

# Davis International ADR SMA Portfolio

Winter Update 2026

Commentary

Selective. Attractive Growth. Undervalued.

Holdings

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THE EQUITY SPECIALISTS

# Portfolio Commentary

## Key Takeaways

- International equities were among the top performers in 2025—the MSCI ACWI ex US (All Country World Index ex US) returned 32.39% during the year, which was almost double the return on the S&P 500 Index.
- International stocks had become much cheaper than U.S. equities and may have been poised to catch up in performance. However, our highly selective investment process is focused on the relative strengths and future potential of individual businesses, not just comparative valuations.
- Davis International ADR SMA portfolio returned 27.06% 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.

## Market Perspectives: Alternating Cycles

International equities were one of the best performing asset categories in 2025 with the MSCI ACWI ex US returning 32.39%, well ahead of U.S. equities which nevertheless saw the S&P 500 Index rise an impressive 17.88%. The Davis International ADR SMA strategy returned 27.06% in the year.

Historically, U.S. and international stocks have taken turns at leadership with one outperforming the other in long, alternating cycles. Investors are justified in asking whether this marks the start of a secular change in the outlook for international stock performance after a long period of lackluster results, or a short-term phenomenon.

International equities had become much cheaper in general than their U.S. counterparts, based at least on comparative benchmark valuations, and hence may have been poised to catch up somewhat in

**Net Average Annual Total returns as of December 31, 2025, for Davis International Equity SMA Composite with a 3% maximum wrap fee: 1 year, 23.38%; 5 years, 1.58%; 10 years, 4.97%. The performance presented represents past performance and is not a guarantee of future results.** Total return assumes reinvestment of dividends. Investment return and principal value will vary so that an investor may lose money. For current, quarterly returns, please ask your financial advisor to contact Davis Advisors. Current performance may be higher or lower. The investment strategies described herein are those of Davis Advisors. These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials are preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Advisor. Davis Advisors fee schedules are described in Part 2 of its Form ADV. The strategies herein may not be suitable or appropriate for all investors depending on their specific investment objectives and financial situation. Potential investors should consult with their financial professional before determining whether to invest in a strategy.

This material includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. Equity markets are volatile and an investor may lose money. **Past performance is not a guarantee of future results.** Unless otherwise noted, all performance information is as of December 31, 2025. 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.

performance. For instance, the forward price-to-earnings (P/E) multiple of MSCI ACWI ex US was 17.0x versus 26.2x for the S&P 500 Index as of year-end 2025.

Still, despite this valuation gap between the two geographies, ultimately the determining factor that should drive success in different regional asset categories should be based on the relative strengths and future potential of individual businesses in those respective areas, in addition to comparative valuations.

We are active stockpickers in international equities since they do not constitute a single monolithic asset class but represent many, disparate underlying country markets. It is an exceptionally wide field for investors to choose from—the MSCI ACWI ex US is composed of almost 2,000 different companies versus the roughly 500 in the S&P 500 Index. This open field of opportunities has proven a rich, fertile ground from which to select investments but we prefer to do so company by company, country by country, and in a manner that positions us quite distinctly from the international index with an eye to outperforming over the long term. ■

## Portfolio Review: Advantage of Selectivity

The positioning of Davis International ADR SMA, which we manage as a high-conviction, highly nimble portfolio, can be illustrated with the following data points:

### Selective, Attractive Growth, Undervalued<sup>1</sup>

	Portfolio	MSCI ACWI ex US
Holdings	25	1,972
EPS Growth (5 Year)	21.0%	13.1%
P/E (Forward)	7.7x	17.0x

As the above table shows, we currently hold a rather tight list of companies. This is an indicator entirely of our selectivity and our preference to invest in a finite group of businesses that we feel have superior prospects to the international benchmark over the long term, based on comparative profitability and profit potential, competitive advantages, management skill and experience, and valuations.

In addition, we look broadly with an open mind at companies around the globe and have deep experience investing in select emerging markets as well as in developed markets. We use this experience and our flexibility to own what we feel are truly incredible

<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 23.50% 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.

businesses headquartered in countries such as China and Singapore, among other emerging markets, as well as investments in developed Europe and Canada. That said, we have no interest currently in many other countries due to political, economic and/or capital markets risk factors specific to them.

We find this freedom to exercise selectivity down to individual stocks and individual country markets to be a huge advantage because it allows us to avoid what we feel are obvious potential pitfalls in other markets that the index *must* hold based on market capitalization inclusion rules.

In 2025, our performance was driven broadly by financial services companies (banks and insurers) in geographies such as Singapore, Denmark, China and Switzerland, as well as select technology-related companies based in Japan, the Netherlands and South Africa.

To give an idea of the quality of companies we own, representative holdings in the portfolio include the multi-line insurer AIA Group of Hong Kong, the Japanese semi-conductor manufacturing equipment company Tokyo Electron, and the Swiss private bank Julius Baer.

Elsewhere in the portfolio we hold several rather unique special situations. A newer addition 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. We also hold Full Truck Alliance, a logistics services business in China that provides online management solutions connecting domestic Chinese shippers and truckers throughout the country. This is a segment of the overall logistics management industry in China that is in the early stages of development, but which is growing rapidly.

We remain very bullish on the long-term prospects of the companies we own in the Davis International ADR SMA portfolio but do not have a uniform view of country markets as we believe that investing successfully in international markets is truly the “art of the specific.”

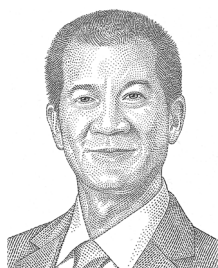
## Together on This Journey

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>2</sup> We are grateful for your trust and are well-positioned for the future. ■

2. As of 12/31/25, 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 International ADR SMA Portfolio

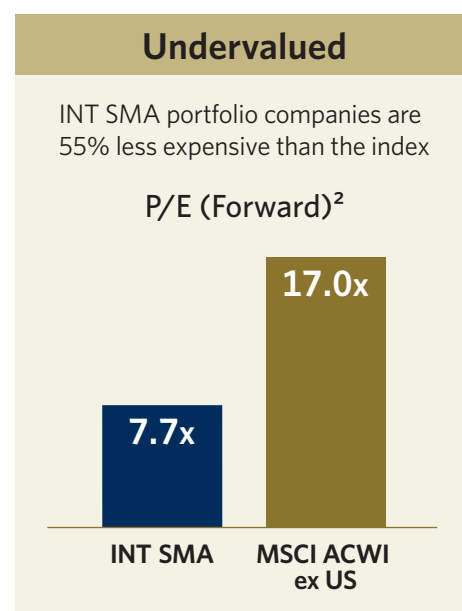
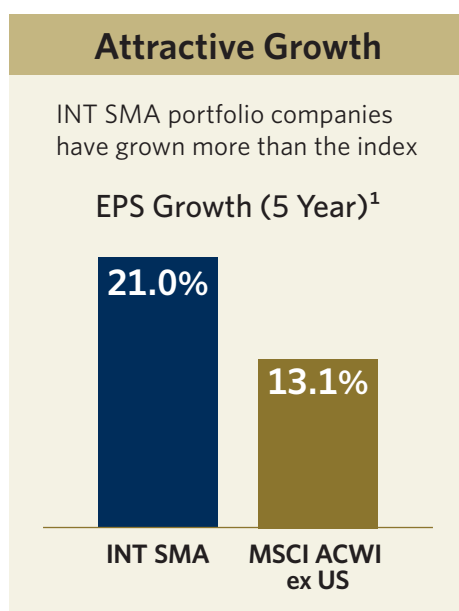
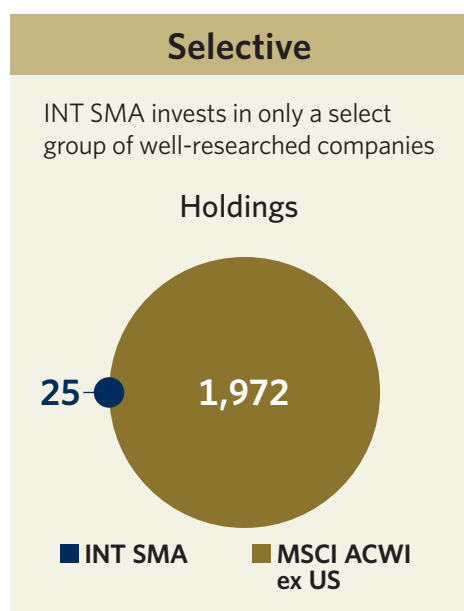
## Selective. Attractive Growth. Undervalued.



“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 55% 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 12/31/25. 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.** 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 ex US is 13.1%. Approximately 23.50% 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 ex US is 17.0x.

## High Conviction. Different from the Index.

Holdings	Portfolio (%)	MSCI ACWI ex US (%)
Ping An Insurance Group	7.0	0.2
Prosus	7.0	0.2
Danske Bank	6.2	0.1
Julius Baer Group	6.0	0.1
AIA Group	5.9	0.3
Trip.com Group	5.6	0.1
Full Truck Alliance	5.6	—
DiDi Global	5.1	—
Meituan	4.7	0.2
Entain	4.4	< 0.1
ITOCHU	4.3	0.2
JBS	4.2	—
Tokyo Electron	4.0	0.3
AUMOVIO	3.4	—
Teck Resources	3.2	0.1
KE Holdings	3.1	—
Restaurant Brands International	2.7	0.1
Naspers	2.5	—
Sea	2.5	0.2
NetEase	2.3	0.1
Vale	2.0	—
Bank of N.T. Butterfield & Son	1.7	—
Noah Holdings	1.4	—
Delivery Hero	1.3	< 0.1
JD.com	0.9	0.1
CASH	3.0	—
	<b>100%</b>	

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 1,972 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 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 = 97%.

### 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)	21.0%	13.1%
Undervalued	P/E (Forward)	7.7x	17.0x
Selective	Holdings	25	1,972
	Total Countries	13	46

## 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 (%)
Asia	54.0
Europe	29.2
North & Central America Ex US	7.8
South America	6.4
Africa	2.6
Australia/Oceania	0.0

## Sectors\*\*

	Portfolio (%)	Index (%)
Consumer Discretionary	36.1	9.9
Financials	29.1	25.5
Industrials	15.5	14.7
Materials	5.4	6.9
Consumer Staples	4.3	6.0
Information Technology	4.1	14.7
Real Estate	3.2	1.5
Communication Services	2.4	5.6
Health Care	—	7.9
Energy	—	4.4
Utilities	—	3.2

## Performance (%)

	1 Year	3 Year	5 Year	Inception 10/1/14
International ADR SMA Composite (gross)	27.07	16.20	4.67	6.79
International ADR SMA Composite (net 3%)	23.38	12.80	1.58	3.65
MSCI ACWI ex US	32.39	17.32	7.90	6.51

## Top 10 Holdings<sup>‡</sup>

	Portfolio (%)	Index (%)
Ping An Insurance Group	7.0	0.2
Prosus	7.0	0.2
Danske Bank	6.2	0.1
Julius Baer Group	6.0	0.1
AIA Group	5.9	0.3
Trip.com Group	5.6	0.1
Full Truck Alliance	5.6	—
DiDi Global	5.1	—
Meituan	4.7	0.2
Entain	4.4	< 0.1

## Top 10 Countries

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

**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.

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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.

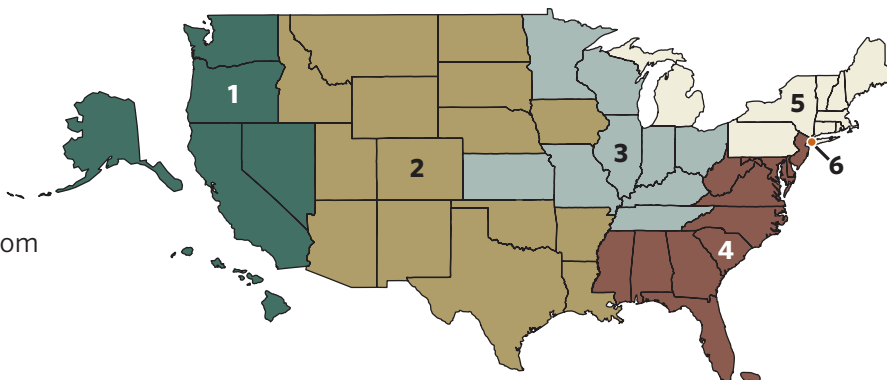


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*This material may be shared with existing and potential clients to provide information concerning market conditions and the investment strategies and techniques used by Davis Advisors to manage its client accounts. Please refer to Davis Advisors Form 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 12/31/25. 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 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 23.50% 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 13.1%. 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 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 17.0x. ‡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 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 depository 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, 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.

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) ex U.S.** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the United States. The index includes reinvestment of dividends, net of foreign withholding taxes. The **S&P 500 Index** is an unmanaged index that covers 500 leading companies and captures approximately 80% coverage of available market capitalization. Investments cannot be made directly in an index.