

# Davis All-Cap SMA Portfolio

Spring Update 2022

[Commentary](#)

[Holdings](#)

[Fact Sheet](#)

[Investment Professionals](#)

[Contacts](#)



THE EQUITY SPECIALISTS

## Portfolio Commentary

### Market Perspectives

The stock market declined modestly in the first quarter of 2022 after delivering strong double digit returns in 2021. We believe selectivity will be critical to successfully navigating the many uncertainties today, including the war in Ukraine, inflation in commodities, lingering effects of COVID on the economy and rising interest rates. We see value in today's market within U.S. financials, technology, communication services and select industrial businesses.

The near term is indeed obscured, and understandably, that can give investors pause. It is reminiscent of times past when the world faced unquantifiable unknowns such as the Russian default in 1998 and the emerging market crisis that ensued, the sudden eruption of the first Gulf War in 1990, the 9/11 attacks and the real estate and global financial crisis of 2008-2009. Those were times when risk seemed open-ended and certainly beyond any precise negative quantification—which the news headlines tend to highlight in the near term. One unwritten headline remains that the markets have a very long track record of proving their resilience in the face of challenges, however extreme, decade after decade, and that is a byproduct, in our view, of underlying resilient businesses.

In the U.S., the domestic economy is restarting from a suppressed point of economic activity brought about by COVID. That is welcome news, as is the fact that the recession was short-lived in relative terms and did not lead to a raft of bank losses and corporate failures as was the case in 2008-2009. The health of the banking

system underpinning the overall financing machine of the U.S. is solid, which can benefit economic expansion, since the ability to lend is intact. Employment is relatively full with the unemployment rate now around 4%, which is very low by historical standards.

Current domestic issues include questions about how far and how fast inflation may rise and whether it can be tamed without the shock of much higher interest rates and an economic recession. Interest rates were on the rise prior to COVID, came down during the worst of the pandemic, and now are poised to continue rising—as is evident in the actions by central banks whose public guidance is towards higher rates still.

As investors, we are concentrating our capital in businesses and industries that are capable, in our estimation, of weathering potential headwind conditions in the near term, whether they pertain to inflation, the health of the overall economy coming out of COVID or rising interest rates. Overall, we believe the portfolio is composed of highly durable businesses that are positioned well to generate substantial profits over the long term and according to a wide range of scenarios.

On the question of domestic inflation, the sources of upward price pressures are in no small measure related to COVID-driven disruptions to the global supply chain and to the knock-on effects of the Ukraine-Russia conflict (as far as energy and food prices are concerned, most notably). We do not know how quickly or when exactly the supply chain issues will begin to improve nor how or when the conflict in Eastern Europe will end, but we are cognizant of the

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. Equity markets are volatile and an investor may lose money. **Past performance is not a guarantee of future results.** Unless otherwise noted, all performance information is gross and as of 3/31/22. The investment strategies described herein are those of Davis Advisors. These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these Davis Advisors materials are preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Advisor.

reality that spikes in inflation can eventually moderate and commodity prices can fall, just as they have both risen dramatically in a short period of time. To the extent inflationary pressures persist, we continue to lean towards relatively capital-light industries.

Higher inflation is prompting central banks in multiple regions to raise interest rates. We do not believe that the current level of interest rates should unduly constrain the U.S. economy. There is no rule that stocks and the economy cannot thrive in rising or even higher interest rate environments—within reason, of course.

The U.S. economy may slow, given much higher interest rates, but our system has demonstrated a capacity to expand in, and endure, significantly higher rates versus these still historically low levels. As rates rise, we must be ever more cautious on valuations we pay to own even best-in-class businesses in the portfolio. We are actively and consciously positioning holdings prudently such that our total portfolio earnings multiple is much lower than the S&P 500 Index—with comparable earnings per share growth over the last five years.

#### Selective, Attractive Growth, Undervalued

	Portfolio	Index
Holdings	37	1,506
EPS Growth (5 Year)	18.7%	18.6%
P/E (Forward)	10.6x	19.8x

Whatever the future holds in the near term, it is inherently unpredictable now as it is always. For this reason, we position our portfolio without making false precision point predictions, but rather by selecting and organizing investments such that we are prepared for a wide range of scenarios. That leads us to business models and sectors that can theoretically continue growing revenues and profits even in the face of somewhat higher inflation, rising interest rates and factors including overseas geopolitics. ■

## Portfolio Review

The portfolio declined modestly in absolute terms during first quarter 2022. Its strength lies in the financial soundness of our businesses, the diversification achieved by investment in multiple sectors and underlying industries and the forward price-to-earnings multiple of the whole.

For the first three months of 2022, Davis All-Cap SMA Portfolio declined slightly less than the -4.6% return of the S&P 1500 Index. The decline in our portfolio year-to-date reflected general market trends to some extent, but was cushioned somewhat by the relatively favorable performance of financials and by select international holdings secondarily. What is most important to know is that our businesses represent durable, proven entities that have been through times of inflation, higher and lower interest rates, recessions, political crises and other types of adverse conditions. By definition, many of them have weathered such storms over the course of their long operating histories, which in some cases span more than a century.

The future may be different from the past in many respects. However, we maintain that competitively advantaged industry leaders with strong balance sheets and proven profit models should be able to demonstrate their time-tested ability to adapt to changing times, even if we cannot divine the future environment in perfectly specific terms.

Looking ahead, the portfolio is positioned such that our largest sector weightings (in descending order) are financials, healthcare, industrials, information technology, communication services and consumer discretionary, respectively.

Within the broad rubric of financial services are banks, conglomerates with significant financial businesses and property casualty insurers and reinsurers, among others. Banks in the portfolio, such as Wells Fargo,

are well-capitalized at this time, and we anticipate the lending environment to be sound overall as long as the credit quality of borrowers, loan demand and payments volumes are strong.<sup>1</sup> Should interest rates tip the economy into a recession, we believe our bank holdings have more than enough excess capital to ride out recessionary conditions while still earning and distributing tens of billions of dollars in cash flow as a group.

Our healthcare holdings include insurers that sell the customary health insurance products and services that one would expect, but they also possess and invest heavily in technology solutions aimed at reducing the cost burdens of the healthcare system, improving patient services, incentivizing compliance with prescription medications and so forth. Our healthcare investment also includes an independent lab and diagnostics company and the largest maker of generic drugs in the world, respectively.

The portfolio's exposure to industrials includes Raytheon, a global leader in aerospace and defense. The portfolio also holds several building product and manufacturing companies of fiberglass insulation, roofing, heating, ventilation and cooling. Leading companies with dominant market shares, strong operating performance and competitive moats appear poised to benefit from current industrial production growth trends.

Within the information technology, communication services and consumer discretionary portions of the portfolio, we are similarly invested in large-scale businesses in growing industries where scale advantages matter a great deal. These businesses exist both in the online and offline worlds and touch industries as wide-ranging as e-commerce, online search and advertising, social media, semiconductors and cloud computing, among others. Companies in the portfolio range from dominant e-commerce and cloud computing businesses like Amazon to global software giants such as SAP. Our expectation is that these industries will continue to produce above-average growth relative to the broader market as a whole and that our holdings will capture a disproportionate share of their end markets' potential.

Overall, we have high conviction in the financial soundness of our businesses, the diversification achieved across the portfolio's multiple sectors and underlying industries and the forward price-to-earnings multiple of the whole, which currently stands at 10.6x—far lower than the corresponding multiple for the S&P 1500 Index. In a sense, these are certainly intended as risk mitigators and, given growth rates and multiples, total return enhancers as well, a combination that we feel is both prudent and rational. ■

<sup>1</sup>. Holdings discussed in this commentary are selected according to objective, non-performance-based criteria. They are chosen each quarter according to a consistent methodology based on their weight in the Davis Advisors All-Cap model portfolio as well as recent purchases and recent sales and are intended only as illustrations of the Davis Investment Discipline. They are not recommendations to buy, sell or hold any security. Individual account holdings may vary.

## Outlook

Today's headwinds may have lingering aftereffects for years and perhaps decades to come, but we are confident that our portfolio's investments in strong, nimble enterprises with sound financials, serving wide-ranging and remunerative markets, will be well-equipped to cope with future eventualities.

Looking ahead, the problems referenced earlier are long-tailed issues that will have a multitude of implications for years and possibly decades to come. They set the general conditions in which one can expect to manage investments for some time. For this reason, we believe resiliency, adaptability, financial and brand strength, participation in large and profitable end markets and a prudent degree of diversification will be key to generating results in equities over the coming decade. These are attributes that are important in any environment, but are especially so in low visibility times.

At Davis Advisors, we seek to purchase durable, growing businesses at value prices and hold them for the long term. Since our firm's inception over 50 years ago, we have adhered to the same, time-tested investment philosophy and rigorous research process of buying durable businesses at attractive prices and holding them for the long term. The more than \$2 billion Davis Advisors, the Davis family and Foundation, and our employees have invested in similarly managed accounts and strategies remains a true sign of our commitment to and conviction in this enduring philosophy.<sup>2</sup>

Thank you for your continued support, and we look forward to continuing our investment journey together. ■

<sup>2</sup>. As of 12/31/21.

# Davis All-Cap SMA Portfolio Holdings

High Conviction. Different from the Index.

March 31, 2022

Holding	Portfolio (%)	S&P 1500 Index (%)
Wells Fargo	7.0%	0.5%
Cigna	6.9	0.2
UnitedHealth Group	5.9	1.2
U.S. Bancorp	5.4	0.2
Owens Corning	5.3	0.0
Capital One Financial	5.2	0.1
Viatis	5.2	0.0
Quest Diagnostics	4.8	0.0
Markel	3.8	—
Alphabet	3.6	3.9
Teck Resources	3.0	—
Berkshire Hathaway	2.9	1.6
Darling Ingredients	2.8	0.0
Intel	2.5	0.5
Johnson Controls International	2.3	0.1
AIA Group	2.2	—
Carrier Global	2.2	0.1
Eaton	2.2	0.2
Applied Materials	2.1	0.3
Amazon.com	1.8	3.4
Ferguson	1.8	—
Texas Instruments	1.8	0.4
CVS Health	1.7	0.3
JD.com	1.7	—
Humana	1.4	0.1
Oracle	1.2	0.3
Raytheon Technologies	1.2	0.4
Microsoft	1.1	5.6
Meta Platforms	1.0	1.2
Vimeo	1.0	—
IAC	0.9	—
Alibaba Group Holding	0.8	—
Prosus	0.8	—
SAP	0.8	—
Clear Secure	0.6	—
VMware	0.5	—
Vroom	0.1	—
CASH	4.5	—
	<b>100.0%</b>	

The securities listed on the left are representative of a model Davis All-Cap SMA Portfolio as of the indicated date. Portfolio holdings may change over time. Individual accounts may contain different securities. There is no assurance that any securities listed herein will remain in an individual account at the time you receive this report. The securities listed for the S&P 1500 Index are not representative of the entire portfolio, which consists of 1,506 securities. The information provided should not be considered a recommendation to buy or sell any particular security. There can be no assurance that an investor will earn a profit and not lose money.

# Davis All-Cap SMA Portfolio

March 31, 2022

Davis All-Cap SMA is a portfolio of small, medium and large companies selected using the time-tested Davis Investment Discipline. As one of the largest investors in the strategy, we have a unique commitment to client stewardship.<sup>1</sup>

## Unique Attributes of Davis All-Cap SMA Portfolio

- Equity-Focused Research Firm:**  
 Established in 1969, Davis is a leading specialist in equity investing. Our primary focus on research and unique investment discipline has built wealth for our clients over the long term.
- Portfolio of Best of Breed Businesses:**  
 Utilizing rigorous independent research, we invest in durable, well-managed businesses with sustainable competitive advantages and attractive long-term growth prospects selling at a discount to their true value.
- Flexible, Opportunistic Approach:**  
 The Portfolio can opportunistically invest across all market caps, sectors and industries. We believe in a bottom-up stock selection process and in not mirroring the benchmark index.
- We Are One of the Largest Investors:**  
 We have a unique commitment to stewardship, generating attractive long-term results and managing risks.

## Experienced Management

The research team has an average of 23 years investment experience.

## Top 10 Holdings<sup>2</sup>

	Portfolio	Index
Wells Fargo	7.0%	0.5%
Cigna	6.9	0.2
UnitedHealth Group	5.9	1.2
U.S. Bancorp	5.4	0.2
Owens Corning	5.3	0.0
Capital One Financial	5.2	0.1
Viatis	5.2	0.0
Quest Diagnostics	4.8	0.0
Markel	3.8	—
Alphabet	3.6	3.9

## Market Capitalization

Large Cap	91.7%
Mid Cap	7.1
Small Cap	1.2

## Sectors<sup>3</sup>

	Portfolio	Index
Financials	27.9%	12.3%
Health Care	27.1	13.3
Industrials	15.7	8.7
Information Technology	11.1	25.9
Communication Services	6.8	8.8
Consumer Discretionary	5.4	12.1
Materials	3.1	3.0
Consumer Staples	2.9	5.9
Energy	—	3.9
Real Estate	—	3.3
Utilities	—	2.8

## Davis All-Cap SMA Portfolio Has Grown Client Wealth Over the Long Term<sup>4</sup> (\$100,000 Hypothetical Investment)



Net Average Annual Total returns as of March 31, 2022, for Davis Multi-Cap Equity SMA Composite with a 3% maximum wrap fee: 1 year, 1.06%; 5 years, 9.34%; 10 years, 10.15%. The performance presented represents past performance and is not a guarantee of future results. Total return assumes reinvestment of dividends. Investment return and principal value will vary so that an investor may lose money. For current, quarterly returns, please ask your financial advisor to contact Davis Advisors. Current performance may be higher or lower. The investment strategies described herein are those of Davis Advisors. These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials are preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Advisor. 1. As of 12/31/21. This includes Davis Advisors, the Davis family and Foundation, and our employees. 2. For information purposes only. Not a recommendation to buy or sell any security. 3. Sources: Davis Advisors and Wilshire Atlas. 4. Net of fees. As of 3/31/22.

## Investment Professionals

**Christopher C. Davis** joined Davis Advisors in 1989. He has almost 35 years experience in investment management and securities research. Mr. Davis received his M.A. from the University of St. Andrews in Scotland.

**Danton G. Goei** joined Davis Advisors in 1998. Mr. Goei received his B.A. from Georgetown University and his M.B.A. from The Wharton School. He was previously employed at Bain & Company, Morgan Stanley Asia Ltd. and Citicorp. Mr. Goei speaks multiple languages and has lived in Europe, Asia and currently resides in New York City.

**Dwight C. Blazin** joined Davis Advisors in 1995. He was previously a consultant for IT Consulting and Systems Design. Mr. Blazin received his B.A. from Brigham Young University and his M.A. and Ph.D. from New York University.

**Darin Prozes** joined Davis Advisors in 2004. He previously worked for the Parthenon Group, a strategy consulting firm. Mr. Prozes received his B.A. from Princeton University and his M.B.A. from Stanford University.

**Pierce B.T. Crosbie, CFA** joined Davis Advisors in 2008. Previously, he worked as a research analyst at Davidson Kempner Capital Management and in mergers and acquisitions at RBC Capital Markets. Mr. Crosbie received his B.A. from McGill University, his M.B.A. from the Harvard Business School and is a CFA charter holder.

**Edward Yen** joined Davis Advisors in 2013. Previously, he worked at Dodge & Cox and Lehman Brothers. Mr. Yen received his B.S. from the University of California, Berkeley and his M.B.A. from Stanford University.

**Sobby Arora, CFA** joined Davis Advisors in 2017. Previously, he worked as a research analyst at Federated Global Investment Management and ING Investment Management. Mr. Arora received his B.A. from Colgate University, his M.B.A. from The Stern School of Business and is a CFA charter holder.

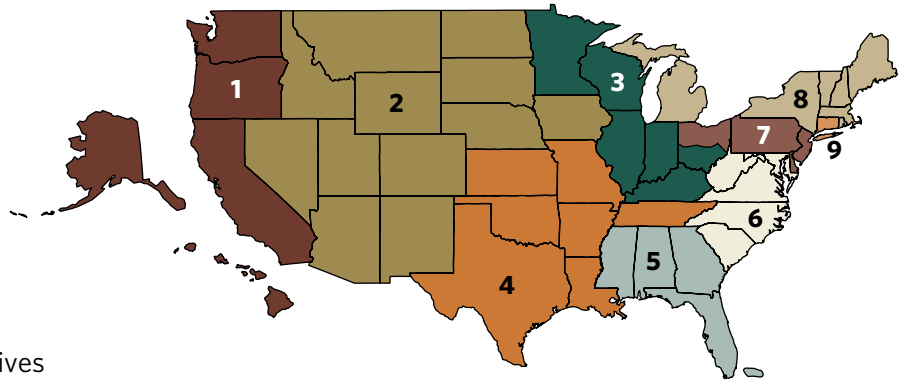


# Contacts

Financial Advisor Support  
and Literature Requests: 800-717-3477  
davisfunds.com

Dodd Kittsley, National Director  
212-891-5578, dkittsley@dsaco.com

Ed Snowden, Manager, Regional Representatives  
800-717-3477 Ext. 2267, esnowden@dsaco.com



Contact Regional Directors or Regional Representatives to arrange meetings  
or for information on our investment process, philosophy and performance.

1	<b>West Coast</b> Alaska, California, Hawaii, Oregon, Washington	Joe Emhof Regional Director	800-717-3477 Ext. 3786	jemhof@dsaco.com
		Jon Franke Senior Regional Representative	800-717-3477 Ext. 2663	jfranke@dsaco.com
2	<b>Central</b> Arizona, Colorado, Idaho, Iowa, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Utah, Wyoming	Dan Steichen Regional Director	800-717-3477 Ext. 2262	dsteichen@dsaco.com
		Sean Lynch Senior Regional Representative	800-717-3477 Ext. 2675	slynch@dsaco.com
3	<b>Great Lakes</b> Illinois, Indiana, Kentucky, Minnesota, Southern Ohio, Wisconsin	Bill Coughlin Regional Director	800-717-3477 Ext. 3783	bcoughlin@dsaco.com
		Nancy Brennan Senior Regional Representative	800-717-3477 Ext. 2679	nbrennan@dsaco.com
4	<b>South Central</b> Arkansas, Kansas, Louisiana, Missouri, Oklahoma, Tennessee, Texas	Mark Giles Regional Director	800-717-3477 Ext. 6908	mgiles@dsaco.com
		Marty Smith Senior Regional Representative	800-717-3477 Ext. 2674	marty-smith@dsaco.com
5	<b>Southeast</b> Alabama, Florida, Georgia, Mississippi, Puerto Rico	Peter Yensel Regional Director	800-717-3477 Ext. 3785	pyensel@dsaco.com
		Mike Longoni Senior Regional Representative	800-717-3477 Ext. 2261	mlongoni@dsaco.com
6	<b>Mid-Atlantic</b> Maryland, North Carolina, South Carolina, Virginia, Washington DC, West Virginia	J.P. Raflo Regional Director	800-717-3477 Ext. 6905	jraflo@dsaco.com
		Mari Downey Senior Regional Representative	800-717-3477 Ext. 2665	mdowney@dsaco.com
7	<b>North Atlantic</b> Delaware, New Jersey, Northern Ohio, Pennsylvania	Reed Finley Regional Director	800-717-3477 Ext. 6906	rfinley@dsaco.com
		Danny Hardy Regional Representative	800-717-3477 Ext. 2677	dhardy@dsaco.com
8	<b>Northeast</b> Maine, Massachusetts, Michigan, New Hampshire, Northern New York, Rhode Island, Vermont	Steve Coyle Regional Director	800-717-3477 Ext. 3790	coyle@dsaco.com
		Danielle Irwin Senior Regional Representative	800-717-3477 Ext. 2682	dirwin@dsaco.com
9	<b>New York City</b> Connecticut, Southern New York	Jim Ambrosio Regional Director	800-717-3477 Ext. 3787	jambrosio@dsaco.com
		Laurel Hardy Senior Regional Representative	800-717-3477 Ext. 2683	lhardy@dsaco.com

*This material may be shared with existing and potential clients to provide information concerning market conditions and the investment strategies and techniques used by Davis Advisors to manage its client accounts. Please refer to Davis Advisors Form ADV Part 2 for more information regarding investment strategies, risks, fees, and expenses. Clients should also review other relevant material, including a schedule of investments listing securities held in their account.*

The performance of mutual funds is included in the Composite. The performance of the mutual funds and other Davis managed accounts may be materially different. For example, the Davis Opportunity Fund may be significantly larger than another Davis managed account and may be managed with a view toward different client needs and considerations. The differences that may affect investment performance include, but are not limited to: the timing of cash deposits and withdrawals, the possibility that Davis Advisors may not buy or sell a given security on behalf of all clients pursuing similar strategies, the price and timing differences when buying or selling securities, the size of the account, the differences in expenses and other fees, and the clients pursuing similar investment strategies but imposing different investment restrictions. This is not a solicitation to invest in the Davis Opportunity Fund or any other fund.

Davis Advisors is committed to communicating with our investment partners as candidly as possible because we believe our clients 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 Davis All-Cap Equity is represented by Davis Advisors' Multi-Cap Equity Composite.

Performance shown from 1/1/99, through 12/31/05, is the Davis Advisors' Multi-Cap Composite which includes all actual, fee-paying, discretionary Multi-Cap investing style institutional accounts, mutual funds, and wrap accounts under management including those accounts no longer managed. Effective 1/1/98, a minimum account size of \$3,500,000 was established. Accounts below this minimum are deemed not to be representative of the Composite's intended strategy and as such are not included in the Composite. A time-weighted internal rate of return formula is used to calculate performance for the accounts included in the Composite. For the net of advisory fees performance results, custodian fees are treated as cash

withdrawals and advisory fees are treated as a reduction in market value. For mutual funds, the Composite uses the rate of return formula used by the open-end mutual funds calculated in accordance with the SEC guidelines adjusted to treat mutual fund expenses other than advisory fees as cash withdrawals; sales charges are not reflected.

Effective 1/1/11, Davis Advisors created a Multi-Cap (SMA) Composite which excludes institutional accounts and mutual funds. Performance shown from 1/1/06, through 12/31/10, the Davis Advisors' Multi-Cap SMA Composite includes all eligible wrap accounts with a minimum account size of \$3,500,000 from inception date for the first full month of account management and includes closed accounts through the last day of the month prior to the account's closing. For the performance shown from 1/1/11, through the date of this report, the Davis Advisors' Multi-Cap SMA Composite includes all eligible wrap accounts with no account minimum from inception date for the first full month of account management and includes closed accounts through the last day of the month prior to the account's closing. Wrap account returns are computed net of a 3% maximum wrap fee. For the gross performance results, custodian fees and advisory fees are treated as cash withdrawals. A list of Davis Advisors' Composites is available upon request.

This report discusses companies in conformance with Rule 206(4)-1 of the Investment Advisers Act of 1940 and guidance published thereunder. The companies we discuss are chosen in the following manner: starting at the beginning of the year, the holdings from a Multi-Cap model portfolio are listed in descending order based on percentage owned. Companies that reflect different weights are then selected. (For the first quarter, holdings numbered 1, 11, 21, and 31 are selected and discussed. For the second quarter, holdings numbered 2, 12, 22, and 32 are selected and discussed. This pattern then repeats itself for the following quarters. No more than two of these holdings can come from the same sector per piece.); one recent purchase and one recent sale are also discussed. A sale is defined as a position that is completely eliminated from the portfolio before the end of the quarter in question. If there were no purchases or sales, the purchases and sales are omitted from the report. If there were multiple purchases and/or sales, the purchase and sale discussed shall be the earliest to occur. If there are multiple purchases and/or sales on the same day, the one that is the largest percentage of assets will be discussed. No holding can be discussed if it was discussed in the previous three quarters.

The information provided in this report does not provide information reasonably sufficient upon which to base an investment decision and should not be considered a recommendation to buy or sell any particular security. There is no assurance that any of the securities discussed herein will remain in an account at the time this report is received or that securities sold have not been repurchased. The securities discussed do not represent an account's

entire portfolio and in the aggregate may represent only a small percentage of any account's portfolio holdings. It should not be assumed that any of the securities discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. It is possible that a security was profitable over the previous five year period of time but was not profitable over the last year. In order to determine if a certain security added value to a specific portfolio, it is important to take into consideration at what time that security was added to that specific portfolio. A complete listing of all securities purchased or sold in an account, including the date and execution prices, is available upon request.

The investment objective of a Davis Multi-Cap Equity account is long-term growth of capital. There can be no assurance that Davis will achieve its objective. Davis Advisors uses the Davis Investment Discipline to invest a client's portfolio principally in common stocks (including indirect holdings of common stock through depositary receipts). The Multi-Cap Equity strategy may invest in large, medium, or small companies without regard to market capitalization and may invest in issuers in foreign countries, including countries with developed or emerging markets. The principal risks are: common stock risk, depositary receipts risk, emerging markets risk, fees and expenses risk, foreign country risk, foreign currency risk, headline risk, large-capitalization companies risk, manager risk, mid- and small-capitalization companies risk, and stock market risk. See the ADV Part 2 for a description of these principal risks.

Small cap companies have market capitalizations less than \$3 billion. Mid cap companies have market capitalizations from \$3 billion to \$10 billion. Large cap companies have market capitalizations greater than \$10 billion. Under normal circumstances, the Multi-Cap Equity Composite invests the majority of its assets in equity securities issued by companies with market capitalizations of less than \$20 billion.

The attractive growth reference in this piece relates to underlying characteristics of the portfolio holdings. There is no guarantee that the portfolio performance will be positive as equity markets are volatile and an investor may lose money.

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

The S&P 1500 Index is comprised of the S&P 500, MidCap 400, and SmallCap 600, which together represent approximately 90% of the U.S. equity market. Investments cannot be made directly in an index.