

# Davis Global ADR SMA Portfolio

Spring Update 2026

Commentary

Selective. Attractive Growth. Undervalued.

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THE EQUITY SPECIALISTS

## Portfolio Commentary

### Key Takeaways

- Davis Global ADR SMA portfolio materially outperformed the benchmark MSCI ACWI (All Country World Index) in 2025, and we believe the portfolio is well-positioned to continue delivering superior earnings growth while trading at a steep discount to the benchmark.
- In first quarter 2026, when market volatility increased considerably as a result of the outbreak of the Iran conflict, the Davis Global ADR SMA portfolio declined more than MSCI ACWI.
- In this market environment we believe it is critical for a portfolio manager to be active, selective and flexible and to look through the current events to focus on long-term business model durability, attractive growth rates, and low valuations.

### Market Perspectives: Spotlight on Active Management

MSCI ACWI posted a negative return in the first quarter of 2026 after three consecutive years of double-digit performance through the end of 2025 which was broad-based but led primarily by technology stocks. The index is more concentrated today than we have seen since the bubble of the late-1990s with a significant percentage of its value residing in the biggest technology-driven companies. This exposure did not serve it well in the first quarter as technology stocks corrected. The index also continues to trade at a relatively high valuation with a forward price-to-earnings (P/E) multiple of over 18x.

We believe that active management is an appropriate solution in today's market environment. It gives a portfolio manager the flexibility to be highly selective at the security level and maintain rational diversification through consciously determined position weightings and sector composition. Put simply, we are advising clients to decrease their exposure to the stretched valuations of the passive indexes and reallocate to actively managed equity portfolios run by seasoned and proven managers.

**Net Average Annual Total returns as of March 31, 2026, for Davis Global Equity SMA Composite with a 3% maximum wrap fee: 1 year, 10.75%; 5 years, 2.99%; 10 years, 7.68%. 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.

Lastly, we note that there is a preponderance of surplus cash sitting on the sidelines or being allocated to illiquid asset classes such as private equity. We believe both are sub-optimal solutions given the opportunities available in long-only, liquid equity portfolios of well-chosen securities which we believe can outperform cash and inflation over the long term while avoiding the illiquidity and leverage traps of private equity as a category. ■

## Portfolio Review: Enduring Competitive Advantages

The Davis Global ADR SMA portfolio declined -10.00% in the first quarter of 2026 compared to -3.20% for MSCI ACWI. Our results were driven primarily by consciously chosen investment ideas ranging from healthcare services and technology shares to financial services. After a strong 2025 on balance, the Davis Global ADR SMA gave back some ground as the Iran conflict caused heightened volatility. We believe the portfolio is very well-positioned for the long term, however.

The table below summarizes the portfolio's overall position in terms of risk and reward characteristics versus its benchmark.

Fig. 1 Selective, Attractive Growth, Undervalued<sup>1</sup>

	Portfolio	MSCI ACWI
Holdings	33	2,515
EPS Growth (5 Year)	28.4%	17.8%
P/E (Forward)	10.7x	18.4x

As shown, Davis Global ADR SMA portfolio trades at a steep discount to MSCI ACWI yet the portfolio's average annual earnings per share growth rate over the last five years of over 28% is substantially higher than the index's 18%.

That is, we are offering a portfolio that is a relative bargain in our eyes versus its passive alternative without sacrificing on desirable growth characteristics. What all the companies we invest in have in common are verifiable financial strength, experienced management teams and some form of what we believe are enduring competitive advantages.

Within **healthcare**, we have been very opportunistic in recent quarters, investing in a decisive way when shares of leading managed care insurers stumbled as operating costs surged rather unexpectedly for the group. Our thesis was that these businesses were trading at low to very reasonable multiples on depressed earnings relative to historical levels, yet stood a good chance of recovering, possibly in dramatic fashion. Seemingly small margin improvements on low profit margins can translate into very large percentage increases in structural earnings power. We believe the market's valuations for these portfolio companies underestimated the potential for a rebound in their bottom-line economics. We continue to see good value in these holdings based on the view that healthcare spend in the U.S. is likely to continue expanding, increasing the addressable market opportunity for our healthcare names.

Our **technology-driven** holdings are drawn from multiple geographies including the U.S., Asia-Pacific and Europe, and span companies in social media, online search, cloud computing and e-commerce, among others. One example is Trip.com, a China-based global online travel services provider that operates platforms for booking flights, hotels, trains and vacation packages. The company focuses on technology-driven travel solutions, leveraging data and customer service to streamline trip planning and booking experiences.

<sup>1</sup> 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 18.70% 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.

In the U.S., we have select holdings within the Magnificent 7 which we manage closely, including trimming positions based on valuation and size where appropriate.<sup>2</sup> We also own semiconductor companies that we find attractive but do not trade at very high multiples. The latter group includes so-called “picks and shovels”—workhorse technology businesses with strong competitive positions in their respective end markets, a long track record of creating value for shareholders, and valuations that are at reasonable levels for the financial strength and expected growth rates we have built for them into our models.

Within **financials**, the portfolio looks quite different from any major passive index today. One of our largest positions is a major U.S. bank with a leading market position in credit cards, in particular. This entity has a strong consumer finance and credit card division, a deposit-rich bank that is growing share in the U.S., and a payment processing platform that it acquired in a recent transaction. It is also the fifth-largest holder of AI-related patents among major U.S. companies.

Another key financial holding is Markel Corp., a U.S.-based specialty insurance and investment company. Its insurance business underwrites niche risks across a range of industries, and it also has a portfolio of public equities and wholly owned businesses where it is known for its long-term value approach. In our view, Markel is an exemplar of financial strength, consistent growth and a steady focus on compounding shareholder value.

Elsewhere in the portfolio we hold several rather **unique special situations**. A relatively newer addition to the portfolio is AUMOVIO, a niche technology player based in Germany that provides innovative solutions such as smart operating systems for automobiles to original equipment manufacturers (OEMs) in the automotive and industrial sectors. Another fairly recent

addition is a logistics services business in China that provides online management solutions connecting domestic Chinese shippers and truckers throughout the country, a segment of the overall logistics management industry in China that is growing rapidly.

We also own a position in JBS, a Brazil-based multinational food processing company and one of the largest meat producers in the world. It operates across beef, pork, poultry and prepared foods, and owns major brands and facilities in North America, South America, Europe and Asia.

For investors who recognize today’s valuation bubbles in major global indexes, Davis Global ADR SMA represents an opportunity to navigate the market environment in a thoughtful way. We believe in the prudence of maintaining a rational balance of risk and reward factors, not only at the individual security level but also in how we arrange portfolio sectors and weightings. This is in sharp contrast to the unmanaged indexes, where security and sector weightings are determined largely by share price momentum. We also believe that surplus cash sitting on the sidelines should be revisited in the new year given the likelihood of falling interest rates in the U.S. and the relatively more attractive total return potential of well-chosen equities.

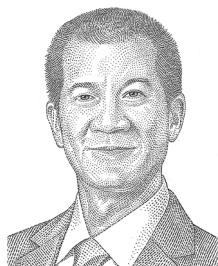
## Together on This Journey

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.<sup>3</sup> We are grateful for your trust and are well-positioned for the future. ■

<sup>2</sup> 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. <sup>3</sup> 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.

# Davis Global ADR SMA Portfolio

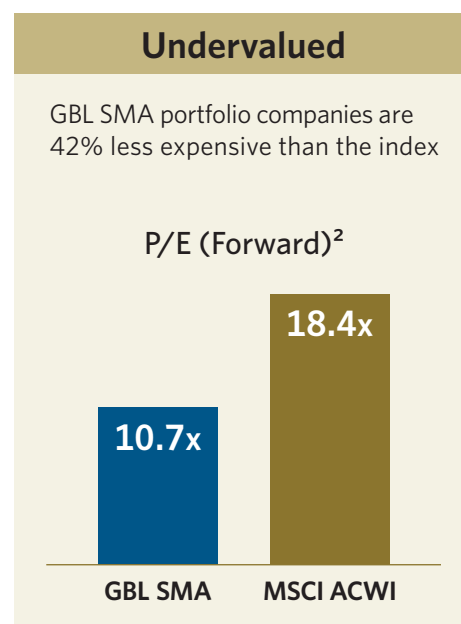
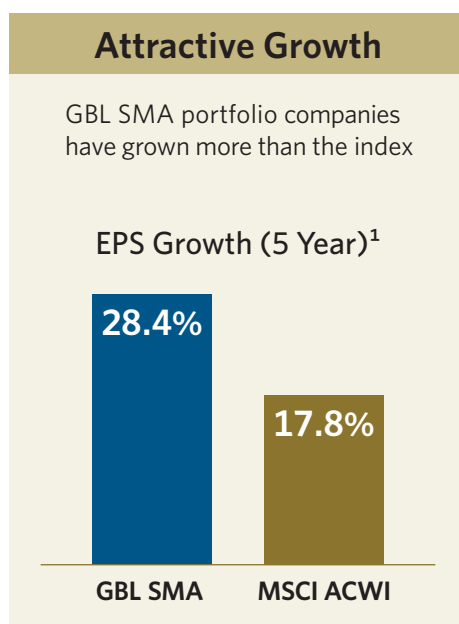
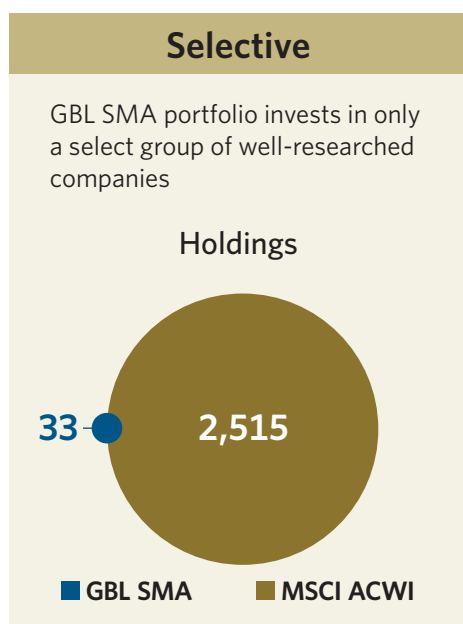
## Selective. Attractive Growth. Undervalued.



“What gives us confidence that Davis Global ADR SMA (GBL 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 Global ADR SMA Portfolio have grown more than the index, yet are 42% less expensive. 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.”

Danton Goei, Portfolio Manager



As of 3/31/26. 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.** 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 MSCI ACWI is 17.8%. Approximately 18.70% 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. **2.** 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 MSCI ACWI is 18.4x.

## High Conviction. Different from the Index.

Holdings	Portfolio (%)	MSCI ACWI (%)
Full Truck Alliance	6.4	—
Coterra Energy	6.3	< 0.1
Ping An Insurance Group	5.5	0.1
Trip.com Group	5.3	< 0.1
Prosus	4.6	0.1
Viatis	4.5	—
Julius Baer Group	4.1	< 0.1
MGM Resorts	4.1	—
JBS	4.0	—
Sea	3.7	< 0.1
Tyson Foods	3.7	< 0.1
CVS Health	3.6	0.1
Meituan	3.6	0.1
AppLovin	3.5	0.1
Meta Platforms	3.3	1.4
Capital One Financial	3.2	0.1
Alphabet	3.0	3.4
Solventum	2.4	< 0.1
DiDi Global	2.3	—
LyondellBasell Industries	2.3	< 0.1
AIA Group	2.2	0.1
Markel Group	2.1	< 0.1
AUMOVIO	1.7	—
Entain	1.6	< 0.1
Cigna Group	1.6	0.1
UnitedHealth Group	1.3	0.3
Amazon.com	1.2	2.2
ITOCHU	1.1	0.1
NetEase	1.1	< 0.1
SAP	1.0	—
Pinterest	0.9	< 0.1
Berkshire Hathaway	0.8	0.7
Teck Resources	0.5	< 0.1
CASH	3.5	—
	<b>100%</b>	

The listed securities are representative of a model Davis Global ADR 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 MSCI ACWI are not representative of the entire portfolio, which consists of 2,515 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 Global ADR SMA 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 ADR 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:

The portfolio invests in both developed and developing markets. We believe in a bottom-up stock selection process and in not mirroring the benchmark index. Active Share = 92%.

### We Are One of the Largest Investors:

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

## Attractive Growth, Undervalued, Selective<sup>†</sup>

		Portfolio	Index
Attractive Growth	EPS Growth (5 Year)	28.4%	17.8%
Undervalued	P/E (Forward)	10.7x	18.4x
Selective	Holdings	33	2,515
	Total Countries	11	47

## Experienced Management

Danton G. Goei, 27 yrs with Davis Advisors

## Our Investment Alongside Our Clients

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

## Geographically Diverse Portfolio

	Portfolio (%)
United States	49.5
Asia	32.3
Europe	13.5
South America	4.2
North & Central America Ex US	0.5
Australia/Oceania	0.0
Africa	0.0

## Sectors\*\*

	Portfolio (%)	Index (%)
Consumer Discretionary	26.7	9.4
Financials	18.6	16.9
Health Care	13.9	8.9
Industrials	10.2	11.3
Communication Services	8.6	8.4
Consumer Staples	8.0	5.4
Energy	6.5	4.7
Information Technology	4.7	26.4
Materials	2.9	4.0
Utilities	—	2.9
Real Estate	—	1.8

## Performance (%)

	1 Year	3 Year	5 Year	Inception 10/1/14
Global ADR SMA Composite (gross)	14.10	18.71	6.12	9.55
Global ADR SMA Composite (net 3%)	10.75	15.24	2.99	6.33
MSCI ACWI	20.01	16.56	9.48	9.61

## Top 10 Holdings<sup>‡</sup>

	Portfolio (%)	Index (%)
Full Truck Alliance	6.4	—
Coterra Energy	6.3	< 0.1
Ping An Insurance Group	5.5	0.1
Trip.com Group	5.3	< 0.1
Prosus	4.6	0.1
Viatis	4.5	—
Julius Baer Group	4.1	< 0.1
MGM Resorts	4.1	—
JBS	4.0	—
Sea	3.7	< 0.1

## Top 10 Countries

1. United States	6. Singapore
2. China	7. Germany
3. Netherlands	8. Hong Kong
4. Switzerland	9. United Kingdom
5. Brazil	10. Japan

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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.

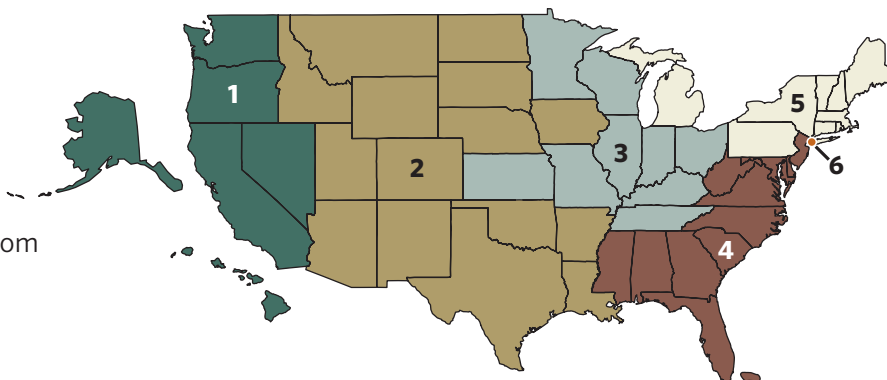
**Ian Gorman, CFA** joined Davis Advisors in 2023. Previously, he worked at Scotiabank and Barclays. Mr. Gorman received his B.B.A. from Villanova University and his M.B.A. from Columbia Business School and is a CFA charter holder.

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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 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 18.70% 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 MSCI ACWI is 17.8%. 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 MSCI ACWI is 18.4x. ‡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 Global 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 Global Fund or any other fund.

Effective 9/23/14, Davis Advisors created a Global Equity SMA Composite which excludes the institutional accounts and mutual funds. Performance shown from October 1, 2014, through the date of this material, 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 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.

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 Global Companies 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. Each of these holdings must come from a different country. 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. 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 Global Equity 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 portfolio principally in common stocks (including indirect holdings of common stock through depository receipts) issued by both United States and foreign companies, including countries with developed or emerging markets. The global companies strategy may invest in large, medium, or small companies without regard to market capitalization. The principal risks are: China risk, common stock risk, depository receipts risk, emerging markets risk, exposure to industry or sector 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.

The "Magnificent 7" is a group of seven dominant, high-performing U.S. technology companies that have a significant influence on the stock market.

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

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