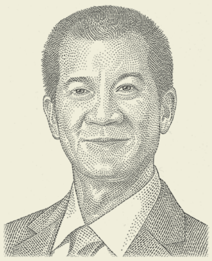


Selected American Shares

Update from Portfolio Managers

Christopher Davis and Danton Goei

Selected FUNDS

SELECTING QUALITY COMPANIES FOR THE LONG TERM™

Selected American Shares

Fall Review 2017

Summary

- Over the most recent one, three and five year periods, a $10,000 investment grew to $11,578, $12,743 and $18,580, respectively.[1]
- Since Davis Advisors began managing the Fund in 1993, a $10,000 investment in the Fund has produced a cumulative return of $98,887 versus $91,027 for the S&P 500 Index.[1]
- Positioned for the future, the Portfolio offers a powerful combination of growth and value by investing in businesses with above-average resilience that trade at attractive prices.
- True active management adds value over time and historical evidence suggests passive index-based investment strategies may be cyclically peaking.

The average annual total returns for Selected American Shares' Class S shares for periods ending June 30, 2017 are: 1 year: 22.98%; 5 years, 13.51%; and 10 years, 5.36%. 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 S shares as of the most recent prospectus was 0.97%. 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 selectedfunds.com or call 800-243-1575.*

1. Class S shares. As of August 31, 2017. **Past performance is not a guarantee of future results.** Investments cannot be made directly in an index.

Selected American Shares

Fall Review 2017

Results of Our Investment Discipline

Our investment discipline has built wealth for shareholders over the long term.

In 2017, Selected American Shares continued its long record of building shareholder wealth. As shown in the chart below, the value of an initial $10,000 investment has increased in all periods shown since the inception of Davis Advisors' management. In addition, Selected American Shares has outperformed the S&P 500 Index since Davis Advisors began managing the Fund.[2]

While our disciplined investment approach has not always been rewarded by the market over shorter periods, our research-driven active management has created wealth for our shareholders over the long run. By standing apart from the crowd, keeping expenses low, investing alongside our shareholders, and ignoring short-term fads, we have built wealth for shareholders and beaten the S&P 500 Index since we assumed management of the Fund.

SAS Has Grown Shareholder Wealth Over the Long Term[2]

2. Class S shares. As of August 31, 2017. **Past performance is not a guarantee of future results.** Investments cannot be made directly in an index.

Investment Outlook

Equities should outperform bonds for the next decade.[3] Invest in beneficiaries of capitalistic creative destruction. Avoid overpriced dividend darlings.

- With bond yields at historic lows, equities should outperform bonds over the next decade.
- Within the equity universe, selectivity is a key to success. We believe durable, well-managed businesses whose true value is not recognized by the market should outperform.
- Technology and globalization are reconfiguring industries at an unprecedented rate. We look for the beneficiaries of this capitalistic creative destruction. Many long-standing brands are being disrupted in unexpected ways and many iconic companies are becoming obsolete. We estimate 75% of the companies in the S&P 500 Index will be replaced in the coming decade at the current rate of change.
- Avoid conventional thinking and remain flexible by considering investments in out-of-favor areas of the market.
- Risks in today's market include companies with unsustainable profit margins and overvalued dividend darlings that are riskier than they appear.[4] The 25 most commonly held stocks in the five largest dividend-focused ETFs are valued at 25 times earnings, a P/E ratio significantly higher than the market's. ■

3. Common stocks and bonds represent different asset classes subject to different risks and rewards. Unlike bonds, the Fund does not offer a fixed rate of return if held to maturity, and the Fund has risks not associated with holding a bond. Bonds are considered to have less risk than equities. Future economic events may favor one asset class over another. **4.** While Davis Advisors attempts to manage risk there is no guarantee that an investor will not lose money. Equity markets are volatile and the investment return and principal value of an investment will vary.

Portfolio Update

Positioned for the future, four portfolio themes have allowed us to create a powerful combination of growth and value with above-average resilience and attractive prices.

Global Leaders Trading 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 investor's dream.[5]

United Technologies	Largest global aerospace supplier (Pratt & Whitney); Number 1 market share in heating, ventilation and air conditioning (Carrier); and elevators (Otis).
Berkshire Hathaway Inc.	Owns a diversified portfolio of attractive businesses including Burlington Northern Railroad, GEICO insurance, and one of the largest utilities in the United States, Berkshire Hathaway Energy (formerly MidAmerican Energy), among other businesses. Competitive world-class capital allocator.
UnitedHealthcare®	Largest managed care provider in the United States, has generated more than $184 billion in revenue for fiscal year 2016. Enormous beneficiary of growing health care industry and long-term demographics.

Dominant Lesser-Known Businesses

This group dominates dull but necessary niches in the global economy. Whether they participate in unglamorous industries or are headquartered in different countries, these businesses are not household names to U.S. investors, yet can generate attractive returns.

Johnson Controls	Industrial leader providing energy, battery and power solutions to the automotive and commercial building markets.
LafargeHolcim	Worldwide leader in cement and aggregates with a deep competitive moat and strong capital allocation discipline.

5. Individual securities are discussed in this piece. 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 return of a security to the Fund will vary based on weighting and timing of purchase. This is not a recommendation to buy, sell or hold any specific security. **Past performance is not a guarantee of future results.**

Blue Chips of Tomorrow

Another theme is fast-moving companies that use innovation to disrupt the economics of larger but less agile competitors. Similar to evolution, capitalism is a process of constant change that rewards businesses that can adapt. Over the decades, we have seen many examples of today's disrupters emerging as tomorrow's blue chips.

Alphabet	Global leader in online search, parent company of Google, has generated $25 billion in free cash flow for fiscal year 2016. Beneficiary of growth in online advertising and proliferation of mobile devices worldwide.
amazon	Global market leader in online retail and cloud computing services with revenues of $136 billion for fiscal year 2016, growing at double-digit rates.

Beneficiaries of Short-Term Misperceptions

Shortsighted investors often avoid companies that have suffered though challenging periods, creating an opportunity for long-term investors willing to look beyond today's headlines. For example, contrary to perception many top tier banks are not only reporting record earnings with room for further growth but are also far better capitalized than at any time in the last 50 years. In addition, these banks are returning increasing amounts of capital through rising dividends and share repurchases. Turning to the energy sector, we own a select group of focused exploration and production companies with strong capital allocation discipline, highly experienced management and low-cost, long-lived reserves. In contrast to many of their peers, our energy holdings are well positioned to increase production for decades to come.

WELLS FARGO	Historically, one of the most profitable U.S. banks. Record profits in each of the past six years. Serves 70 million customers. Conservatively funds loans through $1.3 trillion of low cost deposits.
Apache	Energy exploration and production company with decades of reserves and strong capital allocation discipline. Owns highly productive, low-cost assets and its newest discovery could double reserves.

By focusing the Portfolio on these four areas of opportunities, we combine above-average resiliency and growth with attractive prices. Rather than trying to predict the unpredictable, this positioning prepares the Portfolio for a wide range of possible outcomes, balancing the strength needed to endure the inevitable storms with the growth required to reach our long-term goals. ■

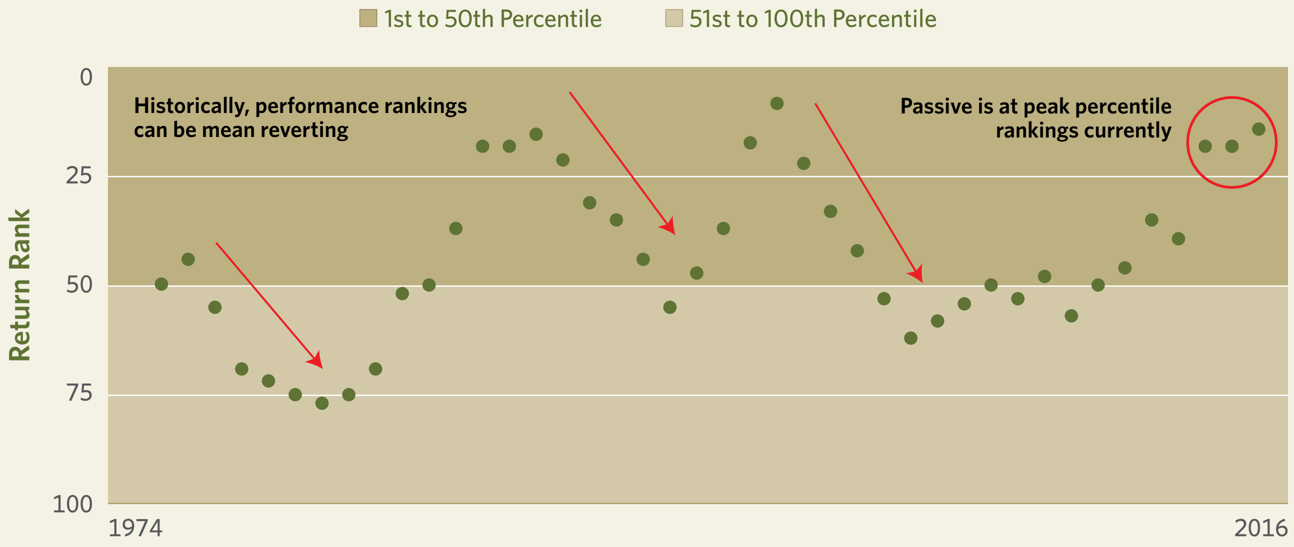
Active vs. Passive: Has Everything Been Said?

Huge fund flows into passive investments have created a momentum-driven feedback loop, as more money is automatically invested in those stocks whose prices have already gone up. Momentum-based strategies lead to bubbles and bubbles eventually burst.

This explains why active and passive investment approaches tend to move in cycles. As the chart below indicates, we are at a cyclical high for passive investing outperformance. Such highs have historically been followed by sharp reversals in which most active managers outperform passive investment strategies.

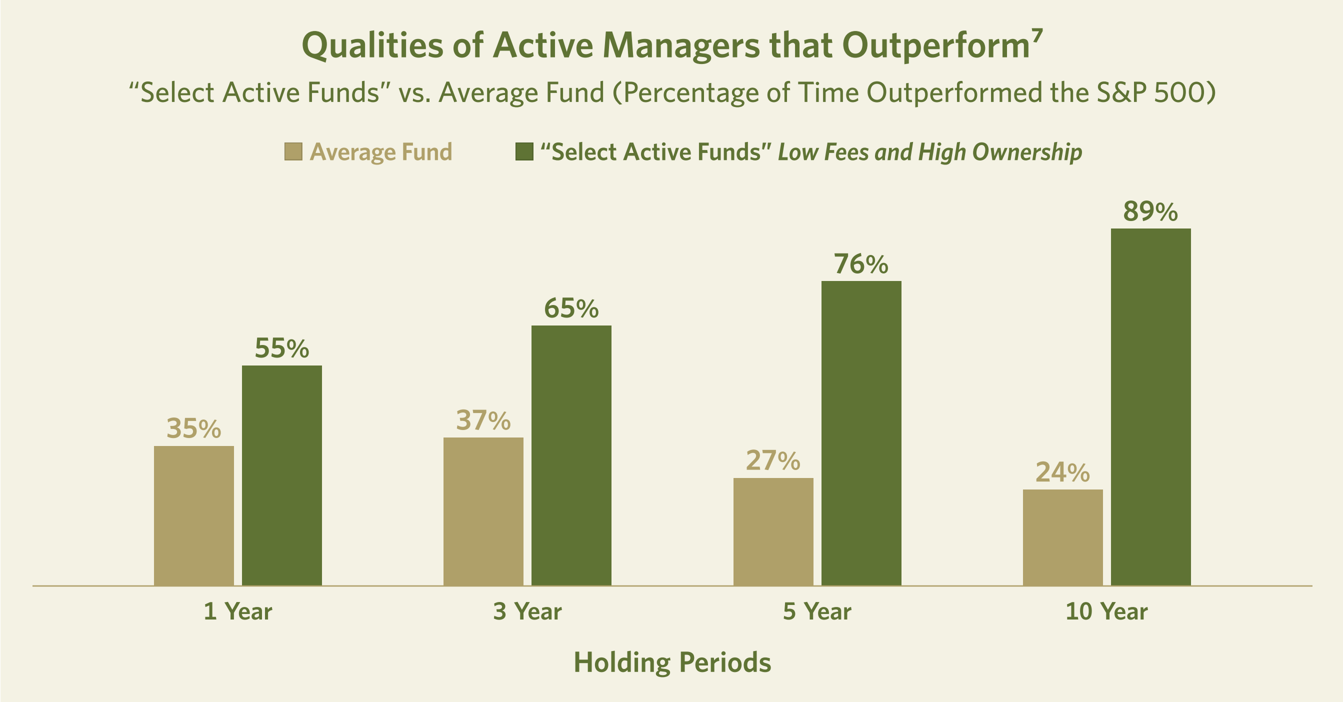
Passive Investing Appears to be Peaking[6]

5-Year Rolling Results of S&P 500 Relative to All Large Cap Funds



6. Source: Morningstar Direct. Universe includes: Large Value, Large Blend and Large Growth.

Moreover, successful active managers possess certain quantifiable characteristics including lower than average fees, differentiation from the benchmark index (sometimes referred to as "active share"), low portfolio turnover, strong alignment of interests, experienced leadership, and a proven record. While investors may rush into passive strategies, the data is overwhelming that select active managers with the characteristics listed above can and have beaten the indexes over the long term. Data presented in the chart below, for example, shows that managers with low fees and high ownership in their own funds have outperformed in 89% of all rolling 10-year periods.



Conclusion

We see significant opportunity today in global leaders, blue chips of tomorrow, beneficiaries of short-term misperceptions, and beneficiaries of capitalistic creative destruction.

We believe our proven investment discipline, experienced team and the carefully selected companies that make up Selected American Shares put us in a strong position to build wealth for our shareholders going forward. We look forward to continuing our investment journey together. ■

7. Source: Capital Group, based on Morningstar data. Based on monthly rolling periods from July 1996 to June 2016. Funds in the "Average Fund" category are those U.S. domestic equity funds in the Morningstar Large Value, Large Blend and Large Growth categories. Funds in the "Select Active Funds" group are those U.S. domestic equity funds in the Morningstar Large Value, Large Blend and Large Growth categories filtered for the quartile with the lowest net expense ratios (NER) and the quartile with the highest manager ownership. U.S. index is S&P 500. The index is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index. **Past performance is not a guarantee of future results.**

This report is authorized for use by existing shareholders. A current Selected American Shares prospectus must accompany or precede this material if it is distributed to prospective shareholders. You should carefully consider the Fund's investment objective, risks, fees, and expenses before investing. Read the prospectus carefully before you invest or send money.

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.

Objective and Risks. Selected American Shares' investment objective is capital growth and income. In the current market environment, we expect that income will be low. There can be no assurance that the Fund will achieve its objective. Selected American Shares 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 systemic risk, regulatory actions, changes in interest rates, non-diversified loan portfolios, credit, and competition; **foreign country risk:** foreign companies may be subject to greater risk as foreign economies may not be as strong or diversified. As of August 31, 2017, the Fund had approximately 12.0% 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 August 31, 2017, the top ten holdings of Selected American Shares were: Alphabet Inc., 7.79%; Amazon.com, Inc., 6.62%; Berkshire Hathaway Inc., Class A, 5.59%; Wells Fargo & Co., 5.33%; Bank of New York Mellon Corp., 4.88%; JPMorgan Chase & Co., 4.71%; American Express Co., 4.36%; United Technologies Corp., 3.71%; Apache Corp., 3.55%; Didi Chuxing Joint Co., 3.10%.

Selected 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 selectedfunds.com or call 800-243-1575 for the most current public portfolio holdings information.

Davis Selected Advisers, L.P., began managing Selected American Shares on May 1, 1993. Prior to that date, the Fund was managed by a different investment advisor.

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.

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.

Price/Earnings (P/E) Ratio is the weighted average of the price/earnings ratios of the stocks in a portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12 months' earnings per share. Portfolio totals are computed using an inverse harmonic methodology.

After October 31, 2017, this material must be accompanied by a supplement containing performance data for the most recent quarter end.

Shares of the Selected 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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