

Davis International ADR SMA Portfolio

Fall Update 2024

Commentary

Selective. Attractive Growth. Undervalued.

Holdings

Fact Sheet

Investment Professionals

Contacts



THE EQUITY SPECIALISTS

Portfolio Commentary

Key Takeaways

- The world's major regions show significant differences at the macro level, with China post-stimulus expected to resume its role in the longer term as Asia-Pacific's main economic engine, while Europe remains sluggish, even anemic.
- Despite a mixed macro picture, it is possible to find individual businesses in every region that are in strong competitive positions, operate healthy profit models, and have a real capacity to create significant value for shareholders.
- For Davis International ADR SMA, the year-to-date through September 30, 2024 was one of the best performance periods in the strategy's history as a number of companies in the portfolio benefited from a "double play" of expanding multiples on an expanding earnings base.

Market Perspectives: Local and Regional Dynamics

During this year, international markets have produced mixed results by region, reflecting the very different dynamics that are at work in major geographies.

Asia-Pacific stocks have delivered strong double-digit results after two years of poor performance, driven by what we believe is an early-stage recovery in China after the long COVID-related period of malaise. Significantly, efforts by the Chinese government to

stimulate and revive the country's economic vibrancy are under way. In our opinion, it is likely we will see more efforts by China's government to address the economic problems of the country, particularly in the fiscal realm.

Our expectation longer term is that Asia-Pacific will produce better growth than the developed world, and that China will remain the primary—though not sole—engine driving economic expansion in the region. Asia-Pacific is already the world's new center of gravity in terms of demographics, and it is likely that the latent potential of this super region will become more evident in the decades ahead.

By contrast, Europe has shown extremely sluggish growth of late. The Eurozone's gross domestic product grew less than 0.5% on an annualized basis through the second quarter of this year. Inflation has moderated dramatically in Europe from a few years ago, prompting policymakers to embark on a path towards lower interest rates. Stimulus measures may be needed to boost the rather anemic expansion of the continent's economies, and possibly even avoid outright deflation in the region.

As varied as the macro picture is internationally, we believe there are individual businesses in these regions that are in a strong position competitively, operate healthy profit models, and have a real capacity to create significant value for shareholders. However, identifying and investing in such businesses requires international investors to have a keen eye and a firm grasp of both local and regional dynamics. ■

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 9/30/24. 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.

Portfolio Review: Double-Play Performance

Davis International ADR SMA portfolio is positioned in a highly selective way that emphasizes what we believe is an attractive balance of risk and reward considerations.

In the following table, we provide some key statistics for the portfolio, including valuation and earnings growth figures that illustrate how selective we are in our choice of businesses.

Selective, Attractive Growth, Undervalued¹

	Portfolio	Index
Holdings	22	2,094
EPS Growth (5 Year)	16.4%	12.4%
P/E (Forward)	6.9x	14.3x

In the year-to-date period through September 30, 2024, the MSCI ACWI (All Country World Index) ex US returned 14.21%. Davis International ADR SMA portfolio delivered strong performance in both absolute and relative terms.

Two factors that help to explain our results this year are, first, that the companies in the portfolio have generated very strong earnings growth overall and, second, that the portfolio started the year dramatically undervalued in our estimation. This “double play” of expanding multiples on an expanding earnings base resulted in one of the best performance periods of the strategy’s history.

Ultimately, the portfolio is an actively managed assemblage of individual, rather unique businesses. We believe the micro analysis that we perform on every holding we select for clients should prove its merit over the long term versus simply betting on broader macro trends in different regions of the world. Bottom-up stock-picking, in our view, is a perennial way to invest in international markets.

Among the strong contributors to our year-to-date results are Naspers and its affiliate, Prosus, both of which returned more than 35% in the period. The two companies have holdings in China’s largest video game company in addition to owning internet businesses tied to classified ads (across multiple geographies), food delivery and payments, among others.

Another strong performer was Meituan, which is a behemoth in China offering app-based food delivery service, cloud computing, and ticketing and reservation services for the entertainment and lodging sectors, among others.

In Europe, we hold certain bank investments that are focused on wealthier economies within the region. We initiated a new position in Entain, a UK-listed gaming company, at what we believe is an advantageous starting valuation. We sold our position in DNB Bank of Norway to reallocate capital to other opportunities. ■

Outlook: Differentiating Feature

The year-to-date period illustrates the power and the merits of investing internationally on a stock-by-stock basis, in our view. We believe that the actively managed, bottom-up approach utilized in Davis International ADR SMA portfolio is a key differentiating feature of the strategy.

For more than 50 years 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, we stand shoulder to shoulder with our clients on this long journey.² We are grateful for your trust and are well-positioned for the future. ■

1. The Attractive Growth and Undervalued reference in this material 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. Approximately 14.40% 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. 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 Fund’s data provider. These values for both the Fund and the Index are the weighted average of the stocks in the portfolio or Index. 2. As of 9/30/24, 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 International ADR SMA Portfolio

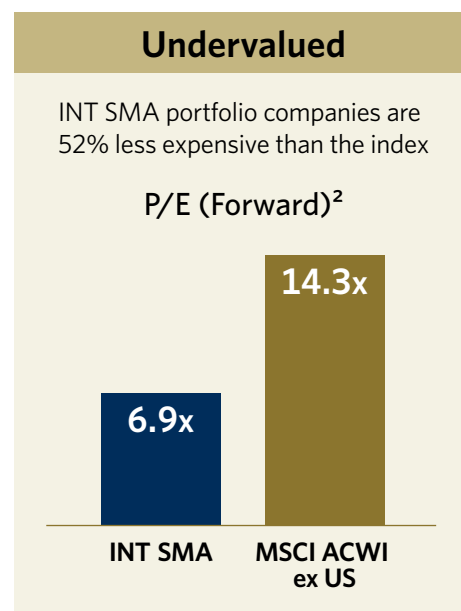
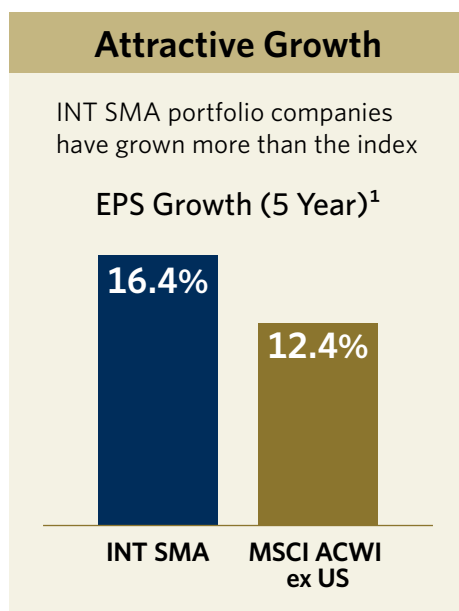
Selective. Attractive Growth. Undervalued.



“What gives us confidence that Davis International ADR SMA (INT 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 International ADR SMA Portfolio have grown more than the index, yet are 52% 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 9/30/24. 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. Approximately 14.40% 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 Advisor's data provider. **2.** Forward Price/Earnings (Forward P/E) Ratio is a stock's current price divided by the company's forecasted earnings for the following 12 months. The values for the portfolio and index are the weighted average of the P/E ratios of the stocks in the portfolio or index.

High Conviction. Different from the Index.

Holdings	Portfolio (%)	MSCI ACWI ex US (%)
Meituan	7.0	0.4
Ping An Insurance Group	7.0	0.2
Danske Bank	7.0	0.1
Prosus	6.8	0.2
AIA Group	6.5	0.4
Naspers	6.5	0.2
Julius Baer Group	6.3	< 0.1
Teck Resources	6.0	0.1
Trip.com Group	5.7	0.1
Entain	5.0	< 0.1
KE Holdings	4.5	0.1
ITOCHU	3.9	0.2
DBS Group Holdings	3.7	0.2
JD.com	3.7	0.2
Sea	3.2	0.1
Schneider Electric	2.8	0.5
Delivery Hero	2.6	< 0.1
Alibaba Group Holding	2.2	0.8
Bank of N.T. Butterfield & Son	2.0	—
Coupang	1.8	—
Noah Holdings	1.8	—
Tokyo Electron	1.0	0.3
Cash	3.0	—
Total	100%	

The listed securities are representative of a model Davis International 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 ex US are not representative of the entire portfolio, which consists of 2,094 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 International ADR SMA Portfolio

September 30, 2024



Davis International ADR SMA is a portfolio of attractive businesses from outside of the U.S. 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 International 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 = 96%.

We Are One of the Largest Investors:

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

Undervalued. Attractive Growth. Selective.†

		Portfolio	Index
Undervalued	P/E (Forward)	6.9x	14.3x
Attractive Growth	EPS Growth (5 Year)	16.4%	12.4%
Selective	Holdings	22	2,094
	Total Countries	15	46

Experienced Management

Danton G. Goei, 26 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 (%)
Asia	53.6
Europe	31.4
North & Central America Ex US	8.2
Africa	6.7

Sectors**

	Portfolio (%)	Index (%)
Consumer Discretionary	42.6	11.3
Financials	35.4	22.5
Industrials	6.9	13.8
Materials	6.2	7.1
Real Estate	4.6	1.9
Communication Services	3.3	5.6
Information Technology	1.0	12.8
Health Care	—	9.4
Consumer Staples	—	7.4
Energy	—	5.0
Utilities	—	3.2

Performance (%)

	1 Year	3 Year	5 Year	Inception 10/1/14
International ADR SMA Composite (gross)	36.06	7.62	7.49	5.85
International ADR SMA Composite (with a 3% max. wrap fee)	32.12	4.44	4.33	2.73
MSCI ACWI ex US	25.35	4.13	7.58	5.21

Top 10 Holdings‡

	Portfolio (%)	Index (%)
Meituan	7.0	0.4
Ping An Insurance Group	7.0	0.2
Danske Bank	7.0	0.1
Prosus	6.8	0.2
AIA Group	6.5	0.4
Naspers	6.5	0.2
Julius Baer Group	6.3	< 0.1
Teck Resources	6.0	0.1
Trip.com Group	5.7	0.1
Entain	5.0	< 0.1

Top 10 Countries

1. China	6. South Africa
2. Denmark	7. Switzerland
3. Singapore	8. Canada
4. Netherlands	9. United Kingdom
5. Hong Kong	10. Japan

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.

Investment Professionals

Christopher C. Davis joined Davis Advisors in 1989. He has 36 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.

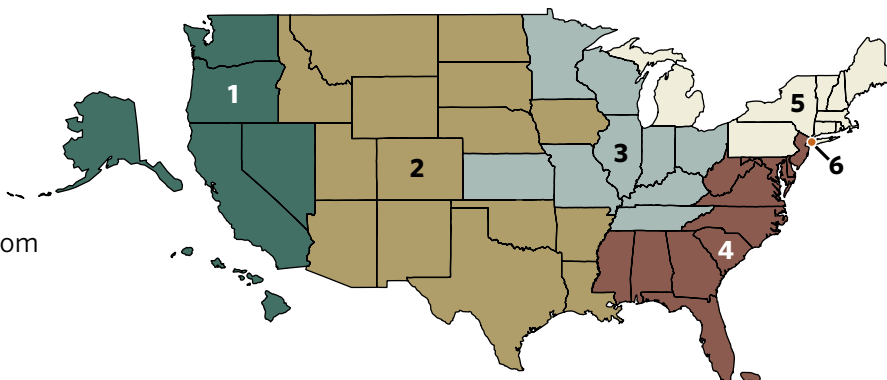
Sobby Arora, CFA joined Davis Advisors in 2017. Previously, he worked as a research analyst at Federated Global Investment Management and ING Investment Management. Mr. Arora received his B.A. from Colgate University, his M.B.A. from The Stern School of Business and is a CFA charter holder.

Financial Advisor Relationship Team

Dodd Kittsley, CFA®
National Director
212-891-5578, dkittsley@dsaco.com

Ed Snowden
Manager, Regional Representatives
800-717-3477 Ext. 2267, esnowden@dsaco.com

Peter J. Sackmann, CFA®
Institutional Director
212-891-5505, psackmann@dsaco.com



Literature Requests: 800-717-3477, davisfunds.com

1 West Coast	Alaska, California, Hawaii, Nevada, Oregon, Washington			
	Joe Emhof	Regional Director	800-717-3477 Ext. 3786	jemhof@dsaco.com
	Jon Franke	Senior Regional Representative	800-717-3477 Ext. 2663	jfranke@dsaco.com
	Garrison Powell	Regional Representative	800-717-3477 Ext. 2647	gpowell@dsaco.com
2 Central	Arizona, Arkansas, Colorado, Idaho, Iowa, Louisiana, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Wyoming			
	Dan Steichen	Regional Director	800-717-3477 Ext. 2262	dsteichen@dsaco.com
	Sean Lynch	Senior Regional Representative	800-717-3477 Ext. 2675	slynch@dsaco.com
	Laurel Hardy	Senior Regional Representative	800-717-3477 Ext. 2683	lhardy@dsaco.com
3 Mid-West	Illinois, Indiana, Kansas, Kentucky, Minnesota, Missouri, Ohio, Tennessee, Wisconsin			
	Bill Coughlin	Regional Director	800-717-3477 Ext. 3783	bcoughlin@dsaco.com
	Nancy Brennan	Senior Regional Representative	800-717-3477 Ext. 2679	nbrennan@dsaco.com
	Danny Hardy	Senior Regional Representative	800-717-3477 Ext. 2677	dhardy@dsaco.com
4 East Coast	Alabama, Delaware, Florida, Georgia, Maryland, Mississippi, New Jersey, North Carolina, Puerto Rico, South Carolina, Virginia, Washington DC, West Virginia			
	Reed Finley	Regional Director	800-717-3477 Ext. 6906	rfinley@dsaco.com
	Mike Longoni	Senior Regional Representative	800-717-3477 Ext. 2261	mlongoni@dsaco.com
	Mari Downey	Senior Regional Representative	800-717-3477 Ext. 2665	mdowney@dsaco.com
5 Northeast	Connecticut, Maine, Massachusetts, Michigan, New Hampshire, Northern New York, Pennsylvania, Rhode Island, Vermont			
	Steve Coyle	Regional Director	800-717-3477 Ext. 3790	coyle@dsaco.com
	Danielle Irwin	Senior Regional Representative	800-717-3477 Ext. 2682	dirwin@dsaco.com
	Danny Hardy	Senior Regional Representative	800-717-3477 Ext. 2677	dhardy@dsaco.com
6 New York City				
	Dodd Kittsley	National Director	800-717-3477 Ext. 3787	dkittsley@dsaco.com
	Laurel Hardy	Senior Regional Representative	800-717-3477 Ext. 2683	lhardy@dsaco.com

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 9/30/24. 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 14.40% 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 MSCI ACWI ex US is 12.4%. 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 ex US is 14.3x. ‡For information purposes only. Not a recommendation to buy or sell any security. **Sources: Davis Advisors and Wilshire Atlas.

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.

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 International 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 International Fund or any other fund.

Effective 9/23/14, Davis Advisors created an International Equity SMA Composite which excludes the institutional accounts and mutual funds. Performance shown from 10/1/14, through the date of this material, the Davis Advisors' International 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 an International 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 International 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 depositary receipts) issued by foreign companies, including countries with developed or emerging markets. The international companies strategy may invest in large, medium, or small companies without regard to market capitalization. The principal risks are: China risk, common stock risk, depositary 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.

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

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

Davis Advisors
2949 East Elvira Road, Suite 101, Tucson, AZ 85756
800-279-2279

Item #3850 9/24