Davis New York Venture Fund Update

Navigating Today's Market and Capitalizing on Opportunities

Davis Perspectives on the Current Market

In recent months, market volatility has caused some investors to feel tentative and concerned about equities. Issues weighing on the minds of investors include rising interest rates, trade disputes, and the economic outlook. While interest rates are normalizing, they are manageable for most businesses. We view the current trade disputes—in particular between the U.S. and China—as an ongoing process of negotiations that are surmountable and should ultimately prove temporary. We believe the market is overly discounting many businesses whose revenues and profits are not linked to trade. Despite these factors weighing on the market, business fundamentals are strong and the economic backdrop remains favorable. Looking beyond today's headlines, 50 years of investing on Wall Street has given us the following perspectives to bear in mind[1]:

- The stock market has historically marched upward despite inevitable volatility.
- Equities remain an excellent way to compound wealth because they represent the long-term progress of capitalism and the profit growth of businesses.
- For investors, stock market corrections can be difficult and unsettling, yet they are a normal part of investing.
- Lower prices increase future returns, and long-term investors should view corrections as an opportunity to own the right businesses for the long term.
- Owning businesses that are truly durable and resilient is imperative to having conviction through inevitable periods of uncertainty.

Stock Market Corrections Are Normal. How Often Do They Occur on Average?[2]

–5% correction	About every 2 months
–10% correction	About every 8 months
–20% correction	About every 30 months

The Market Has Historically Marched Upward, Despite Inevitable Uncertainty[2]

1. 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. **2.** Source: Ned Davis Research. 1/3/28–12/4/18.

Portfolio Update

Outperforming its benchmark in 2015, 2016, and 2017, the Fund delivered strong results in the first half of 2018.[3] Reviewing the second half of the year during which volatility increased, it became a tale of two markets. In general, a number of securities that we hold in certain sectors, namely the information technology, industrial, and energy sectors, contributed meaningfully to our strong results over the previous 3–4 years, but contributed less meaningfully or detracted from performance, in the one year period ending November 30, 2018, as investors sought sectors that historically have exhibited lower share price volatility. Near-term detractors include impressive companies such as Amazon, Alphabet, United Technologies, and Encana.[4] We expect these businesses to contribute meaningfully to our results in the years ahead.

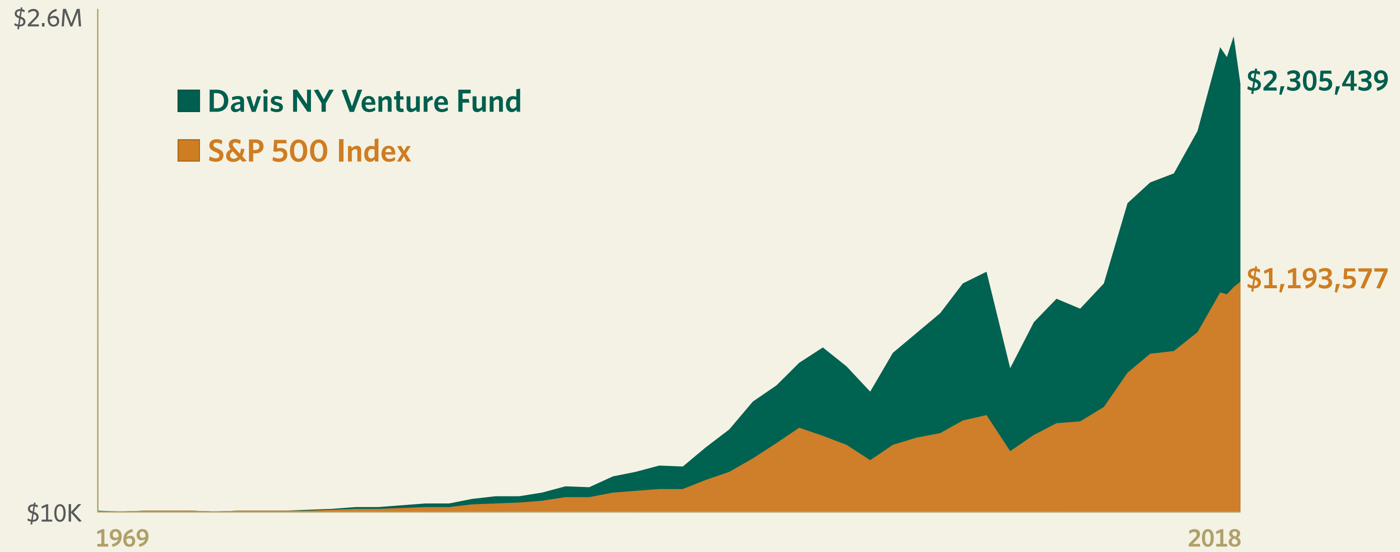
Looking more broadly, this past year's results do not reflect the true value of the businesses in the Portfolio. Our lagging near term results seem more reflective of shifting market sentiment than changes in the fundamentals of the businesses in the Portfolio. In our view, the market is providing us with opportunities to own exceptional businesses at attractive prices. These businesses have profitable business models, strong free cash flow, solid balance sheets, competitive advantages, proven management and are under-earning today with robust long-term growth prospects.[5] Areas of opportunity include:

The Portfolio[6]	
Global Leaders at Attractive Prices	Some of the strongest and best-known companies in the world make up the largest portion of the Portfolio. Buying top tier businesses at attractive prices is a value investors dream. Includes: United Technologies, Berkshire Hathaway and others.
Dominant Lesser Known Businesses	This group dominates dull but necessary niches in the global economy. These businesses are not household names to U.S. investors, yet can generate attractive returns. Includes: Johnson Controls, LafargeHolcim and others.
Blue Chips of Tomorrow	Fast-moving companies that use innovation to disrupt the economics of larger but less agile competitors. Over the decades, we have seen many examples of today's disrupters emerging as tomorrow's blue chips. Includes: Alphabet, Amazon.com and others.
Beneficiaries of Short-Term Misperceptions	Shortsighted investors often avoid companies that have suffered through challenging periods, creating an opportunity for long-term investors willing to look beyond today's headlines. Includes: Wells Fargo, Apache and others.

3. Class A shares including a maximum 4.75% sales charge. **Past performance is not a guarantee of future results.** The benchmark is represented by the S&P 500 Index. There is no guarantee Davis New York Venture Fund will continue to outperform the market over the long term. **4.** As of November 30, 2018. Holdings are subject to change. **5.** While very few companies have all of these characteristics, we search for those possessing several of these characteristics, or an appropriate combination of these characteristics. **6.** Not a recommendation to buy, sell, or hold any particular security. As of 11/30/18. Holdings are subject to change.

Adhering to our time tested investment discipline of buying superior businesses at attractive prices has been the key to creating wealth for our shareholders for more than half a century. By standing apart from the crowd, conducting deep research, investing alongside our shareholders, and ignoring short-term fads, we have outperformed the S&P 500 Index since 1969.[7]

DNYVF Since Inception Grew to Almost Twice the Value of the Index[7]



The average annual total returns for Davis New York Venture Fund's Class A shares for periods ending September 30, 2018, including a maximum 4.75% sales charge, are: 1 year, 7.46%; 5 years, 10.82%; and 10 years, 9.30%. 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 0.88%. 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 or call 800-279-0279.*

7. As of November 30, 2018. **Past performance does not guarantee future results.** Class A shares including a maximum 4.75% sales charge.

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.

Objective and Risks. 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: **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; **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; **emerging market risk:** securities of issuers in emerging and developing markets may present risks not found in more mature markets; **fees and expenses risk:** the Fund may not earn enough through income and capital appreciation to offset the operating expenses of the Fund; **financial services risk:** investing a significant portion of assets in the financial services sector may cause the Fund to be more sensitive to problems affecting financial companies; **foreign country risk:** foreign companies may be subject to greater risk as foreign economies may not be as strong or diversified. As of September 30, 2018, the Fund had approximately 23.7% of assets invested in foreign companies; **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; **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; **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; and **stock market risk:** stock markets have periods of rising prices and periods of falling prices, including sharp declines. See the prospectus for a complete description 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.

The information provided in this material should not be considered a recommendation to buy, sell or hold any particular security. As of September 30, 2018, the top ten holdings of Davis New York Venture Fund were: Alphabet Inc., 7.05%; Berkshire Hathaway Inc., Class A, 5.66%; Wells Fargo & Co., 5.62%; Amazon.com, Inc., 5.39%; Capital One Financial Corp., 4.86%; United Technologies Corp., 4.52%; Apache Corp., 4.49%; Aetna, Inc., 3.96%; JPMorgan Chase & Co., 3.80%; Facebook Inc., Class A, 3.29%.

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.

Over the last five years, the high and low turnover rate for Davis New York Venture Fund was 25% and 12%, 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 January 31, 2019, 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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