopolitical events around the world like ongoing tariff negotiations and two major conflicts overseas.

Our view is that what will matter most to the market's progress in the long run is whether businesses experience growth in raw earnings power. The uncertainties of the moment make near-term predictions hard at best. However, our research suggests that many businesses are becoming *more* valuable over time based on their economic models, strategies, market demand and execution, even though their stock prices may decline at times.

"We believe we are operating in an environment with even greater uncertainty than usual, one where the range of potential outcomes is wide relative to the decades of the 1990s and 2000s."

As for the new macro environment, it is being shaped by three transitions underway that we describe below. In this environment, investors need to be open-minded, flexible and vigilant, with the willingness to adapt as circumstances evolve.

The first transition is that money now has a cost in terms of interest rates, whereas for most of the past decade that was not the case. Money was either very cheap or entirely free in the years following the 2008–2009 financial crisis. Higher rates means that interest expenses for businesses that rely on a significant amount of debt may be greater now and can eat into profit margins. All else equal, if revenues remain constant for a company with a material debt burden, its profit margins might suffer due to the now-higher interest expense.

The second transition underway is geopolitical in nature. It includes tariff uncertainty as well as the conflicts in Ukraine and the Middle East. This type of geopolitical uncertainty is always unpredictable. However, we believe we are operating in an environment with even greater uncertainty than usual, one where the range of potential outcomes is quite wide relative to the decades of the 1990s and 2000s, for example.

The third transition is the reversal in the drive towards globalization which had been in place since World War II. It is unlikely to revert anytime soon, in our opinion. America's age-old alliances with European countries and with Canada and Mexico are in flux. Domestic tensions have boiled to the surface in the area of immigration. The rise of China as an economic and military superpower is a tectonic shift in the global balance of power compared to what it was through most of the last half century.

All three transitions amount to a great uncertainty factor. It is all the more important for investors to remain flexible and willing to adapt while also being reasonably conservative in the types of businesses they own and the prices they pay. Above all, they should understand and appreciate the businesses they invest in, consistent with the "know what you own" principle. A lower P/E multiple can theoretically compensate equity investors for added uncertainty. In the value investing paradigm, investors need to build in a margin of safety before proceeding.

Meanwhile, the Russell 1000 Value Index still trades at a forward P/E multiple of 18.3x and the S&P 500 Index trades at a forward P/E multiple of 23.1x which we regard as rather aggressive valuations, given the unknowns as well as a lackluster earnings per share growth rate over the last five years. By contrast, the businesses in the Davis Large Cap Value SMA portfolio trade at a forward P/E of 14.4x on average while having grown earnings per share over the last five years at an average rate of 20.2%.[1]

With only 30 holdings in the portfolio (versus over 800 securities in the Russell 1000 Value Index), we feel we know every one of our businesses well enough to understand their principal pros and cons. That is, we seek always to maintain a standard of "knowing what we own." When constructing portfolios, we weight positions both on business strength and attractiveness looking out several years, and on the relative merits of each company's valuation. Over a typical year we will likely make several changes to the portfolio, given the market's dynamism and the need for active repositioning. By contrast, index rebalances are rules-based and calendar-driven.

We seek businesses with attractive earnings growth. All else equal, they are worth more than those with flat or declining earnings growth. Davis Large Cap Value SMA portfolio's average five-year earnings per share growth rate of 20.2% per annum substantially exceeds the Russell 1000 Value Index's 11.1% and the S&P 500 Index's 15.1%.[2] Despite the higher earnings growth, the portfolio's multiple is meaningfully lower than the index's, reflecting our conservative posture in the face of current events and the transitions we discussed above.

As an active manager with a 56-year history of bottom-up stock picking, our firm has the ability to be flexible, adapt to change, make conscious decisions around risk and reward, and apply a deliberative portfolio construction process. This is in sharp contrast to rules-based passive alternatives. ■

Portfolio Review:
Capital Allocation

We select the portfolio's holdings on an individual basis according to the Davis Investment Discipline—that is, we seek to purchase durable, well-managed businesses at value prices and hold them for the long term. This bottom-up process has served us well over the life of the strategy. It allows us to allocate capital rather surgically into specific businesses at specific prices and lets us structure and shape the portfolio in a conscious fashion—with risk and reward both equally important.

1. 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.** 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 2.40% 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.

The overall positioning of Davis Large Cap Value SMA can be described by its contrast with the S&P 500 Index in terms of number of portfolio holdings, historical earnings per share growth, and forward price-to-earnings (P/E) multiples as follows:

Selective, Attractive Growth, Undervalued

	Portfolio	S&P 500 Index
Holdings	30	503
EPS Growth (5 Year)	20.2%	15.1%
P/E (Forward)	14.4x	23.1x

The portfolio's current focus is on businesses in three main areas of the economy: (1) dominant healthcare companies (predominantly healthcare services that are both cheap and underestimated in our view), (2) durable financial services, and (3) leading technology-related companies.

Within **healthcare**, our holdings range over managed insurance, lab and diagnostics services, generic pharmaceuticals and medical supply businesses. What these businesses have in common is that they all participate in the large profit pool of the U.S. health-care sector, with total healthcare spend representing close to 20% of our country's gross domestic product. As the population ages, we expect aggregate healthcare spend in absolute terms will continue to climb over the coming decade. The healthcare areas where we have invested are relatively cheap, by our analysis, and we believe their growth potential is underestimated.

Financials mean different things to different people. Many investors see the financial sector as primarily banking. This is one facet of the industry but there are many others. These include credit cards and payments companies, global insurers and reinsurers, and various businesses driven by the capital markets—for example, investment banks, trust and custody institutions, or conglomerates with a financial arm. A representative financial holding is Wells Fargo, a premier, well-capitalized full-service U.S. national bank.

Technology-related companies[3] have been a meaningful allocation in Davis Large Cap Value SMA portfolio for decades. Applied Materials and Texas Instruments are two representative holdings, both tied to different facets of the enormous global semiconductor industry. Applied Materials is a leading semiconductor equipment manufacturer while Texas Instruments designs chips for industrial and automotive applications, among other activities.

Our remaining holdings balance out and diversify the portfolio. They range from Owens Corning, a roofing supply company in the industrials sector, to consumer-focused Angi Inc. to businesses that produce and distribute commodities like energy and copper.

"We look forward to measuring the results and witnessing the strengths of these businesses over the next five to 10 years as they become more widely apparent to the capital markets."

Overall, we are very comfortable with our positioning. The portfolio, as noted earlier, has a forward P/E of 14.4x and a five-year EPS growth rate of approximately 20.2%, which we regard as an attractive combination of attributes. We look forward to measuring the results and witnessing the strengths of these businesses over the next five to 10 years as they become more widely apparent to the capital markets. ■

3. Includes information technology and communication services companies.

Outlook:
Balancing Risk and Reward

The equity market is really a vast market of individual stocks tied to thousands of individual businesses. In our experience, striking the right balance between risk and reward and consciously repositioning as circumstances change are critical to long-run success. We look forward to continuing our investment journey with our shareholders.

For more than 50 years at Davis Advisors we have 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.[4] We are grateful for your trust and are well-positioned for the future. ■

4. As of 6/30/25, Davis Advisors, the Davis family and Foundation, and our employees have more than $2 billion invested alongside clients in similarly managed accounts and strategies.

Davis Large Cap Value SMA Portfolio

Selective. Attractive Growth. Undervalued.

"What gives us confidence that Davis Large Cap Value SMA (LCV SMA) may build wealth for our shareholders in the years and decades to come? The compelling attributes of our businesses.

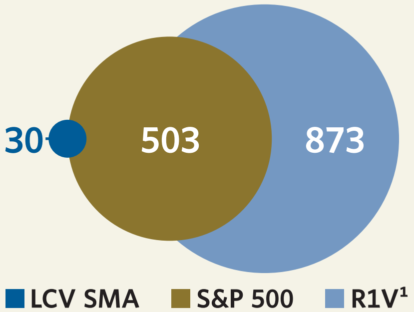
By being highly selective and rejecting the vast majority of companies in the index, the companies of Davis Large Cap Value SMA Portfolio have grown more than the indices, yet are less expensive. Specifically, 38% less expensive than the S&P 500 and 21% less expensive than the Russell 1000 Value Index. In fact, this gap between price and value is among the widest we have ever seen. We believe this sets the stage for attractive returns in the years ahead."

Chris Davis, Portfolio Manager

Selective

LCV SMA invests in only a select group of well-researched companies

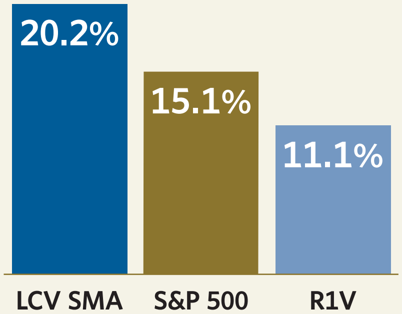
Holdings



Attractive Growth

LCV SMA portfolio companies have grown more than the indices

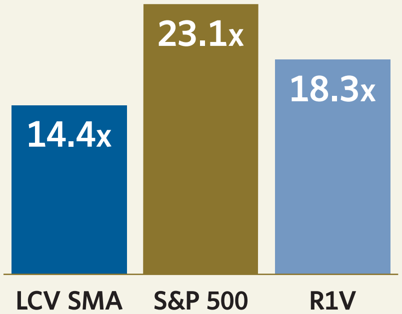
5-Year EPS Growth[2]



Undervalued

LCV SMA portfolio companies are less expensive than the indices

P/E (Forward)[3]



As of 6/30/25. 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.** Performance may vary. **1.** Russell 1000 Value Index. **2.** Five-Year EPS Growth Rate is the average annualized earning per share growth for a company over the past five years. The value for the portfolio is the weighted average of the five-year EPS Growth Rates of the stocks in the portfolio. Approximately 2.40% 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. The 5-year EPS of the S&P 500 is 15.1%. **3.** 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 23.1x.

Davis Large Cap Value SMA Holdings

June 30, 2025

High Conviction. Different from the Index.

Holdings	Portfolio (%)	S&P 500 (%)
Meta Platforms	7.0	3.1
Capital One Financial	7.0	0.3
Berkshire Hathaway	6.9	1.7
Applied Materials	6.4	0.3
U.S. Bancorp	5.8	0.1
MGM Resorts	5.1	< 0.1
Amazon.com	5.1	4.0
CVS Health	4.9	0.2
Alphabet	4.7	3.5
Texas Instruments	4.1	0.4
Viatris	4.1	< 0.1
Wells Fargo	3.9	0.5
Markel Group	3.5	—
Tyson Foods	3.4	< 0.1
Teck Resources	2.6	—
Humana	2.4	0.1
Solventum	2.4	< 0.1
UnitedHealth Group	2.4	0.5
Microsoft	1.9	7.0
Chubb	1.9	0.2
Owens Corning	1.8	—
Coterra Energy	1.6	< 0.1
Restaurant Brands International	1.5	—
ConocoPhillips	1.5	0.2
AGCO	1.3	—
Quest Diagnostics	1.3	< 0.1
Cigna Group	1.1	0.2
IAC	0.7	—
Darling Ingredients	0.5	—
ANGI	0.2	—
CASH	3.0	—
	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 503 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

June 30, 2025

Davis Advisors

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 = 83%.

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	R1V	S&P 500
Selective	Holdings	30	873	503
Attractive Growth	EPS Growth (5 Year)	20.2%	11.1%	15.1%
Undervalued	P/E (Forward)	14.4x	18.3x	23.1x

Experienced Management

Chris C. Davis, *36 yrs with Davis Advisors*

Danton G. Goei, *27 yrs with Davis Advisors*

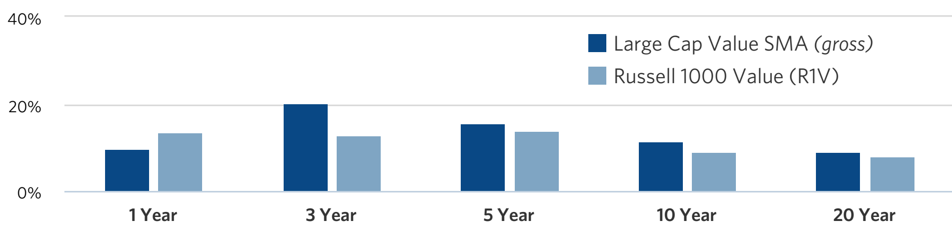
Sectors**

	Portfolio (%)	S&P 500 (%)
Financials	29.9	14.0
Health Care	19.2	9.3
Communication Services	13.0	9.8
Information Technology	12.8	33.1
Consumer Discretionary	12.1	10.4
Consumer Staples	4.0	5.5
Industrials	3.2	8.6
Energy	3.2	3.0
Materials	2.7	1.9
Utilities	—	2.4
Real Estate	—	2.0

Top 10 Holdings‡

	Portfolio (%)	S&P 500 (%)
Meta Platforms	7.0	3.1
Capital One Financial	7.0	0.3
Berkshire Hathaway	6.9	1.7
Applied Materials	6.4	0.3
U.S. Bancorp	5.8	0.1
MGM Resorts	5.1	< 0.1
Amazon.com	5.1	4.0
CVS Health	4.9	0.2
Alphabet	4.7	3.5
Texas Instruments	4.1	0.4

Attractive Average Returns *(%)*



Performance *(%)*

	1 Year	3 Year	5 Year	10 Year	20 Year
Large Cap Value SMA *(gross)*	9.60	20.28	15.63	11.48	9.06
Large Cap Value SMA *(net 3%)*	6.38	16.77	12.25	8.20	5.91
Russell 1000 Value	13.70	12.75	13.92	9.18	8.11
S&P 500	15.16	19.69	16.63	13.63	10.72

Net average annual total returns as of June 30, 2025, for Davis Large Cap Value SMA Portfolio Composite with a 3% maximum wrap fee: 1 year, 6.38%; 5 years, 12.25%; 10 years, 8.20%; and Inception, 10.74%. *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.*

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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.

Sobby Arora, CFA joined Davis Advisors in 2017. Previously, he worked as a research analyst at Federated Global Investment Management and ING Investment Management. Mr. Arora received his B.A. from Colgate University, his M.B.A. from The Stern School of Business and is a CFA charter holder.

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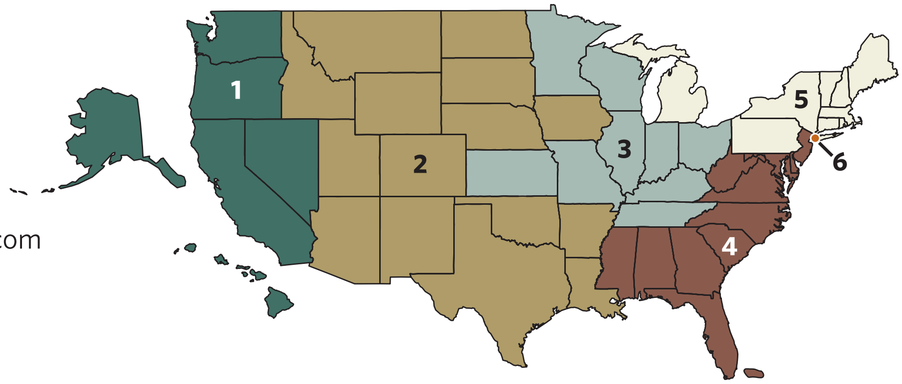

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This material may be shared with existing and potential clients to provide information concerning market conditions and the investment strategies and techniques used by Davis Advisors to manage its client accounts. Please refer to Davis Advisors Form 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 6/30/25. 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 15.1%. Approximately 2.40% 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 23.1x. ‡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 December 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 depositary 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, depositary 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 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 **Russell 1000 Value Index** measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years). The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. Investments cannot be made directly in an index.

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