Davis Global ADR SMA Portfolio

Spring Update 2023

50 YEARS DAVIS ADVISORS

Davis ADVISORS

THE EQUITY SPECIALISTS

Portfolio Commentary

Market Perspectives

Headlines during the quarter highlighted issues in the banking sector both at home and abroad. We believe the specific financial services businesses we own are strong and represent good value at today's prices

In first quarter 2023 the MSCI ACWI (All Country World Index) returned 7.31%. Davis Global ADR SMA portfolio underperformed the benchmark during the period.

Headlines during the quarter highlighted issues in the banking sector both at home and abroad that saw the collapse of a commercial bank in the U.S. and the emergency takeover of a global investment bank in Switzerland.

While historically, the exact circumstances of bank failures have tended to be unique, we believe the common thread running through this year's regional banking crisis in general is that excessive risk taking by aggressive managements led to outright failure. In our opinion, this appears for the time being to be a predominantly micro, company-specific phenomenon even though there may be some macro implications such as heightened sector volatility and internal dispersion insofar as stock prices are concerned. In addition, the lending appetite of certain financial businesses may be reduced for the time being.

In contrast to this bank failure, there are a number of financial institutions with particularly long and storied histories of value creation that have endured precisely because they prioritized risk management, especially since the 2008–2009 global financial crisis. Within Davis Global ADR SMA portfolio, we hold well-capitalized financial businesses representing primarily larger, strategically important banks in the United States as well as foreign banks that meet our strict criteria for investment.

Given billions of combined pre-tax pre-provision earnings, relatively high capital ratios, very prudent liquidity, and a strength in matching assets and liabilities, we regard the specific financial businesses we own as exceptionally durable. In our opinion, they represent exceptionally good value at today's prices.

The market has been volatile in response to evolving policy guidance from the Federal Reserve and other central banks that have raised interest rates but whose future actions are uncertain given the bank issues today. For example, in February of this year the consensus view was clearly that the Fed would continue to raise interest rates throughout the year with multiple increases to come. In March, following the previously mentioned bank failure, the outlook changed significantly. Stress caused by rising rates—and a resulting mismatch between asset and liability duration at certain lenders—led to a more modest 25-basis-point increase in the federal funds rate and a tempered outlook for further raises this year. Other central banks, particularly in Europe, have continued to tighten in response to inflation trends in that economic bloc.

We have long regarded higher interest rates as probable, as we are coming off the heels of the longest ultra-low interest rate environment in modern history, and have been experiencing above-trend inflation. That stated, while rates have been normalizing—they are still lower than the peak of 6.5% in the Greenspan years—rates are far from presaging a Volcker-era level of borrowing costs.

That stated, inflation and rising interest rates tend to suppress economic growth and could function as a headwind in the near term. Our businesses can weather choppy conditions, in our view, and likely could continue to build on their competitive strengths even if revenues slow. They could also trim down their cost structure—a "shrink to greatness" strategy—to set up a more favorable margin structure when business eventually resumes at a faster pace. ■

Portfolio Review

Through bottom-up research, the portfolio holds a collection of exceptionally strong, durable and growing businesses primarily in the financial services, technology and healthcare sectors.

We like the overall positioning of Davis Global ADR SMA portfolio currently and prospectively. In our view, the companies we own can reach significantly higher levels of earnings power over the long term. Meanwhile, they are trading at relatively low valuations on balance when compared with the risk-free rate, peers and historical levels.

The table below shows that our portfolio combines the growth potential and very attractive valuations of carefully researched businesses. We believe this favorable starting point positions us well for the future.

Selective, Attractive Growth, Undervalued

	Portfolio	Index
Holdings	31	2,887
EPS Growth (5 Year)[1]	13.6%	10.1%
P/E (Forward)[2]	9.7x	15.6x

We manage Davis Global ADR SMA portfolio with various market environments in mind. Our priority is to focus on the durability of business models. Crises and periods of stress are unpleasant but importantly, they provide a real-world sense of just how resilient certain companies can be. We are generally encouraged by the way our portfolio companies are weathering volatile conditions at the business level.

A company's leadership is always critically important. But arguably, strong managements are even more vital in times of when the economy is facing greater headwinds than tailwinds. Companies can either create or destroy enormous value in lean times, as managements must work within tighter financial constraints when deciding where to allocate capital for optimal shareholder benefit. Reinvesting for growth, where it is mission-critical, is prudent but so is managing balance sheet strength and liquidity. If those two priorities are satisfied, then some of our companies should be able to return capital to us in the form of dividends and/or share buybacks. In short, the intelligent use of funds and the quality of decisions made in these times can prove decisive, even transformational, in determining which companies will likely pull ahead over the next cycle.

We invest on a bottom-up, company-by-company basis and fully exercise our right to own certain businesses but not others. The portfolio holds exceptionally strong businesses primarily in the financial, technology and healthcare sectors. We believe we own very strong companies that, given their deep resources and know-how, likely could become much stronger in their respective industries through any downturn. Whether or not short-term

1. Five-year EPS Growth Rate (5-year EPS) is the average annualized earnings per share growth for a company over the past 5 years. The values shown are the weighted average of the 5-year EPS of the stocks in the Portfolio or Index. Approximately 10.80% of the assets of the Portfolio are not accounted for in the calculation of 5-year EPS as relevant information on certain companies is not available to the Advisor's data provider. **2.** Forward Price/Earnings (Forward P/E) Ratio is a stock's price at the date indicated divided by the company's forecasted earnings for the following 12 months based on estimates provided by the Advisor's data provider. These values for both the Portfolio and the Index are the weighted average of the stocks in the portfolio or index.

share price changes or bottom-line results reflect this path immediately, we expect these competitive features could enable better profit generation over the next several years, all else equal.

The portfolio's financial holdings—such as Copenhagen-based Danske Bank—are built to withstand the current set of crises, in our opinion. We apply our knowledge of financial business models to global markets and own financial enterprises in multiple jurisdictions including banks and insurers in Singapore, Switzerland, Bermuda and Hong Kong.

In the broadly defined technology space—in which we include communication services, some consumer discretionary (e.g., e-commerce), and online food delivery companies, our holdings canvass segments of the sector that we believe should experience more durable and attractive growth than the market in the coming decade, yet are trading at reasonable valuations. These areas encompass cloud computing, enterprise software, e-commerce, online search and advertising, social media, online food delivery and semi-conductors—all of which are large, growing and fertile markets for expansion in the coming decade.

We benefited from the strong performance of Meta Platforms in the quarter, which we had built into one of our largest holdings last year at multiples ranging from roughly 9-to-11 times earnings. Recently, we added to our position in Meituan, a giant food-delivery company in China, whose business model is similar to another holding based in Germany, Delivery Hero. These businesses reflect our research team's positive view of the food-delivery industry based on leading tech platforms that have reached scale. We funded the incremental addition to Meituan position by exiting Alibaba.

Healthcare stocks in the portfolio include managed care insurers and generic pharmaceuticals. We believe the business models and revenue generation of our holdings are a direct reflection of the value these companies deliver to patients, doctors, companies, hospitals and the public sector. The common theme of healthcare companies in the portfolio is they are in the business of delivering cost savings and efficiency to the system.

The imperative to control costs is present in all developed countries with mature healthcare systems. In the U.S., healthcare spend is the highest among these nations at nearly 20% of gross domestic product. It is understandable that controlling healthcare spend is a fiscal priority. Given that our healthcare holdings are based in the U.S. we pay careful attention to their prospects and challenges domestically and anticipate an increasing degree of scrutiny by the government. The sensitivity surrounding this issue is greater for companies with exceptionally high gross margins, in our view, and those potentially viewed as price gouging. We favor strong, but cheaper companies with attractive economics that are low-cost producers as a way of mitigating potential future regulatory changes in the healthcare landscape.

Outside of financials, technology and healthcare, we own select industrial and materials companies which likely could see their incremental returns on capital rise in the coming years, in our opinion. This compounding—the dynamic of iteratively reinvesting recycled capital and earnings over many future periods—is at the heart of our expectations for certain businesses to grow in value given time.

Overall, we have built the portfolio for inclement times but have also positioned it well for fairer conditions ahead. ■

Conclusion

The stock market has been volatile recently, vacillating within a wide trading range. It is not always the case that price "noise" in the short run accurately reveals which companies are stronger than their peers far into the future. We believe that distinctions can and should be made in this environment based on different business attributes and attractive valuations rather than stock price volatility.

We believe the portfolio reflects a thoughtful combination of companies with attractive earnings growth, low valuations and competitive advantages and believe further that we are well positioned for the decade ahead.

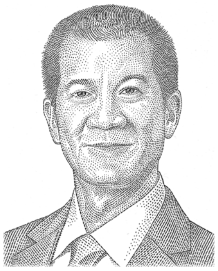
Above all, we never forget that we are stewards of our clients' savings and that our most important job is growing the value of the funds entrusted to us. With more than $2 billion of our own money invested alongside that of our clients, we are on this journey together.[3] This alignment with our clients is an uncommon advantage in our industry; our conviction in our portfolio of carefully selected companies is more than just words. While we do not welcome the pessimism and fear that have characterized our world recently, we are well prepared for it and, importantly, we are well positioned for the future.

We thank you for your confidence and look forward to continuing our investment journey together. ■

3. As of 12/31/22, Davis Advisors, the Davis family and Foundation, and our employees have more than $2 billion invested alongside clients in similarly managed accounts and strategies.

Davis Global ADR SMA Portfolio

Selective. Attractive Growth. Undervalued.



"What gives us confidence that Davis Global ADR SMA will build wealth for our shareholders in the years and decades to come? The compelling attributes of our businesses.

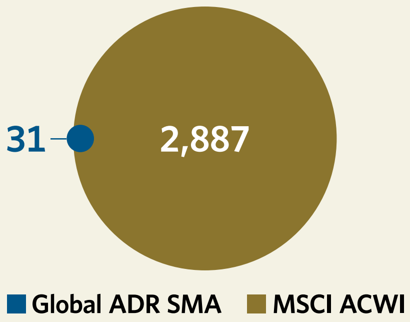
By being highly selective and rejecting the vast majority of companies in the index, the companies of Davis Global ADR SMA Portfolio have grown more than the companies in the index, yet are 38% less expensive. In fact, this gap between price and value is among the widest we have ever seen. We believe this sets the stage for attractive returns in the years ahead."

Danton Goei, Portfolio Manager

Selective

Global ADR SMA portfolio invests in only a select group of well-researched companies

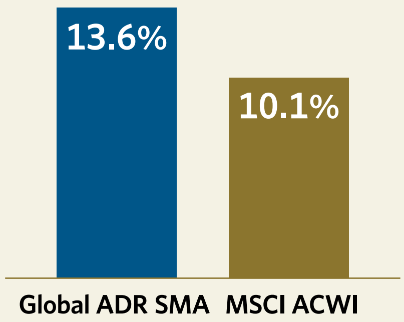
Holdings



Attractive Growth

Global ADR SMA portfolio companies have grown more than the index

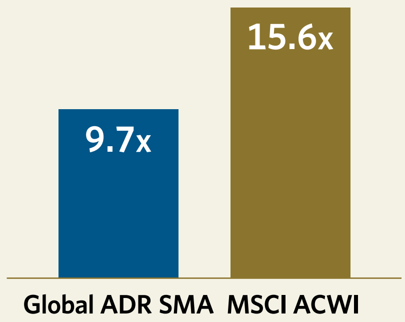
EPS Growth (5 Year)[1]



Undervalued

Global ADR SMA portfolio companies are 38% less expensive than the index

P/E (Forward)[2]



As of 3/31/23. The Attractive Growth and Undervalued reference in this piece relates to underlying characteristics of the portfolio holdings. There is no guarantee that the Portfolio's performance will be positive as equity markets are volatile and an investor may lose money. **Past performance is not a guarantee of future returns.** Performance may vary. **1.** Five-year EPS Growth Rate (5-year EPS) is the average annualized earnings per share growth for a company over the past 5 years. The values shown are the weighted average of the 5-year EPS of the stocks in the Portfolio or Index. Approximately 10.80% of the assets of the Portfolio are not accounted for in the calculation of 5-year EPS as relevant information on certain companies is not available to the Advisor's data provider. **2.** Forward Price/Earnings (Forward P/E) Ratio is a stock's current price divided by the company's forecasted earnings for the following 12 months. The values for the portfolio and index are the weighted average of the P/E ratios of the stocks in the portfolio or index.

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Davis Global ADR SMA Portfolio Holdings

March 31, 2023

High Conviction. Different from the Index.

Holding	Portfolio (%)	MSCI ACWI (%)
Danske Bank	7.0%	0.0%
Meta Platforms	6.3	0.8
Ping An Insurance	6.3	0.1
Naspers	5.5	0.1
Wells Fargo	5.3	0.2
Amazon.com	5.1	1.6
DBS Group Holdings	5.0	0.1
Julius Baer Group	4.8	0.0
Prosus	4.2	0.1
Capital One Financial	4.0	0.1
Teck Resources	3.7	0.0
Alphabet	3.6	2.0
JD.com	3.6	0.1
AIA Group	3.3	0.2
Meituan	3.2	0.2
Berkshire Hathaway	3.0	0.7
Viatris	3.0	0.0
Hollysys Automation Technologies	2.8	—
Liberty Media	2.6	0.0
Applied Materials	2.0	0.2
Owens Corning	1.8	0.0
Cigna Group	1.7	0.1
Darling Ingredients	1.4	0.0
Bank of N.T. Butterfield & Son	1.3	—
Delivery Hero	1.3	0.0
Intel	1.2	0.2
Coupang	0.9	—
Clear Secure	0.6	—
IAC	0.6	—
IQIYI	0.6	0.0
Noah Holdings	0.3	—
CASH	4.0	—
	100.0%	

The above listed securities are representative of a model Davis Global ADR 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 MSCI ACWI are not representative of the entire portfolio, which consists of 2,887 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 ADVISORS

Davis Global ADR SMA Portfolio

March 31, 2023

Davis Global ADR SMA is a portfolio of attractive businesses from around the world 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.

Unique Attributes of Davis Global ADR 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 invests in both developed and developing markets. We believe in a bottom-up stock selection process and in not mirroring the benchmark index. Active Share 93%.
- **We Are One of the Largest Investors:** We have a unique commitment to stewardship, generating attractive long-term results and managing risks.

Undervalued. Attractive Growth. Selective.[1]

		Portfolio	Index
Undervalued	P/E (Forward)	9.7x	15.6x
Attractive Growth	EPS Growth (5 Year)	13.6%	10.1%
Selective	Holdings	31	2,887
	Total Countries	12	47

Experienced Management

Danton Goei, *24 years with Davis Advisors*

Geographically Diverse Portfolio

United States	44.0%
Asia	27.1
Europe	18.0
Africa	5.7
North & Central America Ex U.S.	5.2

Top 10 Countries

United States	Switzerland
China	Netherlands
Denmark	Canada
South Africa	Hong Kong
Singapore	Germany

Sectors

Sectors	Portfolio	Index
Financials	41.8%	15.6%
Consumer Discretionary	24.8	10.9
Communication Services	14.3	7.3
Information Technology	6.9	20.6
Health Care	4.9	12.3
Materials	3.9	4.9
Industrials	1.9	10.4
Consumer Staples	1.5	7.7
Energy	0.0	5.0
Utilities	0.0	2.9
Real Estate	0.0	2.4

Attractive Global Businesses (Top 10 Holdings)

Danske Bank (Denmark): Largest bank in Denmark serving more than 5 million retail customers

Meta Platforms (U.S.): The largest social media company in the world with more than 2 billion daily users

Ping An Insurance (China): A leader in retail financial services and the largest insurer in Asia

Naspers (South Africa): A media conglomerate that operates a leading pay television business in South and Sub-Saharan Africa and holds interests in a range of e-commerce businesses around the world

Wells Fargo (U.S.): One of the largest banks in the U.S.

Amazon.com (U.S.): An e-commerce giant within the retail industry

DBS Group Holdings (Singapore): Largest bank in Singapore and among the largest in developed Asia—has a strong moat enabled by relatively inexpensive cost of funds, technology leadership, and high market share of retail deposits

Julius Baer Group (Switzerland): A premier private bank serving ultrahigh net worth clients

Prosus (Netherlands): A global consumer internet company and spin-off of South African e-commerce group, Naspers

Capital One Financial (U.S.): Top 10 U.S. bank with $240+ billion of deposits

Performance

Performance	1 Year	3 Year	5 Year	Inception 10/1/14
Global Equity SMA Composite (gross)	−2.26%	11.79%	2.64%	6.49%
Global Equity SMA Composite (with a 3% max. wrap fee)	−5.16	8.51	−0.39	3.36
MSCI ACWI	−7.44	15.36	6.92	7.26

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.** The Attractive Growth and Undervalued 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. **Past performance is not a guarantee of future returns.** Five-year EPS Growth Rate (5-year EPS) is the average annualized earnings per share growth for a company over the past 5 years. The values shown are the weighted average of the 5-year EPS of the stocks in the portfolio or index. Approximately 10.80% of the assets of the Portfolio are not accounted for in the calculation of 5-year EPS as relevant information on certain companies is not available to the data provider. Forward Price/Earnings (Forward P/E) Ratio is a stock's price at the date indicated divided by the company's forecasted earnings for the following 12 months based on estimates provided by the data provider. These values for both the portfolio and the index are the weighted average of the stocks in the portfolio or index.

Investment Professionals

Christopher C. Davis joined Davis Advisors in 1989. He has 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.

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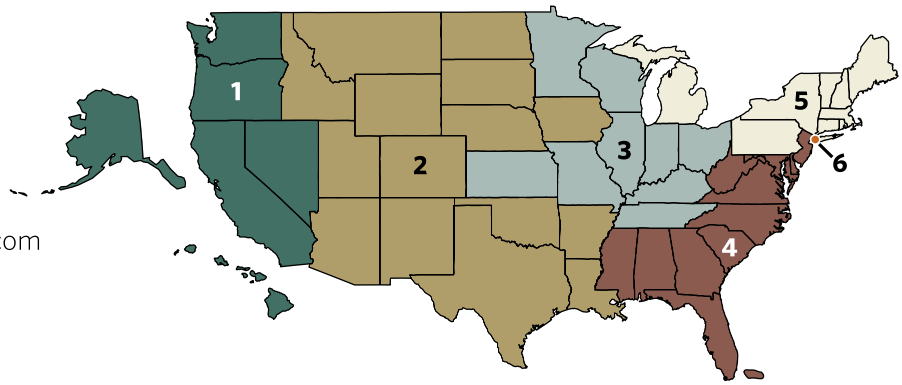

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This material may be shared with existing and potential clients to provide information concerning market conditions and the investment strategies and techniques used by Davis Advisors to manage its client accounts. Please refer to Davis Advisors Form 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 Global 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 Global Fund or any other fund.

Effective 9/23/14, Davis Advisors created a Global Equity SMA Composite which excludes the institutional accounts and mutual funds. Performance shown from 10/1/14, through the date of this report, the Davis Advisors' Global Equity 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.

A time-weighted internal rate of return formula is used to calculate performance for the accounts included in the Composite. The net of fees rate of return formula is calculated based on a hypothetical 3% maximum wrap fee charged by the wrap account sponsor for all account services. For the gross performance results, custodian fees and advisory fees are treated as cash withdrawals.

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.

This report discusses companies in conformance with Rule 206(4)-1 of the Investment Advisers Act of 1940 and guidance published thereunder. Six companies are discussed and are chosen as follows: (1-4) current holdings based on December 31 holdings; (5) the first new position; and (6) the first position that is completely closed out. Starting at the beginning of the year, the holdings from a Global Companies 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, 6, 11, and 16 are selected and discussed. For the second quarter, holdings numbered 2, 7, 12, and 17 are selected and discussed. This pattern then repeats itself for the following quarters. If a holding is no longer in the portfolio then the next holding listed is discussed. Each of these holdings must come from a different country. None of these holdings can be discussed if they were discussed in the previous three quarters. 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. Other than the recent buy and sell, any company discussed must constitute at least 1% of the portfolio as of December 31.

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 Global 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) issued by both United States and foreign companies, including countries with developed or emerging markets. The global companies strategy may invest in large, medium, or small companies without regard to market capitalization. The principal risks are: China risk, common stock risk, depositary receipts risk, emerging markets risk, exposure to industry or sector 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.

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

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