Davis FUNDS

Davis Appreciation and Income Fund

March 31, 2017

Long-Term Growth and Income

The Fund is a portfolio of equities and bonds which seeks to provide total return through capital appreciation and income. The goal is to do so over long-term market cycles. The Fund has lower than average expenses.[1] As the largest shareholder, we have a unique commitment to client stewardship.

Why Invest in Davis Appreciation and Income Fund

- **Stocks and Bonds in a Single Fund:** Combination of durable, well-managed stocks (about two-thirds of the portfolio) and high quality bonds (about one-third).
- **Rigorous Research:** Utilizing in-depth, independent research, we evaluate the quality and valuation of equities and fixed income securities to achieve the Fund's goals.
- **Attractive Results:** Through up-market years since 1992, the Fund has delivered an average annual return of 13.62% vs. 16.55% for the S&P 500 Index. Through down market years since 1992, the Fund has delivered an average annual return of −12.79% vs. −20.02% for the S&P 500 Index.[2]
- **We Are the Largest Shareholder:** We have a unique commitment to stewardship, generating attractive long-term results, managing risks, and minimizing fees.

Experienced Management

Chris Davis, *28 years with Davis Advisors*
Peter J. Sackmann, CFA, *19 years with Davis Advisors*
Creston A. King III, CFA, *18 years with Davis Advisors*

Our Investment Alongside Our Shareholders

We have more than $2 billion of our own money invested side by side with clients.[3]

Symbols

A Shares	RPFCX
C Shares	DCSCX
Y Shares	DCSYX

Fund Facts

Inception Date (Cl-A)	5/1/92
Total Net Assets	$199.8 million
Total Fund Holdings	48
Dividend Paid	Quarterly

Lower Expenses

Expense Ratio (Cl-A)[1] vs. Lipper Category Average	0.87% vs. 1.98%
Expense Ratio (Cl-Y)[1] vs. Lipper Category Average	0.68% vs. 1.98%

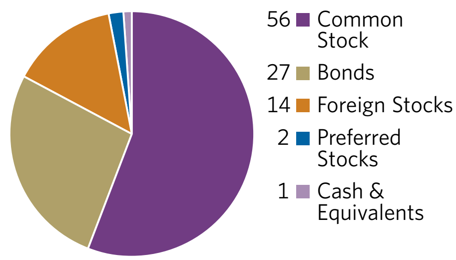
Top 10 Holdings

Berkshire Hathaway-Class B	4.4%
LafargeHolcim	3.8
Roche Holding AG-Genusschein	3.8
EQT Midstream Partners	3.7
Occidental Petroleum	3.6
Wells Fargo	3.3
Amazon.com	3.1
Safran S.A.	3.1
American Express	3.0
U.S. Bancorp	3.0

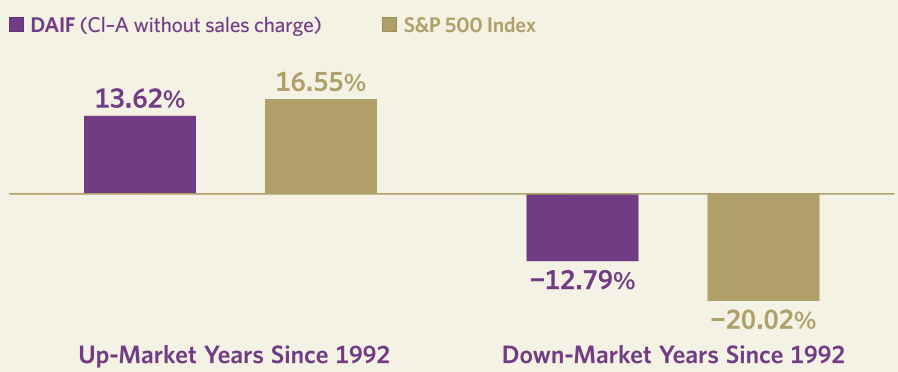
Top 5 Industries

Diversified Financials	18.7%
Energy	12.8
Information Technology	12.6
Mortgage Backed	9.5
Health Care	9.3

Portfolio Allocation (%)



Average Returns Through Up and Down Years



DAIF Cl-A	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Inception
without sales charge	13.68%	0.92%	5.96%	3.70%	6.10%	6.16%	7.99%
with sales charge	8.28	−0.70	4.93	3.19	5.75	5.90	7.78
S&P 500 Index	17.17	10.37	13.30	7.51	7.09	7.86	9.45

The performance presented represents past performance and is not a guarantee of future results. *Total return assumes reinvestment of dividends and capital gain distributions. Investment return and principal value will vary so that, when redeemed, an investor's shares may be worth more or less than their original cost. Returns and expenses for other classes of shares will vary. Current performance may be higher or lower than the performance quoted. For most recent month-end performance, visit davisfunds.com or call 800-279-0279.*

1. Gross expenses. As of most recent prospectus. The Fund is categorized by Lipper as Mixed-Asset Target Allocation Growth. **2.** Class A shares without a sales charge. **Past performance is not a guarantee of future results.** **3.** Includes the Davis family, Davis Advisors, employees and directors. As of December 31, 2016.

This piece is authorized for use by existing shareholders. A current Davis Appreciation and Income Fund prospectus must accompany or precede this material if it is distributed to prospective shareholders. You should carefully consider the Fund's investment objective, risks, charges, and expenses before investing. Read the prospectus carefully before you invest or send money.

This report 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. These comments may also include the expression of opinions that are speculative in nature and should not be relied on as statements of fact.

The Fund generally uses Global Industry Classification Standard ("GICS") as developed by Morgan Stanley Capital International and Standard & Poor's Corporation to determine industry classification. GICS presents industry classification as a series of levels (i.e. sector, industry group, industry, and sub-industry). Allocations shown are at the Industry Group level except for the following industry groups which have been combined as indicated: Information Technology: Software & Services, Technology Hardware & Equipment, Semiconductors & Semiconductor Equipment; Health Care: Pharmaceuticals, Biotechnology & Life Sciences, Health Care Equipment & Services. The Advisor may reclassify a company into an entirely different industry if it believes that the GICS classification for a specific company does not accurately describe the company. Industry Group weightings are subject to change.

Average annual total returns as of March 31, 2017:

DAIF	1 Year	5 Years	10 Years	Inception
Class A (with 4.75% sales charge)	8.28%	4.93%	3.19%	5/1/92
Class C (with deferred sales charge)	11.81	5.08	2.86	8/12/97
Class Y	14.00	6.16	3.92	11/13/96

As of the most recent prospectus the expense ratios were: Class A shares, 0.87%; Class C shares, 1.72%; Class Y shares, 0.68%.

Objective and Risks. Davis Appreciation and Income Fund's investment objective is total return through a combination of growth and income. There can be no assurance that the Fund will achieve its objective. The Fund is subject to both equity and debt risk. Some important risks of an investment in the Fund are: **bonds and other debt securities risk:** bonds and other debt securities generally are subject to credit risk and interest rate risk; **changes in debt rating risk:** if a rating agency gives a fixed income security a low rating, the value of the security will decline; **common stock risk:** an adverse event may have a negative impact on a company and could result in a decline in the price of its common stock; **convertible securities risk:** convertible securities are often lower-quality debt securities; **credit risk:** the issuer of a fixed income security (potentially even the U.S. Government) may be unable to make timely payments of interest and principal; **depositary receipts risk:** depositary receipts may trade at a discount (or premium) to the underlying security and may be less liquid than the underlying securities listed on an exchange; **difficult to resell risk:** many investors do not want high-yield, high-risk debt securities, and others are prohibited from buying them; **extension and prepayment risk:** the pace at which borrowers prepay affects the yield and the cash flow to holders of securities and the market value of those securities; **fees and expenses risk:** the Fund may not earn enough through income and capital appreciation to offset the operating expenses of the Fund; **foreign country risk:** foreign companies may be subject to greater risk as foreign economies may not be as strong or diversified. As of March 31, 2017, the Fund had approximately 14.3% of assets invested in foreign companies; **headline risk:** the Fund may invest in a company when the company becomes the center of controversy. The company's stock may never recover or may become worthless; **interest rate risk:** interest rate increases can cause the price of a debt security to decrease; **large-capitalization companies risk:** companies with $10 billion or more in market capitalization generally experience slower rates of growth in earnings per share than do mid- and small-capitalization companies; **manager risk:** poor security selection may cause the Fund to underperform relevant benchmarks; **mid- and small-capitalization companies risk:** companies with less than $10 billion in market capitalization typically have more limited product lines, markets and financial resources than larger companies, and may trade less frequently and in more limited volume; **overburdened issuers risk:** issuers of high-yield, high-risk debt securities are unlikely to have a cushion from which to make their payments when their earnings are poor or when the economy in general is in decline; **preferred stock risk:** preferred stock is a form of equity security and is generally ranked behind an issuer's debt securities in claims for dividends and assets of an issuer in a liquidation or bankruptcy. An adverse event may have a negative impact on a company and could result in a decline in the price of its preferred stock; **priority risk:** issuers of high-yield, high-risk debt securities are likely to have a substantial amount of other debt which it must be current on before it can pay bondholders; **stock market risk:** stock markets have periods of rising prices and periods of falling prices, including sharp declines; and **variable current income risk:** the income which the Fund pays to investors is not stable. See the prospectus for a complete description of the principal risks.

Davis Funds has adopted a Portfolio Holdings Disclosure policy that governs the release of non-public portfolio holding information. This policy is described in the prospectus. Holding percentages are subject to change. Visit davisfunds.com or call 800-279-0279 for the most current public portfolio holdings information.

Broker-dealers and other financial intermediaries may charge Davis Advisors substantial fees for selling its funds and providing continuing support to clients and shareholders. For example, broker-dealers and other financial intermediaries may charge: sales commissions; distribution and service fees; and record-keeping fees. In addition, payments or reimbursements may be requested for: marketing support concerning Davis Advisors' products; placement on a list of offered products; access to sales meetings, sales representatives and management representatives; and participation in conferences or seminars, sales or training programs for invited registered representatives and other employees, client and investor events, and other dealer-sponsored events. Financial advisors should not consider Davis Advisors' payment(s) to a financial intermediary as a basis for recommending Davis Advisors.

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

Lipper Mixed-Asset Target Allocation Growth funds are those that, by portfolio practice, maintain a mix of between 60%–80% equity securities, with the remainder invested in bonds, cash, and cash equivalents.

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. Investments cannot be made directly in an index.

While Davis Appreciation and Income Fund seeks to structure a portfolio with the potential to participate in some of the stock's upside potential while providing a degree of downside protection, there can be no assurance that the portfolio will actually perform in line with our expectations. There can be no assurance that securities we purchase will increase in value when the S&P 500 Index increases in value, or that they will provide downside protection when the S&P 500 Index declines in value.

After July 31, 2017, this material must be accompanied by a supplement containing performance data for the most recent quarter end.

Shares of the Davis Funds are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including possible loss of the principal amount invested.

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