

# The Davis New York Venture Fund

A History of Rewarding the Patient, Steadfast Investor

# Our Experience, Stewardship and Long-Term Results

As investors prepare for the coming decade, it is crucial to have conviction in their manager's investment discipline, their level of experience navigating a wide range of market environments, the degree to which they are invested side by side with shareholders, and their history of generating attractive long-term results. Davis Advisors offers these unique attributes to investors.

## Over Sixty Years of Utilizing the Davis Investment Discipline

The Davis Investment Discipline that we follow today can be traced back more than 60 years, to Christopher Davis' grandfather Shelby Cullom Davis. In 1947, Shelby invested \$100,000 in the stocks of various businesses and compounded it into over \$800 million by the time of his death in 1994.<sup>1</sup> His discipline was straightforward: Invest in durable businesses at attractive prices and be patient as the market recognizes their true value.

Adhering to this discipline has historically allowed us to build wealth for shareholders through periods of inflation, recession, rising and falling energy prices, rising and falling interest rates, and bull and bear markets. This depth of experience enables Davis to uncover investment opportunities for the coming decade.

## Aligned with Shareholders

The Davis family, Davis Advisors, employees, and directors have more than \$2 billion of their own money invested side by side with fellow shareholders in the various mutual funds our firm manages.<sup>2</sup> This degree of co-investment leads to a focus on generating attractive returns while seeking to minimize risk and fees. As an independent, privately held asset manager with no leverage or debt, Davis can remain committed to conducting intensive research rather than satisfying the revenue demands of a corporate parent.

## A History of Building Long-Term Wealth for Shareholders

Our patient investment discipline has resulted in the Davis New York Venture Fund outperforming the S&P 500<sup>®</sup> Index over every 10 year period since 1970—the only Fund in the industry with this record of consistency.<sup>3</sup> It is the *only* Fund in the industry to have outperformed the S&P 500<sup>®</sup> Index in each of the past four decades—the 70s, 80s, 90s, and 00s.<sup>3</sup> As a result, a hypothetical \$10,000 investment in the Davis New York Venture Fund in 1969 was worth \$1,103,739 in 2010 vs. \$460,610 for the market and \$450,597 for the Average Large Cap Fund.<sup>3</sup>

**Annualized Total Returns as of December 31, 2010 for Davis New York Venture Fund Class A with a maximum 4.75% sales charge: 1 year, 6.80%; 5 years, 0.44%; 10 years, 2.13%. 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. The total annual operating expense ratio for Class A shares as of the most recent prospectus was 0.89%. The total annual operating expense ratio may vary in future years. 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](http://davisfunds.com) or call 800-279-0279.**

<sup>1</sup> While Shelby Cullom Davis' success forms the basis of the Davis Investment Discipline, this was an extraordinary achievement and other investors may not enjoy the same success.

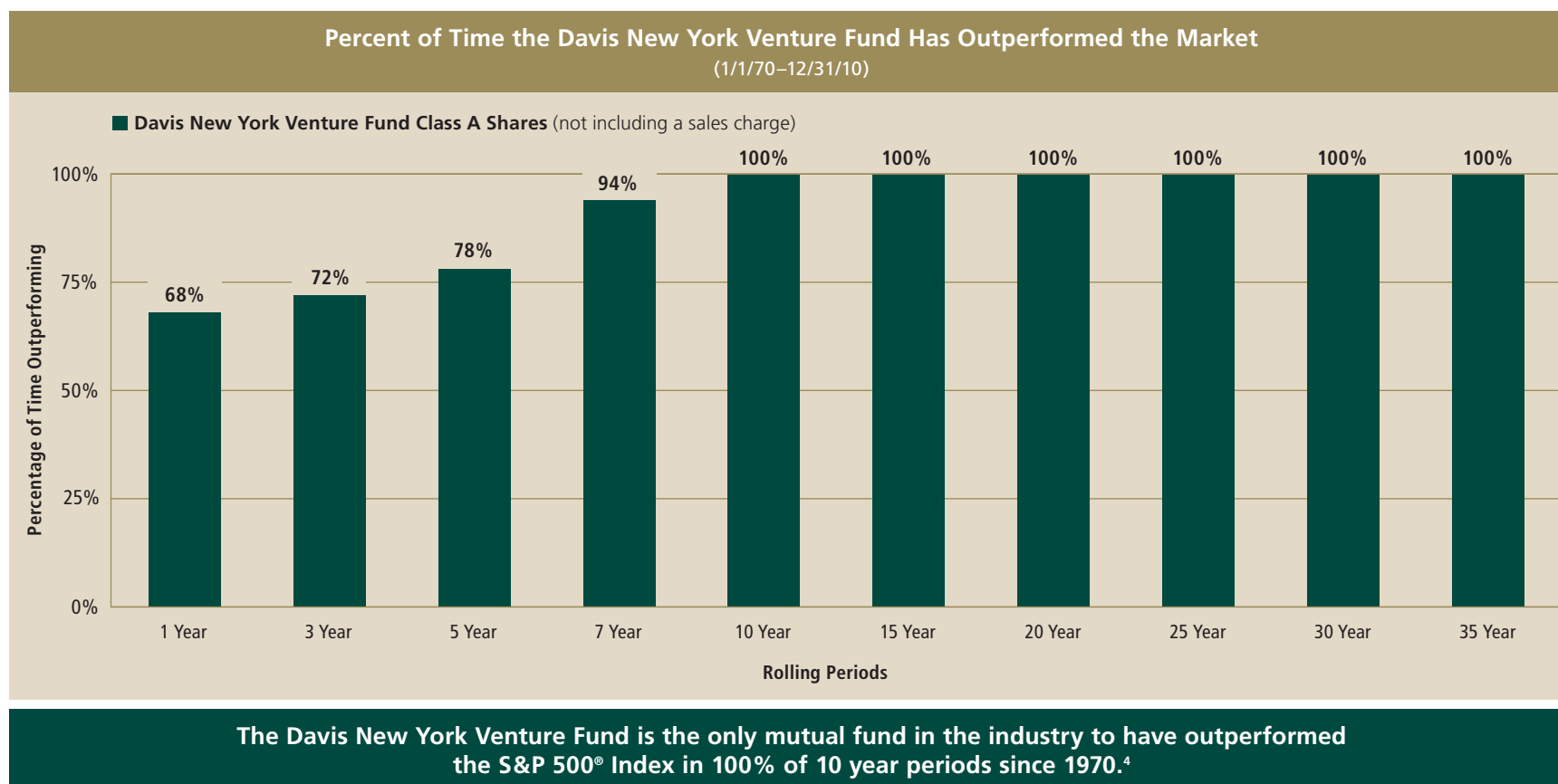
<sup>2</sup> As of December 31, 2010. <sup>3</sup> Class A shares, not including a sales charge. Compound results are from 2/17/69–12/31/10 (Average Large Cap Fund is from 2/28/69). The "market" is represented by the S&P 500<sup>®</sup> Index. **Past performance is not a guarantee of future results.** See endnotes for additional disclosure.

There is no guarantee that Davis will continue to deliver attractive results or outperform the market. **Past performance is not a guarantee of future results.**

# Outperforming the Market Over the Long Term

The durability of the Davis Investment Discipline has resulted in the Davis New York Venture Fund consistently outperforming the market over the long term. The time-tested investment discipline utilized by the Davis family for over 60 years and three generations has historically rewarded patient, steadfast investors.

The chart below shows the percent of time since 1970 that the Davis New York Venture Fund has outperformed the S&P 500® Index. Over all one year rolling periods since 1970, the Fund outperformed the market 68% of the time.<sup>4</sup> As an investor's holding period increased to 10 years and more, **the Fund outperformed the S&P 500® Index 100% of the time**—the *only* Fund in the industry with this record of consistency.<sup>4</sup>



Source: Thomson Financial, Lipper and Bloomberg. The “market” is represented by the S&P 500® Index. **Past performance is not a guarantee of future results.** See endnotes for a description of the S&P 500® Index and rolling returns.

<sup>4</sup>Class A shares, not including a sales charge. **Past performance is not a guarantee of future results.**

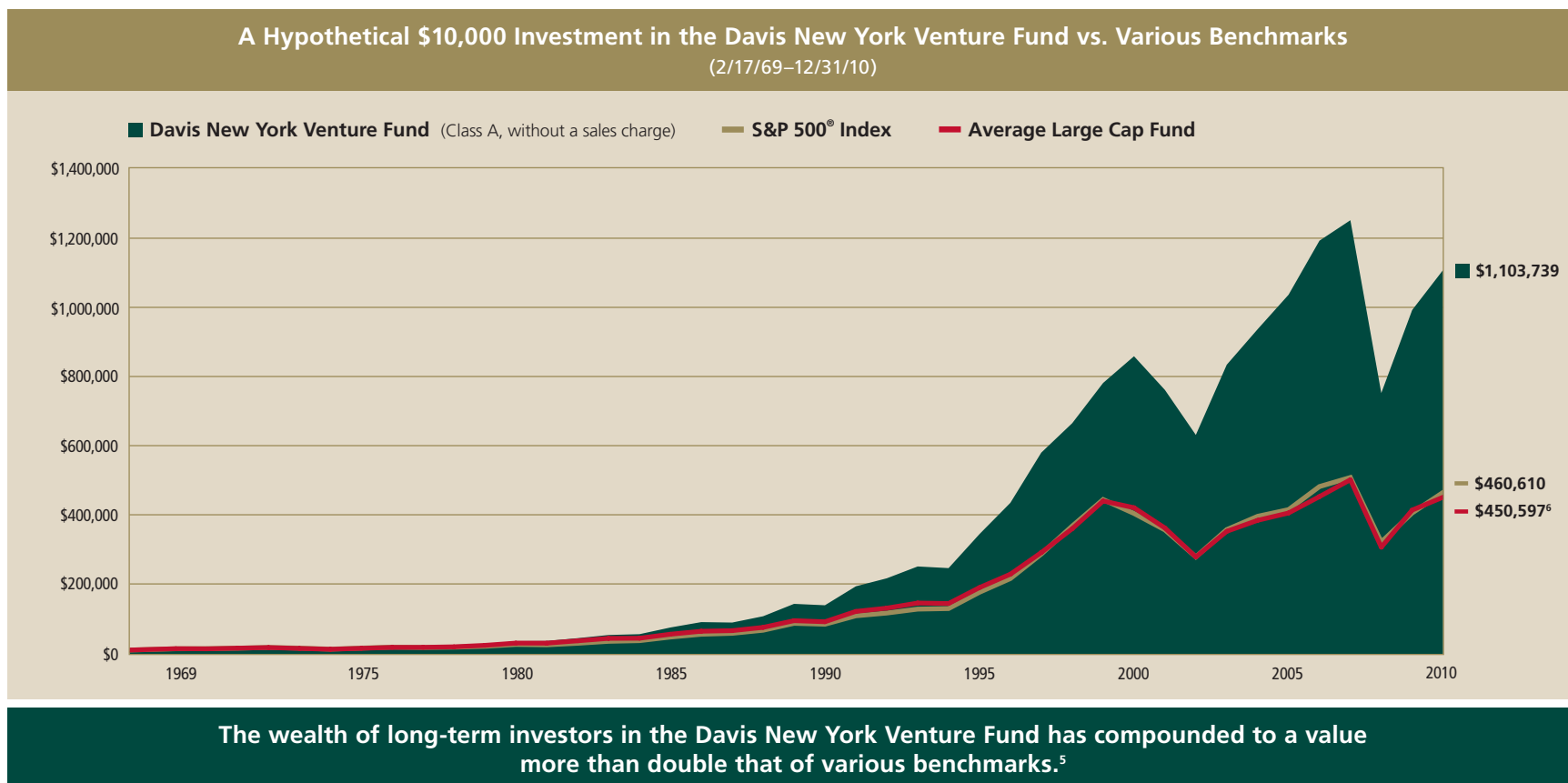
Equity markets are volatile and there is no guarantee that Davis will continue to deliver attractive results. **Past performance is not a guarantee of future results.**

# A History of Rewarding the Patient, Steadfast Investor

Shareholders in the Davis New York Venture Fund who have remained invested through various market environments have historically achieved attractive results.<sup>5</sup>

The chart below illustrates a hypothetical \$10,000 investment since inception in the Davis New York Venture Fund vs. the S&P 500® Index and the Average Large Cap Fund.

**The Davis New York Venture Fund compounded to \$1,103,739 by December 31, 2010 vs. only \$460,610 for the S&P 500® Index and \$450,597 for the Average Large Cap Fund.<sup>5</sup>**



Source: Thomson Financial, Lipper and Bloomberg. Returns for other classes of shares will vary. All returns include the reinvestment of dividends and capital gain distributions. **Past performance is not a guarantee of future results.** See endnotes for a description of the benchmarks.

<sup>5</sup>From the dates indicated, the return of a hypothetical \$10,000 investment in the Davis New York Venture Fund (Class A, NAV) more than doubled that same hypothetical investment in the S&P 500® Index or the Average Large Cap Fund. **Past performance is not a guarantee of future results.** <sup>6</sup>The Average Large Cap Fund is represented by the equities in the respective Lipper peer group and its returns are calculated from 2/28/69 through 12/31/10.



*“At Davis Advisors, we recognize that our shareholders have placed a tremendous amount of trust in us. We do not take this trust lightly. We are as positive as ever about long-term prospects for equities in general and, more specifically, the Davis New York Venture Fund. The Fund contains globally-dominant, durable, well-managed businesses that are selling at attractive valuations.*

*As one of the largest shareholders in the Davis New York Venture Fund, we look forward to the coming decade with optimism.”*

**Christopher C. Davis**  
Portfolio Manager, Davis Advisors

*This report is authorized for use by existing shareholders. A current Davis New York Venture 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.*

Davis New York Venture Fund's investment objective is long-term growth of capital. There can be no assurance that the Fund will achieve its objective. The Fund invests primarily in equity securities issued by large companies with market capitalizations of at least \$10 billion. Some important risks of an investment in the Fund are: stock market risk: stock markets tend to move in cycles, with periods of rising prices and periods of falling prices, including the possibility of sharp declines; manager risk: poor security selection or focus on securities in a particular sector, category, or group of companies may cause the Fund to underperform relevant benchmarks or other funds with a similar investment objective; common stock risk: common stock represents an ownership position in a company. An adverse event may have a negative impact on a company and could result in a decline in the price of its common stock. Common stocks are generally subordinate to an issuers' other securities including convertible and preferred securities; financial services risk: investing a significant portion of assets in the financial services sector may cause a fund to be more volatile as securities within the financial services sector are more prone to regulatory action in the financial services industry, more sensitive to interest rate fluctuations, and are the target of increased competition; fees and expenses risk: fees and expenses reduce the return which a shareholder may earn by investing in a fund; and foreign country risk: foreign companies may be subject to greater risk as foreign economies may not be as strong or diversified, foreign political systems may not be as stable, and foreign financial reporting standards may not be as rigorous as they are in the United States. As of December 31, 2010, the Fund had approximately 19.2% of assets invested in foreign companies. See the prospectus for a complete listing of the principal risks.

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.

**Outperforming the Market.** The chart shows the percentages of time that the Davis New York Venture Fund has outperformed the market for each of the rolling periods indicated. For example, the Fund has outperformed the market in 78% of all 37 rolling 5 year time periods from 1/1/70 through 12/31/10. Davis New York Venture Fund's average annual total returns for Class A shares were compared against the returns earned by the S&P 500® Index as of December 31 of each year for all rolling periods indicated from 1970 through 2010. The Fund's returns assume an investment in Class A shares on January 1 of each year with all dividends and capital gain distributions reinvested. The returns are not adjusted for any sales charge that may be imposed. If a sales charge were imposed, the percentages may be lower. The percentages shown reflect past results; past performance is not a guarantee of future results. There can be no guarantee that the Fund will continue to outperform the market in rolling periods in the future. The performance presented includes periods of bear markets when performance was negative. Equity markets are volatile and an investor may lose money. Returns for other share classes will vary.

The Lipper Average Large Cap peer group is a combined category including the Lipper Large Cap Growth, Core and Value peer groups. Lipper Large Cap peer groups are funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) above Lipper's USDE Large Cap floor. Funds are categorized as Growth, Core or Value based on their portfolio characteristics; price-to-earnings ratio, price-to-book ratio and three-year sales-per-share growth value. Growth funds typically have above-average characteristics, Core funds typically have average characteristics, and Value funds typically have below-average characteristics, compared to the S&P 500® Index.

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.

Over the last five years, the high and low turnover ratio for Davis New York Venture Fund was 16% and 5%, respectively.

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

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.

After April 30, 2011, 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.**