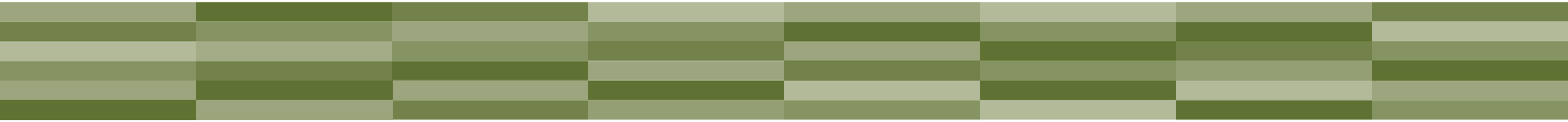


# Davis Advisors

A Tradition of Success



*Selecting Quality Companies for the Long Term™*



## Consistency

We have remained steadfastly dedicated to the same patient, long-term investment discipline for over 45 years. We seek to invest in durable, well-managed businesses that can be purchased at value prices and held for the long term.

## Commitment

The Davis family, Davis Advisors, employees, and directors are among the largest shareholders in the Selected Funds. This group also has more than \$2 billion of their own money invested side by side with fellow shareholders in the various mutual funds our firm manages, which ensures that our interests are closely aligned with those of our clients.<sup>1</sup>

## Results

Davis Advisors has a history of delivering strong and consistent investment results through full market cycles. Selected American Shares has outperformed the S&P 500® Index since Davis Advisors began management of the Fund on May 1, 1993.<sup>2</sup>

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**1.** As of December 31, 2013. **2.** Class S shares. Performance as of December 31, 2013. **Past performance is not a guarantee of future results.**

## A Tradition of Success

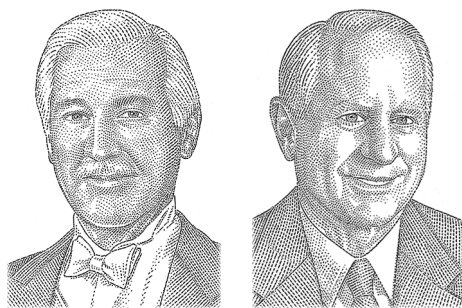
Davis Advisors is an independent investment management firm that offers investment advisory services to individual and institutional clients worldwide. The Davis Investment Discipline is based on a reliable, long-term, value-oriented approach that has proven highly successful for more than 65 years.

Our firm traces its roots to legendary Wall Street investor Shelby Cullom Davis, a leading financial advisor to governors and U.S. Presidents. Through careful and sensible investment practices, Mr. Davis compounded an initial investment of \$100,000 in the late 1940s into more than \$800 million by the early 1990s.<sup>3</sup>

With the aim of offering his father's investment discipline to a greater diversity of

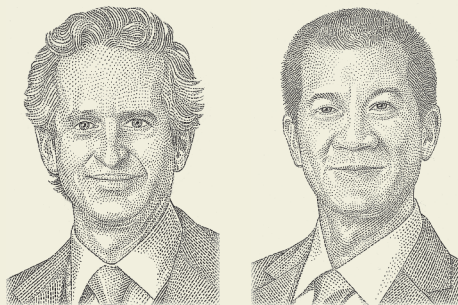
investors, Shelby M.C. Davis founded Davis Advisors in 1969. Mr. Davis had already built an auspicious career at The Bank of New York, where he rose to become the Head of Research, and was named the youngest Vice President in the history of the Bank since Alexander Hamilton.

During his tenure as principal Portfolio Manager for Davis Advisors, Shelby M.C. Davis created one of the most distinguished track records of any manager on Wall Street. Leveraging his intimate knowledge of diverse industries, gained through multi-sector research experience at The Bank of New York, Mr. Davis successfully combined his father's "bottom-up" stock selection process with a thematic "top-down" approach.



Shelby Cullom Davis  
Shelby M.C. Davis

Christopher C. Davis  
Danton G. Goei



Today, Davis Advisors continues its long legacy and tradition of investing that span more than 65 years and three generations of talented portfolio management. The organization is led by Christopher C. Davis, Chairman of Davis Advisors, who also serves as a Co-Portfolio Manager of the flagship Davis Large Cap Value Portfolio alongside Danton G. Goei.

As a premier research organization with global reach, we manage portfolios on behalf of clients worldwide in a range of

asset classes including U.S. equities, global equities, international equities, and real estate. We remain steadfastly committed to our mission as stewards of clients' capital and offer investors a timeless, sensible investment approach that has provided consistent performance through several full market cycles.<sup>4</sup>

**For further information, contact your Selected Funds Relationship Manager at 800-293-2007.**

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**3.** While Shelby Cullom Davis' success forms the basis of the Davis Investment Discipline, this was an extraordinary achievement and other investors may not enjoy the same success. **4.** All equity investments involve risk. No investor is guaranteed a profit.

## The Davis Investment Discipline

We recognize that our success is determined by our ability to both build and preserve wealth. Therefore, managing risk is the key to delivering attractive long-term investment results. Before we consider how much we might earn on a new investment, we always consider how much we might lose.

**We seek durable, well-managed businesses** that can be purchased at value prices and held for the long term. (The average holding period of a stock in Selected American Shares is four to seven years.<sup>5</sup>)

**We adhere to a rigorous price discipline**, and pay careful attention to the valuations and earnings multiples of every company we own or consider for investment.

**We believe in patient, long-term investment practices**, and are wary of investment “fads.” For this reason, we concentrate on the underlying economic and business fundamentals of each investment, and maintain an old-fashioned emphasis on rigorous research.

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“As we like to say, ‘Nothing focuses the mind more on researching companies than having one’s own money on the line.’”

Christopher C. Davis  
Portfolio Manager, Davis Advisors

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<sup>5</sup>. Over the last five years, the high and low turnover ratio for Selected American Shares was 18% and 7%, respectively. Turnover rates for other funds will vary.

# Our Investment Process

Stocks represent fractional ownership in real businesses. We do not regard them as mere pieces of paper or speculative wagers. Our investment process emphasizes fundamental research, using both quantitative and qualitative techniques.

## Track Company Earnings and Stock Prices

Our portfolio managers and research analysts track earnings information and stock prices on several hundred companies.

1

## Identify Long-Term Trends

While we research companies on a case-by-case basis, we also attempt to define broader, long-term trends that influence the potential for certain companies to create value over the long term. Thus our method, while predominantly bottom-up, incorporates a top-down element as well.

2

## Fundamental Research

Our portfolio managers and analysts conduct extensive research into company fundamentals, reviewing financial statements and regulatory documents.

3

## Interview Company Management

We insist on interviewing the executive management teams, employees, clients, and competitors of prospective companies.

4

## Value Discipline

Davis applies a proprietary method for calculating the intrinsic value of a business, based on a company's "owner earnings." Owner earnings are determined by adjusting reported net income to more accurately reflect the true cash profits of a business. Positions are built strategically when shares of companies can be purchased at discounts to their intrinsic value.

5

## Long-Term Investment

We consider selling an investment on the basis of deteriorating fundamentals, a negative change in management or strategy, or excessive valuations.

6

## What We Look for in a Company

We have developed a list of characteristics that we believe foster the long-term creation of value in businesses. While few companies will exhibit all of these qualities, nearly every company in which we invest has a majority of these traits.

### **First Class Management**

A business's ability to grow is directly related to the ability of the company management to envision and implement appropriate strategies in the face of changing economic and competitive environments.

### **Significant Alignment of Interests in Business**

Just as we invest in our own products, we seek companies that compensate their managers with ownership and performance incentives.

### **High Returns on Capital**

We want companies that wisely invest their capital and reap superior returns on their investment.

### **Low Cost Structure**

Companies that can keep costs low are better able to compete in difficult periods.

### **Dominant or Growing Market Share**

Greater or increasing pricing power yields superior long-term results.

### **Proven Track Record**

Ability to capitalize on strategic and synergistic acquisitions is critical to long-term survivability.

### **Strong Balance Sheet**

Strong finances give a company staying power to weather difficult economic cycles.

### **Non-Obsolescent Products/Services**

Many investors are unsuccessful because they invest in firms with products that eventually are surpassed by competitors.

### **Global Presence and Brand Names**

A proven ability to expand internationally reduces the risk of being tied too closely to the U.S. business cycle.

### **Smart Application of Technology to Improve Business and Lower Costs**

Savvy use of technology in any business can help reduce costs, increase efficiency and improve sales.

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“Our investment process is founded on two essential questions: ‘What kind of businesses do we want to own?’ and ‘How much should we pay for them?’”

Danton G. Goei  
Portfolio Manager, Davis Advisors

## How Durable Companies Become Misvalued

As active investors for more than 65 years, the Davis family has cultivated an uncommon wisdom about recurring market trends and patterns. Our firm has identified several reasons why durable companies with strong growth prospects may fall in price and become “misvalued.”

**An industry crisis** may create tremendous opportunity if the market does not distinguish between companies that might fail and those that might actually get stronger.

**Broad demographic shifts** can dramatically alter demand trends of an industry.

**Changes in management** may significantly alter the growth prospects of a business.

**Positive change or secular recovery** after a prolonged downturn is often slow to gain market recognition.

**Changes in Wall Street analyst recommendations** cause short-term volatility in stock prices, creating buying or selling opportunities.

**Expansion of U.S. capitalism overseas** has opened new markets to companies that were perceived as fully mature, often warranting new valuations.

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“We seek companies that wisely invest their capital and reap superior returns on that investment.”

Christopher C. Davis  
Portfolio Manager, Davis Advisors



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

**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: stock market risk: stock markets have periods of rising prices and periods of falling prices, including sharp declines; manager risk: poor security selection may cause the Fund to underperform relevant benchmarks; 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; 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; 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; 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; 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 December 31, 2013, the Fund had approximately 15.4% of assets invested in foreign companies; emerging market risk: securities of issuers in emerging and developing markets may present risks not found in more mature markets; 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; 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; and fees and expenses risk: the Fund may not earn enough through income and capital appreciation to offset the operating expenses of the Fund. 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 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.

Broker-dealers and other financial intermediaries may charge Davis Advisors substantial fees for selling its products 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.

**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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“At Davis Advisors, we recognize that our shareholders have placed a great deal of trust in us. We do not take this trust lightly.

As stewards of shareholders’ capital, we come to work every day with the goal of helping them build the wealth required to reach their financial goals. We strive to achieve this through diligent research and with high integrity, all the while invested side by side with them.”

Christopher C. Davis  
Portfolio Manager, Davis Advisors

