

# Davis Large Cap Value SMA Portfolio

Selective. Attractive Growth. Undervalued.



THE EQUITY SPECIALISTS

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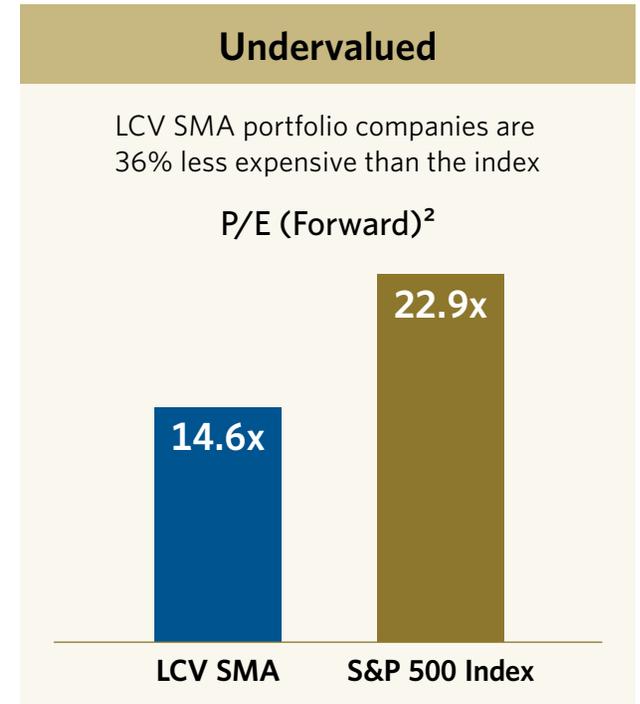
Selective. Attractive Growth. Undervalued.



“What gives us confidence that Davis Large Cap Value 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 Large Cap Value SMA Portfolio have grown at a similar rate to the companies in the index, yet are 36% 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.”

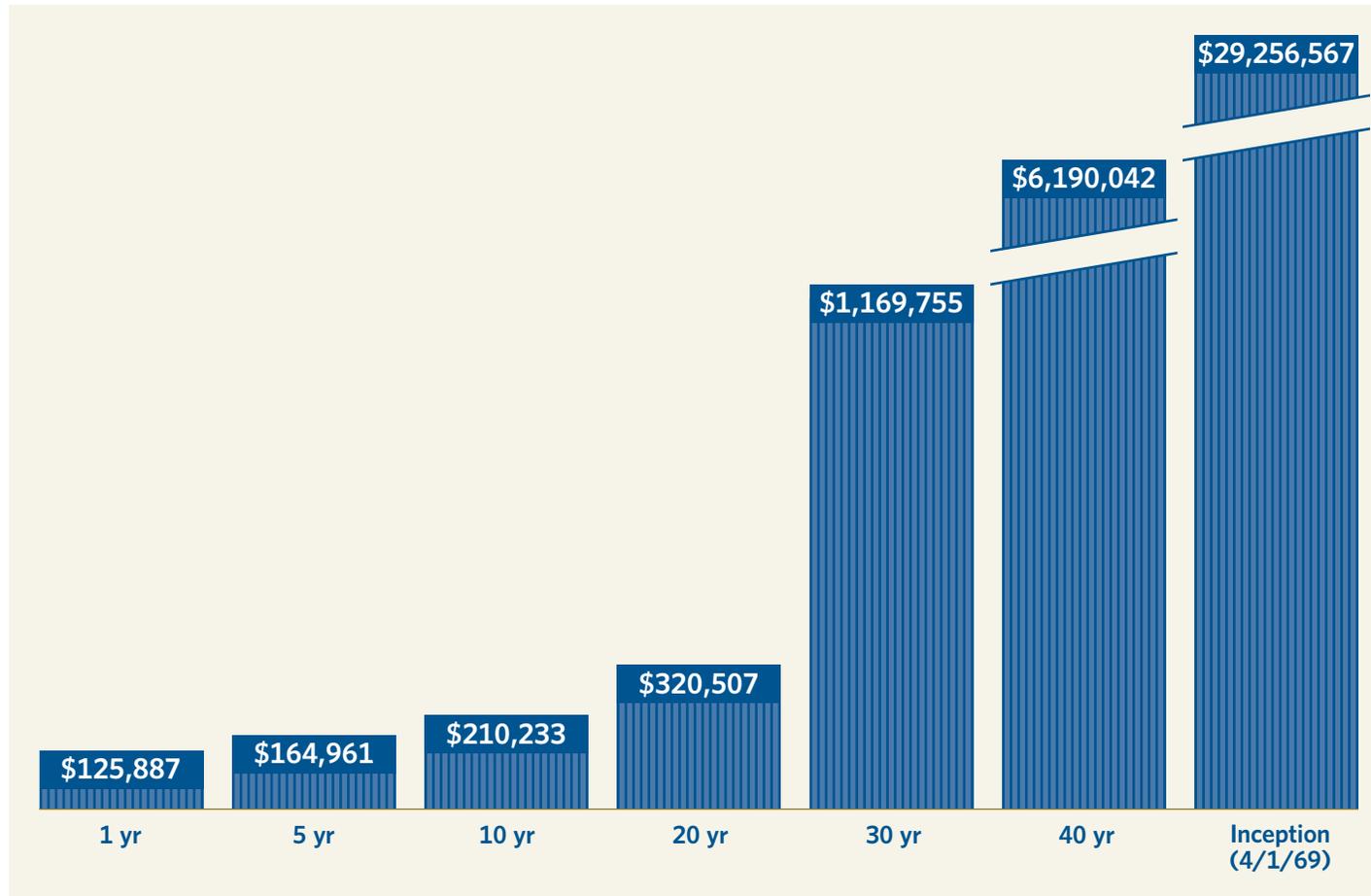
Chris Davis, Portfolio Manager



As of 6/30/24. 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.

## Wealth Over the Long Term<sup>3</sup>

\$100,000 Hypothetical Investment



*Average annual total returns as of June 30, 2024 for Davis Large Cap Value SMA Composite with a 3% maximum wrap fee: 1 year, 25.89%; 5 years, 10.53%; and 10 years, 7.71%. 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. Current performance may be higher or lower. Total return updates are available quarterly. Please ask your financial advisor to contact Davis Advisors. Rolling returns would be lower in some periods if a 3% maximum wrap fee were included. See endnotes for a description of the Composite, Outperforming the Market and the S&P 500 Index.*

# Why Davis Large Cap Value SMA Portfolio

## Selective. Attractive Growth. Undervalued.

- **Holdings:** 28 vs. 503 S&P 500 Index
- **EPS Growth (5 Year):**<sup>1</sup> 16.8% vs. 17.2% S&P 500 Index
- **P/E (Forward):**<sup>2</sup> 14.6x vs. 22.9x S&P 500 Index

## World-Class Businesses

- Strong revenue growth, balance sheet strength, deep moats, proven management

## Attractive Long-Term Results

- \$100,000 grew to \$29,256,567 since inception in 1969<sup>3</sup>
- Outperformed the S&P 500 Index 74% of 10 year periods since inception<sup>4</sup>

## Experienced Portfolio Management

- Chris Davis, 35 years with Davis Advisors
- Danton Goei, 26 years with Davis Advisors

## We Are One of the Largest Shareholders

- We have a unique commitment to stewardship, seeking to generate attractive long-term results, managing risks and minimizing fees.<sup>5</sup>

## Portfolio Themes for the Coming Decade

<b>Online Platforms</b>	<ul style="list-style-type: none"><li>▪ Proven, best-of-breed companies with dominant market positions</li><li>▪ Beneficiaries of global shift to online in retail</li><li>▪ Benefit from secular tailwinds driving growth in digital media and technology</li></ul>
<b>Workhorse Technology</b>	<ul style="list-style-type: none"><li>▪ Companies poised to benefit from the growing demand for semiconductors used in electric vehicles, the internet of things (IoT), and the ever-increasing processing and memory demands of data centers, consumer electronics and communications</li></ul>
<b>Healthcare</b>	<ul style="list-style-type: none"><li>▪ Companies aimed at reducing the cost burdens of the healthcare system and enhancing the patient experience</li><li>▪ Dominant players with leading market share in generics, lab diagnostics and integrated health services</li></ul>
<b>Select Financials</b>	<ul style="list-style-type: none"><li>▪ Strong financials trading at a steep discount to their true worth</li><li>▪ Underwriting discipline and fortress balance sheets with enormous durability</li><li>▪ Most attractive and mispriced area of the market in our opinion</li></ul>
<b>Industrials</b>	<ul style="list-style-type: none"><li>▪ Companies poised to benefit from a secular shift from fossil fuels to clean energy</li><li>▪ Leading producers of copper and biofuels—necessary inputs for electrification and sustainable aviation fuel</li></ul>

**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 1.60% 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 Advisors' 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 data provider. These values for both the portfolio and the index are the weighted average of the stocks in the portfolio or index. **3.** Based on a hypothetical \$100,000 investment. Net of fees. As of 6/30/24. **Past performance is not a guarantee of future results.** **4.** Gross. See endnotes for a description of Outperforming the Market. **5.** As of 6/30/24.

*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 New York Venture 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 purchase 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 New York Venture Fund or any other fund.

Returns from inception (4/1/69) through 12/31/01, were calculated from the Davis Large Cap Value Composite (see description below). Returns from 1/1/02, through the date of this report were calculated from the Large Cap Value SMA Composite.

Davis Advisors' Large Cap Value Composite includes all actual, fee-paying, discretionary Large Cap Value 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.

Davis Advisors' Large Cap Value (SMA) Composite excludes institutional accounts and mutual funds. Performance shown from 1/1/02, through 12/31/10, 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' Large Cap Value 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. The net of fees rate of return formula used by the wrap-fee style accounts is calculated based on a 3% maximum wrap fee charged by the wrap account sponsor for all account service, including advisory fees for the period 1/1/06, and thereafter. 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.

**Outperforming the Market.** The chart shows the percentages of time that the Davis Large Cap Value SMA Composite has outperformed the S&P 500 Index for each of the rolling periods indicated from 4/1/69 through 6/30/24. The average annual total return earned by Davis Advisors' Large Cap Value SMA Composite as of the end of each quarter was compared against the return earned by the S&P 500 Index for each of the rolling time periods indicated. The Composite's returns assume an investment in the Composite on the first day of each quarter, with all dividends reinvested for the time period. The Composite's returns are presented gross of advisory fees and do not include other expenses, such as a wrap sponsor fee. If those other expenses were included, the reported figures would be lower. There can be no guarantee that Davis Advisors' Large Cap

Value strategy will continue to deliver consistent investment performance. The performance presented includes periods of bear markets when performance was negative. Equity markets are volatile and an investor may lose money.

The investment objective of a Davis Large Cap Value account is long-term growth of capital. There can be no assurance that Davis will achieve its objective. Davis Large Cap Value accounts invest primarily in common stock of large companies with market capitalizations of at least \$10 billion. The principal risks are: China risk, common stock risk, depository receipts risk, emerging markets risk, fees and expenses risk, financial services 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.

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 10/31/24, this material must be accompanied by a supplement containing performance data for the most recent quarter end.

The Equity Specialists<sup>SM</sup> is a service mark of Davis Selected Advisers, L.P.