

## Davis Financial Portfolio

June 30, 2017

For Variable Annuity Investors Who Are Looking for Long-Term Capital Appreciation from Banking and Financial Services Stocks<sup>1</sup>

Portfolio of Davis Variable Account Fund, Inc.

### ► Portfolio Manager



**Christopher C. Davis**  
Portfolio Manager  
28 years with  
Davis Advisors

### ► Investment Strategy

The Portfolio seeks to purchase durable, well-managed businesses at value prices and hold them for the long term.

We believe financial stocks offer attractive investment opportunities over the long term for four compelling reasons:<sup>2</sup>

- Powerful demographic trends—not only in America where 76 million baby boomers are entering their peak earning and investing years, but also in Europe and Asia—should lead to greater demand for financial products worldwide.
- Companies with strong brand names are emerging in financial services that should increasingly gain market share from weaker competitors.
- Consolidation within financial services industries is a continuing trend that should result in improving profit margins for surviving companies.
- Many financial companies generate strong free cash flow that can be used to increase value for shareholders through share repurchases, acquisitions and higher dividends.

The Portfolio's overriding theme is looking for durable companies that are conservatively valued. It also may invest in companies outside the financial arena.

### ► Portfolio Data

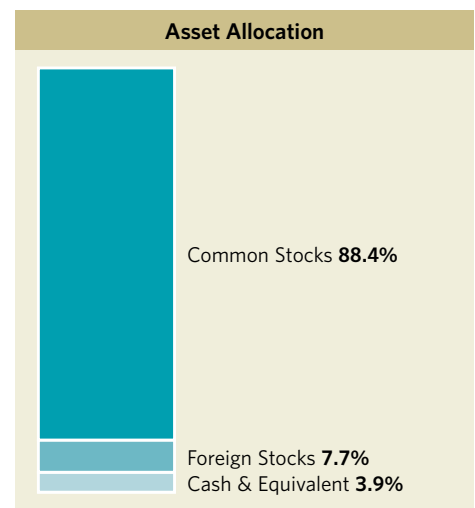
Inception Date	7/1/99
Total Net Assets	\$69,352,600
Number of Securities	31
Beta (3 years)	1.1
Turnover as of most recent audited financial statement	12% <sup>3</sup>

### ► Top 10 Holdings

Berkshire Hathaway—Class A	6.6%
American Express	6.3
JPMorgan Chase	5.6
Market	5.5
Bank of New York Mellon	5.3
Wells Fargo	4.9
Capital One Financial	4.8
Visa—Class A	4.5
Loews	4.3
U.S. Bancorp	4.3

### ► Top Industries

Diversified Financials	46.9%
Insurance	25.3
Banks	20.1
Information Technology	3.8



1. There is no guarantee that the investment goals/objectives will be met. 2. Our views and opinions regarding the investment prospects of our portfolio holdings include “forward-looking statements” which may or may not be accurate over the long term. 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. 3. Over the last five years, the high and low turnover rate for Davis Financial Portfolio was 32% and 2%, respectively.

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This material is authorized for distribution only when accompanied or preceded by a current Davis Financial Portfolio prospectus, which contains more information about investment objectives, risks, fees, and expenses. Please read the prospectus carefully before investing or sending money.

Davis Financial Portfolio's investment objective is long-term growth of capital. There can be no assurance that the Portfolio will achieve its objective. Under normal circumstances the Portfolio invests at least 80% of its net assets, plus any borrowing for investment purposes, in securities issued by companies principally engaged in the financial services sector. Some important risks of an investment in the Fund are: stock market risk: stock markets have periods of rising prices and periods of falling prices, including sharp declines; manager risk: poor security selection may cause the Fund to underperform relevant benchmarks; 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; 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; 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; 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; financial services risk: investing a significant portion of assets in the financial services sector may cause the Fund to be more sensitive to systemic risk, regulatory actions, changes in interest rates, non-diversified loan portfolios, credit, and competition; foreign country risk: foreign companies may be subject to greater risk as foreign economies may not be as strong or diversified; emerging market risk: securities of issuers in emerging and developing markets may present risks not found in more mature markets; foreign currency risk: the change in value of a foreign currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that foreign currency; 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; focused portfolio risk: investing in a limited number of companies causes changes in the value of a single security to have a more significant effect on the value of the Fund's total portfolio; interest rate sensitivity risk: interest rates may have a powerful influence on the earnings of financial institutions; 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; and fees and expenses risk: the Fund may not earn enough through income and capital appreciation to offset the operating expenses of the Fund. As of June 30, 2017, the Fund had approximately 7.7% of assets invested in foreign companies. See the prospectus for a complete description of the principal risks.

Broker-dealers and other financial intermediaries may charge Davis Advisors substantial fees for selling its products 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.

Beta is a measure of a portfolio's sensitivity to market movements in the last 36 months. The Portfolio's index as identified in the prospectus has a Beta of 1.00. While no single measurement can predict the future, a Beta of greater than 1.00 predicts greater volatility and a Beta of less than 1.00 predicts less volatility than the stock market as a whole.

Turnover Rate is a measure of the trading activity in a mutual fund's investment portfolio that reflects how often securities are bought and sold.

The Portfolio 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, Semi-conductors & 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.

**An investment in the Portfolio is not a deposit of any bank and is not insured or guaranteed by any bank, the Federal Deposit Insurance Corporation or any other government agency.**

There is no guarantee that the Portfolio's investments in these companies will be profitable.