

Davis Funds: Investing in Global Equities

A Conversation with the Davis Research Team



EQUITY SPECIALISTS SINCE 1969™



EXECUTIVE SUMMARY

1 Overview of Davis Advisors global research effort

Our integrated global research effort began more than 20 years ago. We have more than \$4 billion invested in foreign companies. Davis Global Fund was introduced 10 years ago in response to client needs.

2 Davis Global Fund portfolio positioning

Investments are predominantly in market-leading U.S. companies, European multinationals and select businesses in Asian emerging markets.

3 Drivers of long-term outperformance vs. benchmarks

Our long-term outperformance is driven by bottom-up stock selection, a strong valuation discipline and long-term thinking. We believe in active management. Our investments are based on in-depth research and conviction, not benchmarks.

4 Where we are finding investment opportunities

We combine bottom-up research with a thorough understanding of long-term secular tailwinds—including the emerging global middle class, demographics and ongoing technological advances.

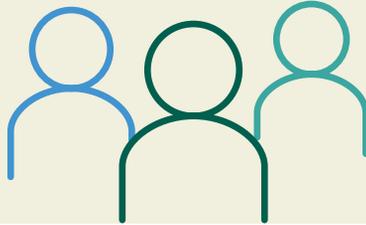
5 Davis is the largest shareholder in Davis Global Fund: Why this matters

Having our own money invested alongside shareholders shapes how we evaluate risk, growth prospects, portfolio durability, taxes, and expenses.

1

Discuss the Davis global equity research effort.

Davis
Global Fund



Davis has a long tradition of investing with a global perspective. We built our long-term record in large part by investing in companies that do business both in the United States and abroad. As a research-focused investment firm specializing in equities, our mission has always been to focus first and foremost on finding the best risk/reward opportunities around the globe for our clients. In addition to investing in U.S. businesses more than \$4 billion of our assets today are invested in companies listed overseas.

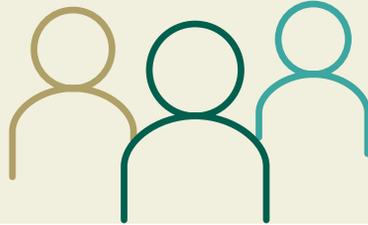
Reflecting today's business realities, our research team studies businesses and industries on a truly global basis, which we consider a key

competitive advantage. By avoiding the traditional model of segmenting research along geographic lines, we believe our integrated global approach allows us to better assess long-term opportunities in the United States and abroad.

We introduced Davis Global Fund 10 years ago as a direct response to our clients' changing needs. Davis Global Fund is managed with the same investment philosophy, research process, valuation methodology, and principles as all the Davis Funds.

2

How is Davis Global Fund currently positioned?

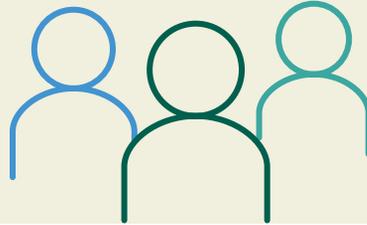


Davis Global Fund invests predominantly in leading U.S. companies, European multinationals and select businesses in Asia's emerging markets. We consciously position the Fund as a diversified, all-weather portfolio. Investors should consider the Fund a long-term investment that can be held to meet their future needs and those of their children and grandchildren, not a vehicle for capitalizing on short-term trends and developments in various geographic sectors around the world. Our investment time horizon is measured in decades, not years. In short, we seek to own businesses that are likely to benefit from the long-term global opportunities we see and not just from short-term opportunities in particular regions, countries or sectors.

The portfolio of businesses we have chosen for the Fund is designed to provide investors with a combination of good defense and good offense. By focusing on a geographically diversified array of companies with strong balance sheets and a well-diversified range of products and services we seek to provide a prudent degree of defense. In terms of offense, we seek businesses with good growth potential. Generally, we prefer businesses that generate high incremental returns on capital, meaning they can reinvest cash earnings and additional capital at highly attractive rates. This is an important facet of our investment approach because the longer a stock is held the more its total return should reflect the underlying business's reinvestment rate, all other things being equal.

3

Why has Davis Global Fund outperformed its benchmark since inception?



Davis Global Fund's long-term track record is a direct result of our investment process, which is driven by:

- An unwavering focus on business fundamentals
- In-depth, independent research
- A strong valuation discipline
- Rigorous competitive analysis
- A long time horizon that enables us to take advantage of short-term dislocations in the market

Our research process focuses our analysis on the elements that create a good, durable business, including first-class management, solid long-term earnings power and deep competitive moats. Adhering to such rigorous investment criteria makes us much more selective and results in a portfolio of our best ideas, typically comprising fewer than 65 holdings.

We are selective not only about the companies but about the markets in which we invest. We invest in companies and in markets where we feel comfortable with the accounting transparency, the rule of law, liquidity, and other such considerations and we avoid those that do not meet our criteria.

We recognize price and valuation matter and will be a key determinant of our long-term return on any investment. Therefore, while we seek to own durable, growing businesses, we remain disciplined about the prices we pay to own them.

One other important reason we have outperformed our benchmark over the long term in our view is we make a conscious effort not to match the makeup of any benchmark index. Davis Global Fund is unlike any index in its

composition and positioning. Put simply, we recognize we cannot invest the same as others and expect better results. Consequently, we build our portfolios in a bottom-up fashion based on what we believe are the optimum investment candidates for each portfolio without considering benchmark indexes. We search the world for companies we can own for the long term and we exercise enormous flexibility in building a well-rounded portfolio of what we feel are the best opportunities, businesses and management teams regardless of a company's size or the country in which it is headquartered, and irrespective of benchmark composition. Without such constraints, what a world of opportunities we have to choose from.

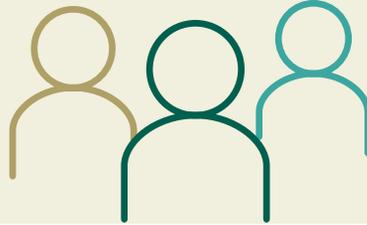
Furthermore benchmark indexes are poorly constructed in our view, most notably because they provide a rearview mirror reflection of the world. By definition, indexes weight most heavily those businesses that have already grown the largest over time. In other words, indexes do not necessarily reflect where the opportunities are today, but more often than not where they were in the past.

Staying ahead of change and secular trends and being early to identify which companies will be the new leaders two, three and five years from now is a better, more comprehensive and forward-looking approach in our view than simply allocating portfolio investments based on historical growth and the current size of a company. We think today's markets offer terrific opportunities for Davis Global Fund that other funds may be missing—specifically the opportunities that come from owning wonderful businesses that might not be on everyone's radar.

4

Where are you finding long-term investment opportunities?

Davis
Global Fund



We have identified a number of strong secular tailwinds that currently guide our investment choices and on which we seek to capitalize, most notably: (1) the emergence of a global middle class, (2) long-term demographics and (3) ongoing technological advances.

By some estimates, the global middle class today encompasses between 1.8 and 2 billion people, the majority of whom live in developed economies. Looking ahead 15 to 20 years, not only will total spending of the global middle class increase dramatically, but by some estimates as much as two-thirds of the global middle class could live in the Asia-Pacific region. This strengthening tailwind may persist for quite some time. Thus, we are investigating companies operating in markets with an expanding middle class, particularly companies that have a first mover advantage in delivering a breadth of products and services that consumers in those markets want. Our aim is to buy businesses positioned to benefit from a growing market share of a growing market.

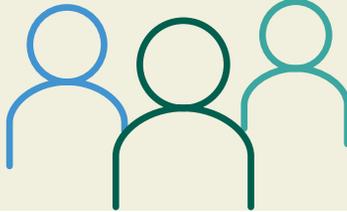
Second, in the United States, Europe and Japan, the population is aging. This trend is of particular significance in the United States given the number of baby boomers at or approaching retirement age. At the same time, birth rates in Europe and Japan are particularly low. As a result, an aging population has big implications in all three regions, particularly for the health care sector. We believe select health care businesses are well positioned to benefit from these long-term demographic trends in addition to being fine companies in their own right.

Technology represents a third long-term tailwind as the rate of technological change has been unprecedented, far-reaching and truly breathtaking. At Davis Advisors we focus on where technology is leading us and its impact, both positive and negative, on a wide variety of industries and individual businesses. The Internet and mobile phones play an enormously important role in driving technological change at the present time. Consider the iPhone 5, which offers 1,000 times the computing power of the early Cray-1 supercomputer in the mid-seventies. While hard to imagine as recently as 15 years ago, today it seems almost everyone has a mobile phone, not just in the United States but also around the world. For example, approximately 80% of the Chinese who use the Internet access the Internet on mobile devices. This does not mean we are investing in phone manufacturers but rather we are thinking about the impact of mobile phones on businesses such as retailing. If people increasingly shop on their phones, what does that mean for retailers with actual stores? Who is going to benefit and who will be hurt?

In sum, the emergence of a global middle class consumer, the aging population in developed nations and the unprecedented rate of technological change are major themes guiding our investment decisions at the present time.

5

Davis Advisors is the largest investor in Davis Global Fund. Why does this matter to shareholders?



Alignment of interest is a fundamental principle that rarely receives enough weight when investors are considering a particular fund. With more than \$2 billion of our own money invested side-by-side with shareholders, we are the largest investors in our funds.¹ This alignment of interests shapes how we consider risk, growth prospects, the durability of the portfolio, and taxes and expenses, as it puts us in the same seat as the other shareholders in the Fund. We take the same risks and reap the same rewards as our clients.

Amazingly, only a small number of investment managers invest their money alongside their clients and shareholders. Approximately 87% of mutual funds are managed by managers who do not have even \$1 million invested in the funds they manage.² At Davis, we believe our portfolio managers' assets should be invested the same as the savings our clients have entrusted to us. That is a core tenet of good stewardship.

1. As of June 30, 2014. 2. Sara Max, "Fund Managers Who Invest Elsewhere," *Barron's*, July 12, 2014.

SUMMARY

Davis Global Fund

Davis Advisors

A leading specialist in equity investing for more than 45 years. Our primary focus is on equity research.

Diversified portfolio of well-researched businesses from around the globe

The Fund invests in companies with attractive long-term growth prospects from the United States and abroad, in both developed and emerging markets.

Signature Davis Investment Discipline

The Fund employs a time-tested strategy that has successfully compounded wealth for more than 45 years. It focuses on identifying attractive businesses with sustainable competitive advantages and experienced management selling at a discount to their true value.

Attractive results

Davis Global Fund has outperformed the MSCI ACWI® (All Country World Index) over the one, three and five year periods ending September 30, 2014 and since its inception on December 22, 2004.³

Flexible, opportunistic approach

We believe having a bottom-up stock selection process and not mirroring the benchmark index are keys to long-term outperformance.

We are the largest shareholders in the Fund

We have a unique sense of stewardship focused on generating long-term returns, managing risk and minimizing expenses.

³. Class A shares without a sales charge. **Past performance is not a guarantee of future results.**

This report is authorized for use by existing shareholders. A current Davis Global 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, 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.

Objective and Risks. Davis Global Fund's investment objective is long-term growth of capital. There can be no assurance that the Fund will achieve its objective. 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; 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. As of September 30, 2014, the Fund had approximately 24.6% of assets invested in securities from emerging 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 involve higher expenses and may trade at a discount (or premium) to the underlying security; 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; and fees and expenses risk: the Fund may not earn enough through income and capital appreciation to offset the operating expenses of the Fund. See the prospectus for a complete description of the principal risks.

The Fund is subject to a 2% short-term redemption fee for shares held for fewer than 30 days.

Davis Advisors is committed to communicating with our investment partners as candidly as possible because we believe our investors 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 report. 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.

During the period from inception (December 22, 2004) through December 29, 2006, only the directors, officers and employees of the Fund or its investment adviser and sub-adviser (and the investment adviser itself and affiliated companies) were eligible to purchase Fund shares. Since inception, the Fund's investment strategies and operations have remained substantially the same.

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.

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

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.

Davis Distributors, LLC
2949 East Elvira Road, Suite 101, Tucson, AZ 85756
800-279-0279, davisfunds.com
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