



January 20, 2012

Dear Davis Funds Shareholder:

The following information explains your **Form 1099-DIV (Dividends and Distributions)** for the year ended December 31, 2011. The following is a brief explanation of each item reported:

Box 1a *Ordinary Dividends*. This distribution amount may include short-term capital gains.

Box 4 *Federal Income Tax Withheld*. See Form W-9 (Request for Taxpayer Identification Number and Certification) for information on backup withholding. Davis Funds cannot refund any withheld amounts to the shareholder.

Davis Government Bond Fund and Davis Government Money Market Fund

Mutual fund dividends derived from certain U.S. Government obligations may be exempt from state income taxes. A portion of the dividend income you received in 2011 from your Fund may qualify for this exemption. The schedule below shows the various sources of income received during 2011:

2011 Sources of Income

	<u>Davis Government Bond Fund</u>	<u>Davis Government Money Market Fund</u>
Agency of International Development – Israel	0.00%	2.39%
Fannie Mae	43.39%	5.37%
Federal Farm Credit Bank	0.00%	6.84%
Federal Home Loan Bank	0.81%	30.70%
Financing Corporation	0.00%	0.53%
Freddie Mac	38.69%	12.36%
Ginnie Mae	16.81%	0.00%
Private Export Funding Corporation	0.00%	2.24%
Repurchase Agreements	0.17%	38.66%
Resolution Funding Corporation	0.00%	0.39%
Tennessee Valley Authority	0.00%	0.52%
U.S. Department of Housing and Urban Development	0.13%	0.00%

Because tax laws vary among different cities and states, please consult with your tax advisor about the specific rules in the state in which you pay taxes.

Thank you for choosing to invest with Davis Funds. If you have any questions, please contact your financial advisor, or call us at **1-800-279-0279** to speak with a customer service representative.

Sincerely,

Doug Haines - Treasurer

This letter is intended for existing shareholder use only. A prospectus must accompany this letter if distributed to prospective shareholders. While every effort has been made to ensure the accuracy of the data in this letter it is subject to change.