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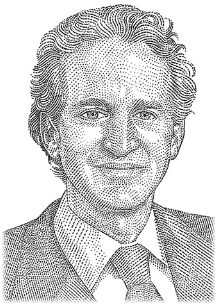


"Though frustrating, stretches of disappointing results for the market are not unprecedented. History shows however, that these difficult stretches have been followed by periods of recovery. Why? Because lower prices increase future returns."

Christopher C. Davis
Portfolio Manager, Davis Advisors

Recognize That Historically, Periods of Low Returns for Stocks Have Been Followed by Periods of Higher Returns[1]

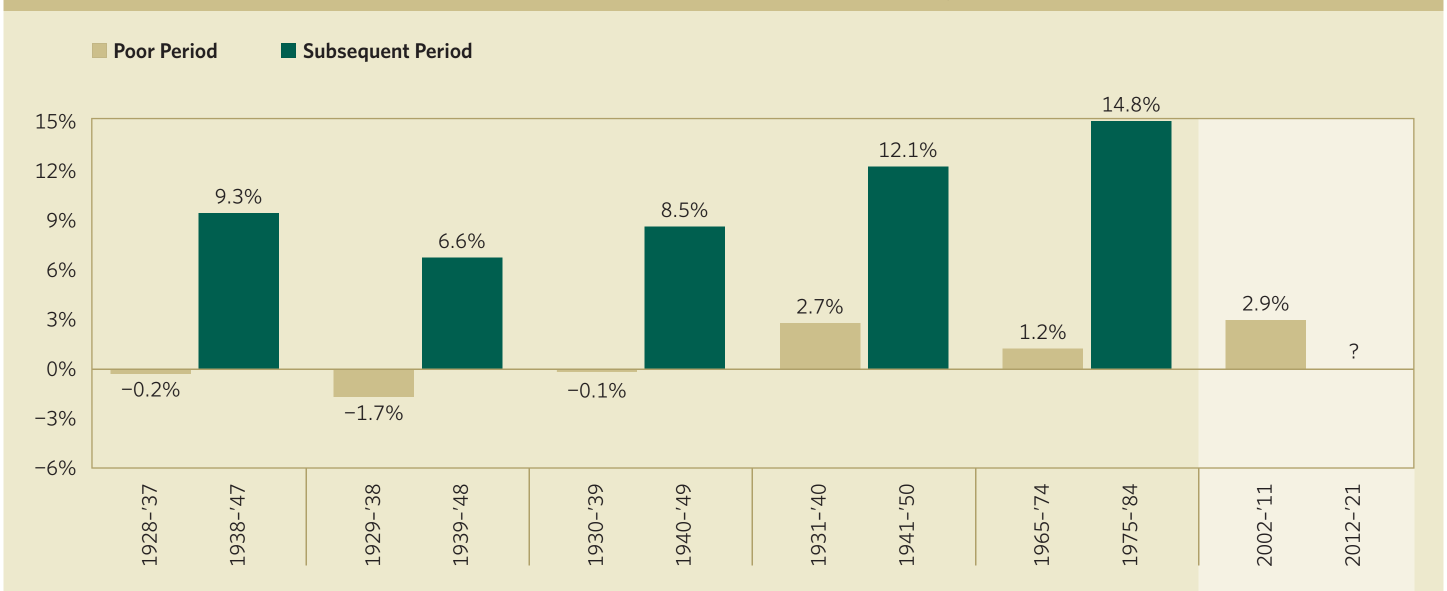
History shows that disappointing 10 year periods for stocks, though rare, do occur. While such stretches can test an investor's conviction, long-term investors should recognize that these poor periods have always been followed by periods of recovery.[1]

This important concept is illustrated in the chart below. The first five tan bars represent the worst 10 year stretches for the market since 1928. The green bars represent the 10 year average annual returns that followed these difficult periods.

In every case, the 10 year period following these disappointing stretches produced satisfactory returns. For example, the disappointing 1.2% return for the 10 year period ending in 1974 was followed by a 14.8% return for the 10 year period ending in 1984. Furthermore, these periods of recovery averaged 10% per year.

While no one knows what the next 10 years will bring, history shows that investors with long-term goals should consider maintaining or adding to their stock holdings after a prolonged period of poor market returns.

Worst 10 Year Periods for the Market Since 1928 with Subsequent 10 Year Returns



Source: Thomson Financial, Lipper and Bloomberg. Tan bars in chart represent when the annualized market returns were less than 5%. The market is represented by the Dow Jones Industrial Average for the period from 1928 through 1957 and by the S&P 500® Index for the period from 1958 through 2011. Periods where there is not a subsequent 10 year period are not shown. Investments cannot be made directly in an index. **Past performance is not a guarantee of future results.**

1. There is no guarantee that in the future the market will be better than it has been in the past. Discussion of stock performance refers to the Dow Jones Industrial Average for the period from 1928–1957 and the S&P 500® Index for the period from 1958–2011. **Past performance is not a guarantee of future results.**

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The chart in this material is used to illustrate specific points. No chart, formula or other device can, by itself, guide an investor as to what securities should be bought or sold or when to buy or sell them. Although the facts in this material have been obtained from and are based on sources we believe to be reliable, we do not guarantee their accuracy, and such information is subject to change without notice.

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. The **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded blue chip stocks. The Dow Jones is calculated by adding the closing prices of the component stocks and using a divisor that is adjusted for splits and stock dividends equal to 10% or more of the market value of an issue as well as substitutions and mergers. The average is quoted in points, not in dollars. Investments cannot be made directly in an index.

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